



招商局港口控股有限公司

CHINA MERCHANTS PORT HOLDINGS COMPANY LIMITED

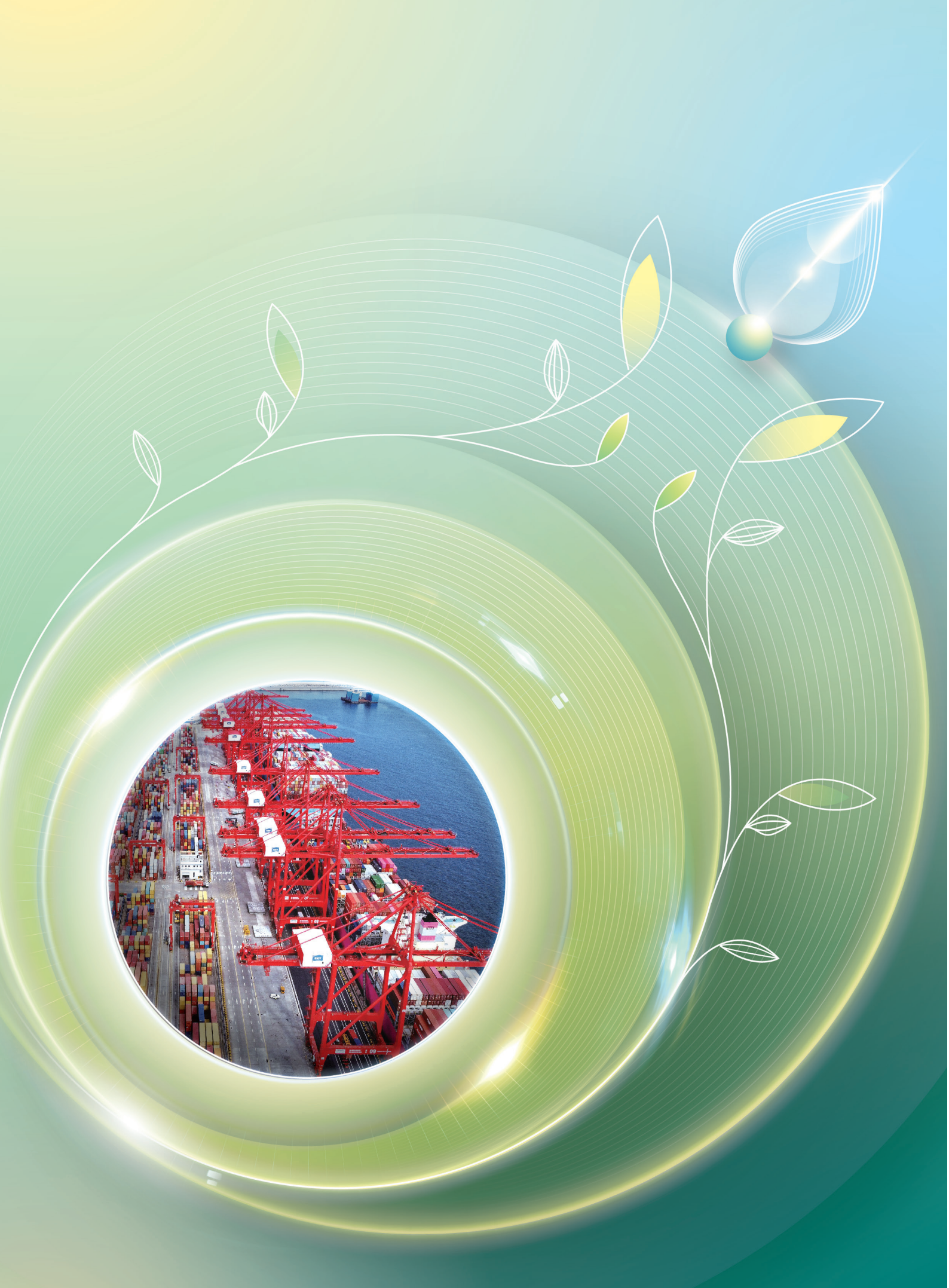
Stock Code : 00144

Environmental, Social  
and Governance Report

2023



WE  
CONNECT  
THE  
WORLD





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# About the Report

## OVERVIEW

China Merchants Port Holdings Company Limited (the “**Company**” or “**CMPort**”) and its subsidiaries (collectively referred to as the “**Group**” or “**we**”) are pleased to publish the Environmental, Social and Governance Report (the “**Report**”) which aims to disclose systematically and in detail about the Group’s environmental, social and governance (“**ESG**”) progress in compliance with governance, environmental protection, occupational health and safety, supply chain management and community development in the year of 2023. To better understand the Group’s ESG performance, it should be referred to the Report and to the “Corporate Governance Report” section of the Company’s *2023 Annual Report*.

The Report is delivered separately in traditional Chinese and English, and its electronic edition has been released on the Company’s website ([www.cmport.com.hk](http://www.cmport.com.hk)) and the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) for public to access and download. In case of any discrepancies between the two versions, the traditional Chinese version shall prevail.

