

CHAPTER 11

NATURE

14 LIFE
BELOW WATER17 PARTNERSHIPS
FOR THE GOALS

Material topics covered:



Water resources
management



Waste
management



Biodiversity

While promoting corporate sustainable development, the Company also shoulders the responsibility of protecting the ecosystem and the environment. The Company is committed to reducing the impact of its operations to the environment, and continuously strengthening the management of natural resources and the protection of the ecosystem and environment.

PERFORMANCE HIGHLIGHTS IN 2023

The Company has set goals for environmental performance indicators of its Subsidiaries to conduct more systematic review, monitoring and management of environmental performances, thus advancing towards the goal of green ports.

Environmental performance	Target	Performance of the Subsidiaries in 2023 ¹³
Improvement in water efficiency	To enhance the management of water resources and improve water efficiency.	Water consumption intensity ¹⁴ : 0.040 m ³ per TEU, representing a decrease of 12.5% as compared to 2020
Reduction in waste	<p>Hazardous waste: To maintain 100% hazard-free disposal of waste.</p> <p>Non-hazardous waste: To reduce domestic waste by terminals and, in the long term, achieve the goal of zero domestic waste sent to the landfill.</p>	<p>100% of hazardous waste was handled by recycling companies or material suppliers with professional qualifications</p> <p>No quantitative target is set</p>

The Company issued the Measures for Performance Evaluation of Ecological and Environmental Protection in 2020, and set relevant goals for its Subsidiaries in China:

1. Zero environmental emergencies at the level of relatively serious (inclusive) or above¹⁵;
2. Zero administrative penalties, such as suspension of construction or production for rectification, issued by relevant national and local government departments;
3. Zero major violations of laws and regulations related to ecological and environmental protection.

During the year, the Company had no violations case against the above-mentioned cases.

13 Among the existing 15 Subsidiaries of the Company, CSP Chancay Terminal in Peru is under construction and its environmental performance was not included in the performance of the Subsidiaries.

14 The environmental performance data shown in the table are rounded off, while the corresponding percentage changes are derived from unrounded figures.

15 A relatively serious environmental emergency is defined as: 2 (inclusive) or more fatalities, 10 (inclusive) or more severe injuries or poisoning, direct economic loss of more than RMB5 million (inclusive), evacuation or transfer of more than 500 people (inclusive).

MANAGEMENT APPROACH

The Company strictly complies with environmental laws and regulations¹⁶, and ensures compliant and legal operations by the Company and its Subsidiaries. The Company strictly abides by laws and regulations related to natural resource management in the places where it operates and uses natural resources appropriately and reasonably with reference to good management practices in the industry, making every endeavour to minimise the consumption of natural resources and the impact of business operations on the environment.

The Company has developed the Infrastructure Management Policy to ensure that the environmental protection facilities and safety equipment have passed special inspection and acceptance or filing in accordance with the requirements of relevant authorities. Before commencing all large-scale projects, the Company engages professional environmental assessment agencies to assess the environmental impact caused by such projects, to ensure that local environmental requirements are met prior to construction.

To ensure the effective implementation of biodiversity conservation, the Company has developed the Management Policy on Ecological and Environmental Protection to regulate the daily management of ecological and environmental protection, environmental monitoring, environmental management of construction projects, management of environmental protection facilities, and emergency treatment and management of environmental pollution accidents in its Subsidiaries in China. The Company has also developed the Supervision and Inspection Management Policy on Ecological and Environmental Protection and the Measures for Performance Evaluation of Ecological and Environmental Protection to standardise risk prevention methods of its Subsidiaries in China in areas of water pollution, solid waste, hazardous waste, food and domestic waste pollution, and conduct investigation and treatment of hidden hazards of environmental incidents that may cause toxic and harmful substances to enter water, air and soil, in order to standardise the pollution prevention and ecological and environmental protection work of the Subsidiaries in China, and enhance the awareness of biodiversity protection.

In addition, the Company conducts quarterly comprehensive inspections and special inspections of its Subsidiaries in China to ensure that sewage discharge and waste treatment are legally compliant with local standards. The Company has formulated a management policy related to hazardous waste and general waste and formulated an emergency plan for hazardous waste disposal. Any failure in effectively performing the supervision and inspection of ecological and environmental protection, or violation of relevant laws and regulations that causes environmental pollution accidents, will be handled by the Company in accordance with the management policy. In addition, the Company regularly sorts out and investigates environmental pollution sources and ecological risks of its Subsidiaries, and requires them to file relevant reports, such as work summaries on the investigation and control of environmental pollution related risks or information concerning energy saving and emission reduction in accordance with the management policies.

16 Including, but not limited to, the Environmental Protection Law of the People's Republic of China, the Marine Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Energy Conservation Law of the People's Republic of China, the Interim Measures for the Supervision and Administration of Energy Conservation and Emission Reduction at Central Enterprises.