## REPORTING SCOPE

The Report was specific to CMPort, and the reporting period is from 1 January 2023 to 31 December 2023 (the “**Reporting Period**”). Compared to the year of 2022, the Report no longer included information and data of Ningbo Daxie China Merchants International Terminals Co., Ltd., which was disposed in August 2023. In the meantime, the Report also disclosed cases in Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi (“**Kumport**”) and Port de Djibouti S.A. (“**PDSA**”), which the Group invested in, as means to show our ESG management on overseas ports.

## REPORTING GUIDELINE

The Report was prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the “**ESG Reporting Guide**”) under the Appendix C2 of *Rules Governing the Listing of Securities* (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**HKSE**”). The Report complied with the mandatory disclosure requirements and the “comply or explain” provisions of the ESG Reporting Guide, and adhered to the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”. The Report was prepared with reference to GRI Standards, comprehensively responding to issues of concern in the UNSDGs Ratings, MSCI ESG Ratings, S&P Dow Jones Sustainability Index Rating, and Hang Seng Corporate Sustainability Index Rating.



MATERIALITY	QUANTITATIVE	BALANCE	CONSISTENCY
The Group has determined the important ESG issues to the Group and its stakeholders through materiality assessment with the engagement of stakeholders, so as to identify the disclosure focuses of the Report. Please refer to the section of “Materiality Assessment” for more details.	In order to comprehensively evaluate the Group’s ESG performance during the Reporting Period, the Group disclosed quantitative key performance indicators in the ESG Reporting Guide, including relevant measurement standards, methods, assumptions and calculation references, and the sources of conversion factors used.	The Report has disclosed the Group’s progress and challenges in sustainable development management, so as to comprehensively demonstrate the Group’s sustainable development performance.	The preparation methods used in the Report are consistent with those used in the previous years, and changes in statistical methods, key performance indicators and other relevant factors are described in details.



## DATA DESCRIPTION

The data in the Report was sourced from the official documents, statistical reports and financial reports of the Group. Unless otherwise noted, the currency in the Report was presented in Hong Kong dollar (“**HKS**”).

## RELIABILITY ASSURANCE

The Report was free of false records, misleading statements, or significant omissions. The report had been reviewed by the Environmental, Social and Governance Committee (“**ESG Committee**”) and approved and adopted by the Board of Directors of the Company (“**the Board**”) on 28 March 2024.

## FEEDBACK AND COMMENTS

The opinions of stakeholders are essential to the Group’s businesses and sustainable development. If you have any doubts or suggestions regarding the Report, it is appreciated to contact and communicate with us through the following means:

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Tel: (852) 2102 8888

Fax: (852) 2851 2173

E-mail: [relation@cmhk.com](mailto:relation@cmhk.com)



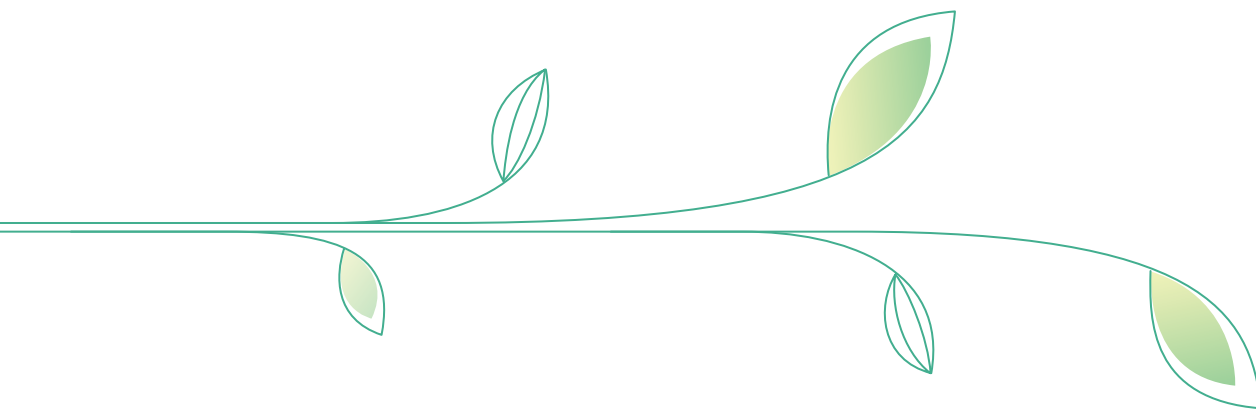
# The Board's Statement

The Board is the highest responsible body for ESG affairs within the Group. It is responsible for formulating and reviewing the Group's ESG objectives, strategies and management policies, supervising the progress of relevant targets each year, and adopting and updating the Group's ESG policies to ensure compliance with applicable laws and regulatory requirements. The Board authorizes the ESG Committee to identify and implement ESG affairs. By monitoring key ESG issues, and sustainability positioning, overseeing ESG risks and opportunities and evaluating whether significant ESG risks and opportunities receive appropriate attention from the Board and management, and reviewing progress in ESG objectives and sustainability strategies and policies, the ESG Committee ensures their compliance with relevant policies and procedures, applicable laws and regulations and national or international standards, and reports to the Board.

Through regular communication meetings, ESG Committee reports the crucial ESG affairs and ESG progress to the Board in order to understand the situation of ESG governance. The Board then examines the ESG performance of the Group (such as key performance indicators), identifies ESG governance risks, ensures the integration of sustainability philosophy into the Company's operations and formulates comprehensive ESG plans to advance relevant objectives.

During the Reporting Period, the Board reviewed and approved such ESG policies and systems such as the *Code of Business Conduct*, *Anti-Corruption and Anti-Bribery Policies*, *Supplier Code of Conduct*, *Ecological, Environmental Protection Policy Statement*, *Human Rights Policy Commitments and Occupational Health and Safety Statement*. Meanwhile, the Board kept track of the climate risks and opportunity assessment and progress as well as Carbon Neutrality work from the report of ESG Committee to guarantee all-round supervision and decision-making over key ESG issues. In addition, the Board participated in the assessment of the priority of material ESG topics. The ESG Committee puts forward suggestions on key ESG topics to the Board by yearly basis, reported the impact of ESG topics on the Group's business and long-term sustainable development, and the materiality matrix of key ESG topics to the Board by means of questionnaire survey and analysis of stakeholders' materials. Once approved by the Board, the materiality matrix of key ESG topics would become the annual basis for optimizing sustainable development strategy and ESG work management and for compiling the Report. For details, please refer to the "Materiality Assessment" section of the Report.

The Report fully disclosed the Group's practical progress and results in ESG management, and the relevant results were reviewed and approved by the Board on 28 March 2024.



# About the Group

As a global leading port developer, investor and operator, the Group is now with a comprehensive port network across the hub locations along the coastal area of China. The terminals which the Group invested in or managed are located in hub locations across Hong Kong, Taiwan, Shenzhen, Shanghai, Qingdao, Tianjin, Dalian, Zhangzhou, Zhanjiang and Shantou, amongst others. The Group has growing presence in Asia, Africa, Europe, Oceania, South America and North America. During the Reporting Period, the Group expanded its presence in 46 ports of 26 countries and regions, and recorded a total container throughput of 137.48 million twenty-foot equivalent unit (“TEU”).

The Group’s strategic vision is to be a “world’s-leading comprehensive port service provider with high quality”. Following the lead of “lean operation and global layout”, the Group solidly promoted “endogenous growth” and “innovation and upgrade”. The Group continues to achieve world-class level on various fronts, including container throughput of global ports, market share, port comprehensive development, operational management capabilities, resource utilization, labour productivity, brand reputation, etc.

## BOARD STRUCTURE

### Non-executive Directors:



Feng Boming (Chairman)



Yim Kong (Vice Chairman)



Yang Guolin

### Executive Directors:



Xu Song  
(Vice Chairman and CEO)



Lu Yongxin  
(Managing Director)



Tu Xiaoping  
(Chief Financial Officer)