WATER RESOURCES MANAGEMENT

Water used by the Company and its Subsidiaries is sourced from municipal supplies. Domestic water consumption is used for office buildings and canteens, while production water consumption is mainly used for maintenance and repair of operational facilities, dust prevention sprinkling, berth and yard cleaning.

The Company proactively promotes the management of water resources in its Subsidiaries. Regular inspections of water supply networks, water-saving equipment and systems are conducted to monitor the level of water consumption, with prompt repair of leakages to avoid unnecessary waste of water resources. The Subsidiaries also organise awareness raising and education activities and display water conservation notices for raising employee’s awareness of the importance of natural resource management.

The water consumption intensity of the Subsidiaries increased by 8.7% year-on-year to 0.040 m³ per TEU in 2023 from 0.037 m³ per TEU in 2022, and decreased by 12.5% from 0.046 m³ per TEU in the baseline year 2020. The increase was mainly due to the deterioration of the underground water supply pipes in some terminals, which led to the damage and leakage of pipes. Also, the increase in the number of vessels at berth led to a corresponding increase in the amount of water supplied to vessels. The Subsidiaries will continue to carry out pipeline inspections and repair of leakages in a timely manner to strengthen water management.

Water Consumption (Subsidiaries)

Total Water Consumption (m³)

2023	1,231,988
2022	1,166,629
2021	990,923
2020	1,021,807

Water Consumption Intensity (m³/TEU)

2023	0.040
2022	0.037
2021	0.043
2020	0.046

Terminals are important infrastructures along coastal areas. In particular, maintenance sites and vehicle cleaning sites, where sewage with oil is generated, are of great significance to handle properly in sewage treatment. The Company strictly follows the sewage treatment requirements under the Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015) in China to regulate proper use and operation of sewage treatment systems at the Subsidiaries in China and ensure that wastewater discharge meets the standards, avoiding negative impacts on the surrounding marine life and its ecological environment. Through the recycle of wastewater, a large amount of freshwater resources are also saved. The Subsidiaries use impermeable concrete at the maintenance site and vehicle cleaning sites and set up a collection ditch around the site to collect sewage with oil, so that the sewage flows into the oil trap through the pipe, where it separates the oil from the water. The separated oil is treated as hazardous waste. the remaining sewage undergoes biochemical treatment and purification. The treated reclaimed water can be used for vehicle cleaning and greenery irrigation.



The sewage treatment station in Lianyungang New Oriental Terminal is used to treat and purify the sewage to achieve the discharging standard or reuse.



The sewage recycling facility in Xiamen Ocean Gate Terminal is used to collect, precipitate, and reuse the sewage after vehicle cleaning.

WASTE MANAGEMENT

During the year, the types of hazardous waste generated from the Company and the terminals within the reporting scope¹⁷ during operations mainly include solid chemical waste (such as waste oil contaminated rag, waste wire rope, scrap metal, waste oil drum and waste oil sludge), and liquid chemical waste (such as waste lead acid battery and waste oil). Non-hazardous waste mainly includes municipal waste and wooden pallets. During the year, the types of hazardous and non-hazardous waste generated from the Company and the terminals within the reporting scope during operations and respective treatment measures are as follows:

Types	Proportion of the overall waste	Treatment measures
Hazardous waste		
Solid chemical waste	66.0%	Waste is stored properly in designated storage zones and is collected and properly stored and handled by hazardous waste disposal companies with professional qualifications.
Liquid chemical waste	6.1%	For waste oil, the terminals strengthen daily maintenance of machinery and equipment, and continue "diesel-to-electricity" conversion to reduce waste oil generation.
Others	2.4%	
Non-hazardous waste		
Wooden pallets	8.6%	Companies with professional qualifications or material suppliers are engaged.
Others (such as municipal waste from ports)	16.9%	Waste is stored in collection zones before being transferred to designated locations by the environmental hygiene department for daily treatment in sealed containers.

¹⁷ For details on the waste generated and recycled, please refer to the section headed "Appendices – Key Performance Indicators" set out in Chapter 13 of this report.