### Independent Non-executive Directors:



Chan Hiu Fung Nicholas



Chan Yuen Sau Kelly



Li Ka Fai David



Wong Chi Wing

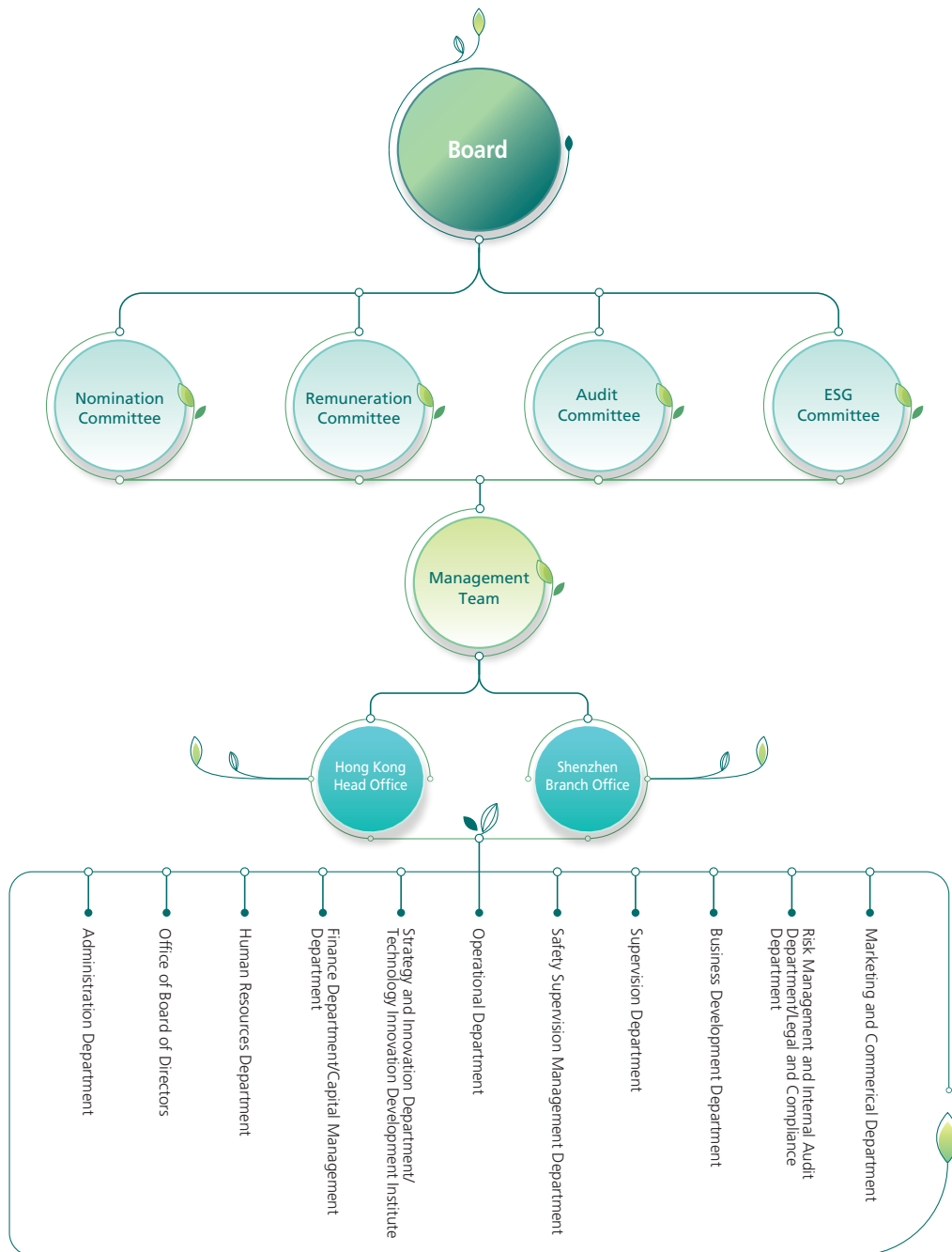


Wong Pui Wah



### GOVERNANCE STRUCTURE

The Company follows the international ESG governance concept and the requirements of current laws and regulations, establishing a standardized, transparent and specialized corporate governance structure and governance rules. The Board has an Audit Committee, a Nomination Committee, a Remuneration Committee and an ESG Committee. The Board has a well-established decision-making mechanism that regularly reviews progress on environmental, social and governance goals and sets ESG priorities for the coming year based on progress. Each committee has clearly specified its terms of reference in writing and defined its relevant powers and responsibilities to assist the Board in performing its duties, so as to promote the sustainable development of the Group in a professional, standardized and transparent manner.





## THE BOARD

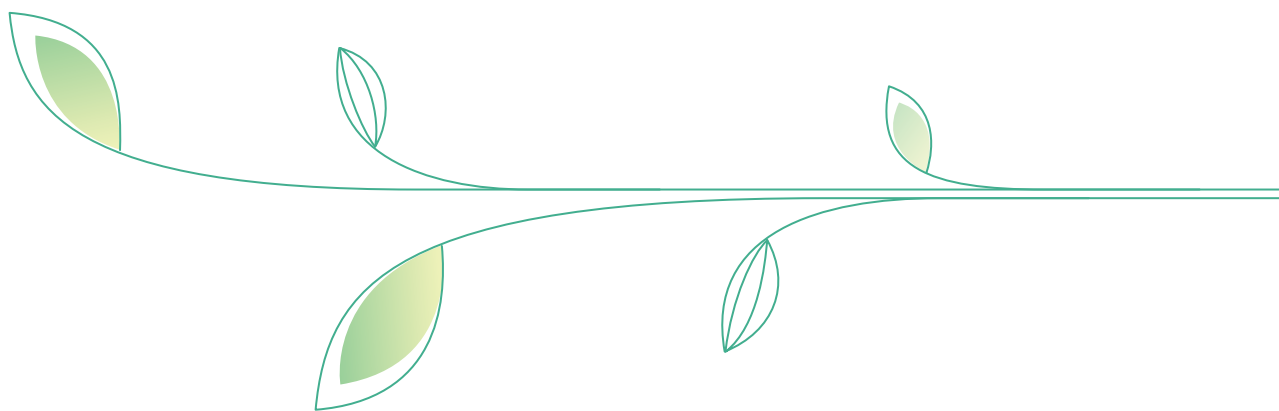
**Board independence:** The Company have 5 Independent Non-executive Directors, accounting for 45.5% of the Board. We will continuously study to increase the proportion of Independent Non-executive Directors to ensure that the Board exercises its right of leadership independently of the management. Members of the Audit Committee are all Independent Non-executive Directors. Both the proportions of Independent Non-executive Directors in the Remuneration Committee and Nomination Committee reach 80%, and both the committees are chaired by Independent Non-executive Directors, making the Board decision-making more science-based and professional.

**Board diversity:** The Company have formulated the *Board Diversity Policy* in pursuit of more diverse composition of the Board in terms of gender, age, culture and expertise. Members of the Board are experienced in a variety of areas including port, logistics, law and accounting, which allows them to assess the Group's strategy and resolve business challenges from a wider perspective. The Company will gradually introduce gender diversity initiative of the Board to continuously improve the overall efficiency of our sustainable business and shareholders' value.

**Board capability improvement:** The Company attach great importance to capacity of the Board building and improvement. To this end, we conduct a full range of professional skills and compliance training for Board members, including the Listing Rules, operation management, risk control, ESG governance and business ethics, aiming to improve their compliance awareness and performance ability. In 2023, the Board members participated in 3 special training sessions on risk control and information security, with 6 training hours in total and 100% training coverage.

### Key Performance:

As at the end of 2023, the Company has 11 Board members, of which 2 (18.2%) are female directors and 5 (45.5%) are Independent Non-executive Directors.





# Sustainable Development Management

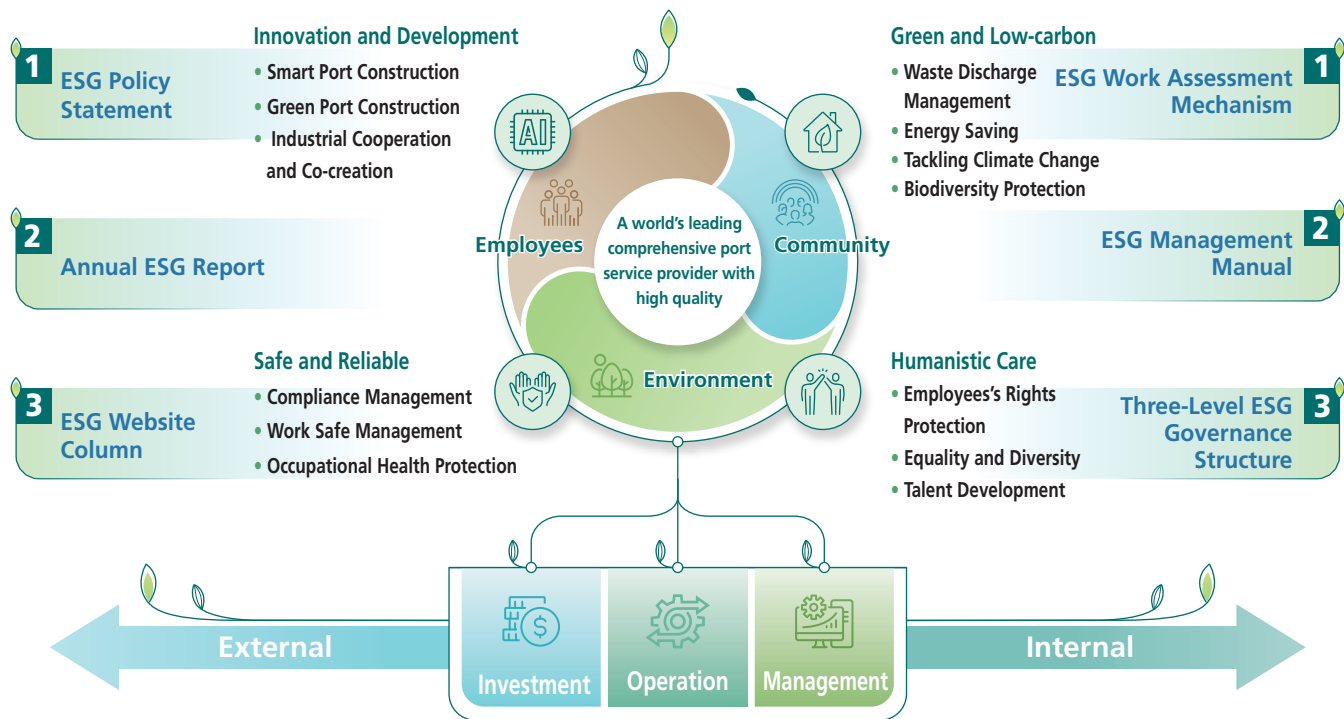
Sustainable development is at the core of the Group’s business philosophy. The Group continues to strengthen sustainable development management, integrate sustainable development strategies into business operations, strive to achieve value sharing and win-win results, and continue to promote the construction of world-class green and smart ports.

In 2023, the Group fully and deeply implemented ESG work and continuously improved sustainable development capability. The Group made the following progress in ESG:

Such ESG policies as the *Anti-Corruption and Anti-Bribery Policies* and *Ecological and Environmental Protection Policy Statement*, approved by the Board, the management clarified that ESG was the Group’s key task of the year. The Group pushed forward the assessment of ESG at functional departments at the headquarters and subsidiaries. Our functional departments have formed an ESG working group to conduct specific ESG work, and formulated the *ESG Work Management Manual* that would review yearly, promoting ESG performance across the board. With the deepening of ESG management work, the Group’s sustainability performance was impressive and recognized by regulators and rating agencies.

The Group established an ESG management system graph and further integrated ESG ecosystem with daily operation and implementation into all aspects of management, striving to improve the overall management level and sustainable development capability.

## The Group’s ESG management system graph:



## ESG VISION AND MISSION

Upholding the sustainability philosophy, the Group is committed to building a sustainability philosophy system driven by its responsible corporate mission, vision, core values, ideas and spirits, contributing to value sharing and win-win results, and to the healthy, stable, sustainable and harmonious development of the society.

### Vision of Sustainability:

- Strive for a world-class green and intelligent comprehensive port service provider