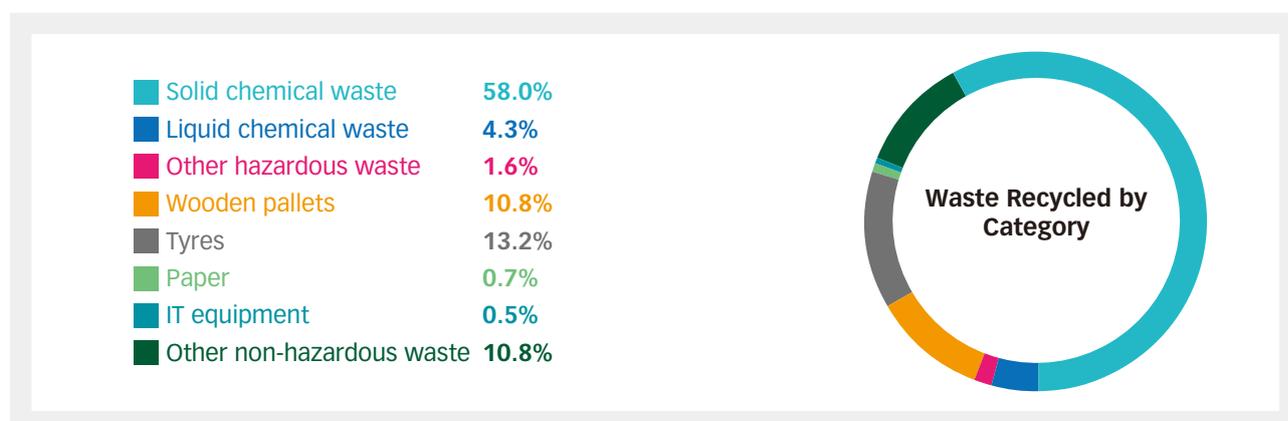
To improve the ability to respond to environmental emergencies, Jinjiang Pacific Terminal organised the 2023 Port Hazardous Waste Environmental Emergency Response Plan Drill during the year, simulating various scenarios involving the leakage of waste oil from the liquid waste storage room, waste oil leakage alarm raising, emergency response arrangement, on-site clean-up, post-event investigation, and other relevant drills.



The employees of Jinjiang Pacific Terminal carried out practical drills in strict accordance with the hazardous waste management procedures and regulations during the drills.

In terms of waste classification in the port areas, the Company practices the 3R principle of environmental protection, encouraging reducing, reusing and recycling. For example, Dalian Container Terminal has set up three types of specialised waste recycling bins to collect hazardous waste (red), recyclable waste (green) and general waste (yellow), which are clearly labelled with recycling categories and instructions, guiding employees on the use of the recycling equipment. At the same time, waste classification trainings are conducted to help employees understand the importance of waste separation.

During the year, the types of waste recycled¹⁸ by the Company and the terminals within the reporting scope are as follows:



¹⁸ Add-ups may not be equal to 100% due to rounding.

BIODIVERSITY

The Company regulates the implementation of ecological and environmental protection risk response measures across all Subsidiaries, encourages its Subsidiaries to conduct ecological surveys on nearby sea areas and water quality testing at sewage outlets on a regular basis, to organise drills and to strengthen training to improve emergency response capabilities. In addition, the Company actively plants trees and regularly conducts tree maintenance program in the port area.

The Company has established a sound reward and punishment system to commend terminals with advanced ecological and environmental protection management, as well as terminals and personnel with outstanding performance in the development, promotion and application of ecological and environmental protection technologies. In the event of serious environmental emergencies that endanger public safety or cause considerable losses and adverse impacts on society and the environment, the Company will hold relevant personnel accountable in accordance with the management policy.

The Company requires its Subsidiaries to organise training sessions on ecological and environmental protection, and to incorporate it into the employee training and education scheme. The Subsidiaries make use of social media such as official WeChat accounts to spread information of ecological and environmental protection laws and regulations, guidelines, policies, industry standards and relevant scientific knowledge, and introduce best practices, enabling the employee to understand the importance of their roles to ecological and environmental protection.

The Company strives to the utmost in the practice of ecological and environmental protection and has been supporting the conservation of biodiversity with practical actions. During the year, the Company joined World Wide Fund for Nature Hong Kong's Corporate Membership Programme as a corporate partner, supporting the restoration of coral communities, which are crucial components of the marine ecosystem, with the aim to contribute to the conservation of corals in Hong Kong and the overall health of oceans in Hong Kong. Moreover, the Company also joined the Conservation Hero Support Programme organised by the Ocean Park Conservation Foundation Hong Kong, funding research and conservation projects in Asia, cetacean stranding response programme, and conservation education to support wildlife conservation and combat illegal wildlife trade.



The Company joined World Wide Fund for Nature Hong Kong's Corporate Membership Programme as a corporate partner, and the Conservation Hero Support Programme organised by the Ocean Park Conservation Foundation Hong Kong.

In response to the ship oil spill accident in the vicinity of the Port of Chancay in Peru, the Company coordinated the construction parties to commit hundreds of manpower and multiple equipment to quickly carry out marine oil pollution clean-up and animal rescue work, including the rescue of local vulnerable penguin species. In addition, the project team carried out environmental protection-themed activities such as “World Wetland Day” and “World Ocean Day”, cooperated with the local city hall, maritime bureau and community to carry out maintenance to the surrounding wetland environment and beaches, set up environmental protection signages, and invited local people and students to understand, learn and protect the local wetland ecosystem.



The Company coordinated the employees from the construction parties of the Port of Chancay project in Peru to rescue the trapped penguin in the polluted area.



Staff from the construction parties of the Port of Chancay project in Peru participated in local wetland protection activities.