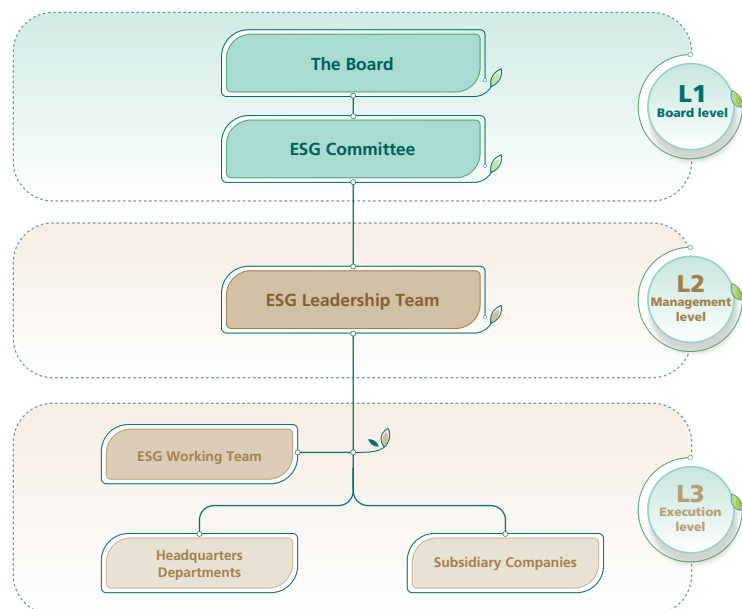
### Mission of Sustainability:

- Become a leader in the port industry and a facilitator of sustainable development advocating green and low-carbon development, safety and reliability, innovative development and humanistic care
- Continuously create positive economic, social and environmental values for stakeholders and communities in the regions where we operate
- Build a sustainable ecosystem together with peers along the supply chain

## ESG GOVERNANCE SYSTEM

### Three-Level ESG Governance Structure

The Group firmly believes that sound corporate governance and effective ESG governance are important safeguards for realizing its corporate vision and mission and achieving sustainable development. The Group established a three-level ESG governance structure consisting of the Board level, management level and execution level, improving the ESG management policies and strategies and promoting the fulfillment of key ESG tasks, thus laying a solid foundation for sustainable development. During the Reporting Period, the Group issued the *ESG Management Manual*, to further improve the work functions at all levels and ensure that all ESG work is under unified leadership, decision-making, and implementation. The Group's ESG governance structure is as follows:





Working Mechanism	Reporting Mechanism
<p>The Board leads the Group’s sustainability efforts, identifies ESG development trends, and guides the ESG Committee in developing and implementing sustainable development goals and strategies.</p>	<p>The Board is debriefed on important ESG issues and work progress by the ESG Committee on a regular basis to ensure that the Group implements its sustainable development strategy and to continuously promote the achievement of ESG goals.</p>
<p>The ESG Committee is composed of the Board members who serve as the subjects of guidance and decision making for ESG efforts, and reports to the Board. Under the leadership of the Board, ESG Committee shall discharge the following responsibilities:</p> <p>Formulate and review ESG targets, strategies, and policies of the Group, review the progress towards realizing the targets annually, and make recommendations to the Board for approval (if necessary);</p> <p>Review and assess the sufficiency and effectiveness of the ESG governance structure in the Company and make recommendations to the Board for approval (if necessary);</p> <p>Adopt and renew ESG policies in the Group, ensuring compliance with applicable laws and regulatory requirements;</p> <p>Identify, integrate, evaluate the Group’s ESG risks, issues and opportunities, make recommendations on issues with significant impact on the Company’s operation and the stakeholders interests, and provide relief plans;</p> <p>Review the Group’s ESG performance (such as key performance indicators), in order to ensure compliance with relevant ESG policies and procedures, applicable laws, regulations, and international standards, and report it to the Board;</p> <p>Appoint qualified internal and external stakeholders to conduct a materiality assessment on an annual basis, and ensure effective communication and relationship with relevant stakeholders;</p> <p>Review and monitor the Company’s annual ESG report and submit it to the Board for approval;</p> <p>Ensure the Company’s annual ESG Report is formulated in accordance with the ESG Report Guidance set out in the Appendix C2 to the Listing Rules; and</p> <p>Consider other issues defined by the Board.</p>	<p>The ESG Committee meeting is held once a year. The reporting responsibilities of ESG Committee are as follows:</p> <ul style="list-style-type: none"> <li>- Be debriefed on the ESG results and work planning</li> <li>- Check the progress and performance against ESG goals</li> <li>- Review the annual ESG report and recommend to the Board for approval</li> </ul>



Working Mechanism	Reporting Mechanism
<p>The ESG Leadership Team is made up of the Company’s Chief Executive Officer (“<b>CEO</b>”), the heads of relevant departments and the principals of the Group’s subsidiaries. As the leading and coordinating body of ESG work, the ESG Leadership Team shall discharge the following responsibilities:</p> <ul style="list-style-type: none"> <li>- Organize and steer the development of ESG strategy and drive its implementation;</li> <li>- Guide the management and practice of core ESG issues such as Climate Change, business ethics, occupational health and safety, and responsible supply chain;</li> <li>- Examine key ESG trends and summarize the major risks and opportunities when implementing ESG strategy;</li> <li>- Assess ESG compliance of business and architectural models; and</li> <li>- Launch external dissemination and communication on ESG development, and control the quality and continuity of ESG information disclosure.</li> </ul>	<p>The ESG Leadership Team meetings are held twice a year. The reporting responsibilities of the ESG Leadership Team are as follows:</p> <ul style="list-style-type: none"> <li>- Be debriefed on the ESG results and work planning by all departments concerned;</li> <li>- Deliberate on the established ESG policies and timely updates; and</li> <li>- Grant honors and awards to outstanding departments/subsidiaries, ESG demonstration cases, ESG projects and individuals.</li> </ul>
<p>The ESG Working Team, headquarters departments and subsidiaries are the main execution bodies. Its responsibilities are to define the ESG related management responsibilities and promote the implementation of ESG projects; all departments and subsidiaries are responsible for supporting the discharging of the ESG work responsibilities and ensuring the integration of ESG issues in businesses.</p>	<p>The ESG Working Team, headquarters departments and subsidiaries are responsible for reporting on and submitting to the ESG Leading Group the ESG work related statistics, project progress, difficulties of ESG practices; each department shall share ESG work experience in the course of day to day operation and achieve cross departmental cooperation.</p>



### ESG Management Manual

The Group has revised and released the *ESG Management Manual*. As the implementation basis and guideline for the internal ESG work, the revised edition clearly defines the Group’s short-term, medium-term and long-term key ESG objectives and tasks, stipulates dynamic updates on the topics of ESG management, and fine-tunes the ESG governance mechanism and responsibilities of each level, to make our ESG management work more institutionalized, standardized and systematic, and to ensure the orderly implementation of ESG work.



### ESG Policy System

In order to further improve the ESG Policy system, the Group has formulated the *Anti-Corruption and Anti-Bribery Policies*, revised the *Code of Business Conduct*, the *Supplier Code of Conduct*, the *Ecological and Environmental Protection Policy Statement*, the *Occupational Health and Safety Statement*, the *Human Rights Policy Commitments* and *Administrative Measures for Customer Information Security*, and other special policies in the ESG field. Through the development and publication of ESG policies, we showed our strong determination of sustainable development to all stakeholders. For more information on our policies on business ethics, supply chain management, labor rights protection, occupational health and safety, and environmental protection, please refer to the “Sustainable Development-ESG Strategies” column on the Company’s website.



Policies	Revised/added highlights
<i>Anti-Corruption and Anti-Bribery Policies</i>	A special anti-corruption clause was added, which prescribed that we should adhere to high standards of integrity, fairness and transparency in all business transactions, resolutely resist any form of corruption and bribery, standardize anti-corruption and anti-bribery compliance management, and safeguard the achievement of the Group’s business objectives and sustainable development.
<i>Ecological and Environmental Protection Policy Statement</i>	Revisions included the applicable scope and the commitment to ecological protection. Targeted measures were added to honor the principles of avoidance, mitigation, compensation and protection as required in the UN Convention on Biological Diversity, the Technical Guidelines for Marine Ecological Restoration (GB/T 41339.1-2022) and other documents.
<i>Code of Business Conduct</i>	The applicable scope of the policy was revised: It stipulated that the <i>Code of Business Conduct</i> applied to all employees (including all full-time, part-time and temporary staff) at all levels of the Group, and serves only as a reference for invested enterprises.
<i>Supplier Code of Conduct</i>	The applicable scope of the policy was revised; terms were added on the protection of human rights such as anti-discrimination and anti-harassment, anti-monopoly, competition, environmental protection and biodiversity conservation, supplier privacy protection and data security.
<i>Human Rights Policy Commitments</i>	The revised edition made a clear pledge to take practical action against any form of discrimination and harassment.
<i>Occupational Health and Safety Statement</i>	The revised edition further clarified that the Company should fully perform the main responsibility for occupational health and work safety, strive to realize the safety goal of zero injury and become a role model in the healthy and safe development of the port industry.
<i>Administrative Measures for Customer Information Security</i>	The revised edition emphasized the need to respect the customers’ right to know, to clearly inform the customers of the purpose of collection and use of information, and to be responsible for the authenticity, completeness and confidentiality of customer information.





## ESG Performance Assessment Mechanism

The Group has set ESG assessment standards, whereby ESG performance is assessed at two levels: for the year, and for the tenure. The yearly assessment indicators are designed according to the annual ESG strategic plan, while the tenure-specific assessment indicators are designed on the basis of the long-term ESG strategic plan. By setting quantifiable ESG assessment indicators, the salary compensation link up with on ESG performance. The assessment work is conducted by the Operation Management Department. The assessment results are reported at the ESG Work Leading Group Meeting. Those who outperform will be selected as outstanding departments or subsidiaries, excellent ESG cases, excellent ESG projects or outstanding individuals as a form of incentive mechanism.

## STAKEHOLDER ENGAGEMENT

The support of stakeholders is crucial for the stable operation of the Group. The Group continues to pay attention to the expectations of various stakeholders, and has established a multi-channel and diversified communication and feedback mechanism. Thus we can maintain active and effective communication with stakeholders, deeply understand the demands, opinions and suggestions of all parties, and jointly build a sustainable ecosystem.



Stakeholder Group	Communication Channels	Expectations and Appeals	Our Response
<b>Shareholders and investors</b> 	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>Shareholders' Meeting</li> <li>Work meetings</li> <li>Exchanges and visits</li> </ul>	<ul style="list-style-type: none"> <li>Transparent financial information disclosure</li> <li>Strengthen risk management and control</li> <li>Create economic value</li> <li>Maintain and increase the values of assets</li> </ul>	<ul style="list-style-type: none"> <li>Refine corporate governance and management of investor relations</li> <li>Maintain growth of business and profitability, and continue to enhance its position in the industry</li> <li>Enhance operational transparency</li> </ul>
<b>Government and regulatory authorities</b> 	<ul style="list-style-type: none"> <li>Daily reporting and communication</li> <li>Meetings and exchange activities</li> </ul>	<ul style="list-style-type: none"> <li>Compliant operation and tax payment in accordance with the laws</li> <li>Support local development</li> <li>Protect local environment</li> </ul>	<ul style="list-style-type: none"> <li>Implement policies and pay tax in accordance with the laws</li> <li>Optimize the management of its terminals and actively implement corporate social responsibility</li> </ul>





Stakeholder Group	Communication Channels	Expectations and Appeals	Our Response
<b>Customers</b> 	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>Responses to and handling of customers' feedback</li> <li>Customer satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Provide quality service</li> <li>Safeguard of information security</li> </ul>	<ul style="list-style-type: none"> <li>Satisfy customer's needs and improve customer satisfaction</li> <li>Develop smart ports by innovating the form and content of our services</li> <li>Protect customer information</li> </ul>
<b>Partners</b> 	<ul style="list-style-type: none"> <li>Project cooperation</li> <li>Work meetings</li> <li>Daily communication</li> </ul>	<ul style="list-style-type: none"> <li>Transparent cooperation with integrity</li> <li>Mutual support and winwin development</li> </ul>	<ul style="list-style-type: none"> <li>Establish a responsible supply chain</li> <li>Seek comprehensive development partnership opportunities</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Standardized training</li> <li>Exchange activities</li> </ul>	<ul style="list-style-type: none"> <li>Secure basic rights</li> <li>A smooth career development path</li> <li>Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Protect worker's legal rights</li> <li>Provide market comprehensive salaries and benefits</li> <li>Training and employee caring activities</li> <li>Create a safe and healthy working environment</li> </ul>
<b>Environmental charitable organizations</b> 	<ul style="list-style-type: none"> <li>Environmental information disclosure</li> <li>Environmental protection campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Reduce environmental impacts caused by operating activities</li> <li>Lead the industry to enhance its green development capability</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen environmental management and enhance environmental awareness</li> <li>Commence green operation and conduct energy conservation transformation</li> <li>Promote green development of the industry</li> </ul>
<b>Community</b> 	<ul style="list-style-type: none"> <li>Charitable events</li> <li>Volunteering services</li> <li>Information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Promote regional development</li> <li>Support public welfare and charity</li> </ul>	<ul style="list-style-type: none"> <li>Promote the development of countries and regions where it operates</li> <li>Establish the charity brand "Shaping Blue Dreams Together (C Blue)"</li> <li>Encourage employees to participate in volunteering activities</li> </ul>



## MATERIALITY ASSESSMENT

To further understand the key concerns of stakeholders and effectively manage and report issues that have a significant impact on both the Group and its stakeholders, the Group continued to carry out materiality assessment and analysis during the Reporting Period. Materiality assessment and analysis were conducted by identifying, prioritizing, assessing and reviewing ESG issues as detailed below:

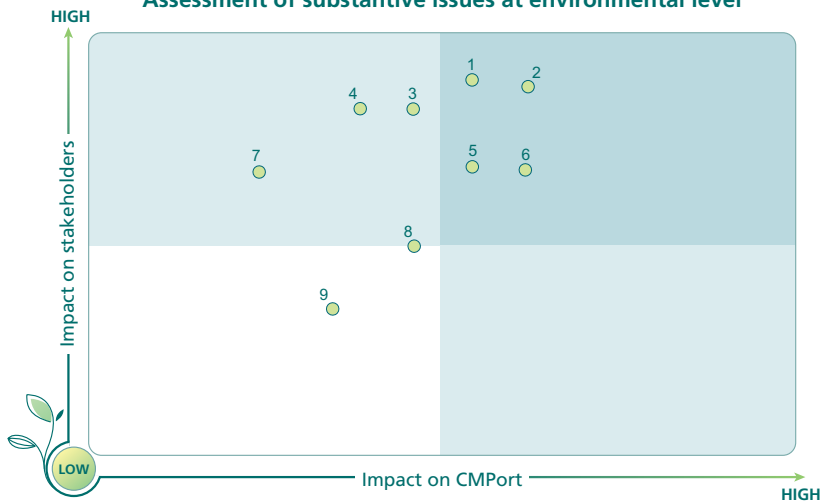


IDENTIFICATION	RANKING	ASSESSMENT	REVIEW
<p><b>Identifying important stakeholders:</b></p> <p>The Group identified important stakeholders closely related to the Group based on our business scope, production and operation nature, decision-making power and influence. Totally, important stakeholders such as the Board, the management, the government and regulatory authorities, shareholders and investors, customers, partners, non-profit environmental organizations, communities, etc. were identified.</p> <p><b>Identifying potential material topics:</b></p> <p>By exploring the development of port industry at home and abroad, referring to the ESG Reporting Guide published by the HKSE, United Nations Sustainable Development Goals (UNSDGs) and industry peer benchmark analysis, combining with the corporate development characteristics, and referring to major rating agencies for information, the Group reviewed and shortlisted a total of 31 ESG issues (including 9 from environmental aspect, 10 from social aspect and 12 from operational aspect) closely related to the Group, and 2023 ESG issue pool was created.</p>	<p>The Group invited internal and external stakeholders, including the Directors, management, shareholders and investors, employees, customers, suppliers and business partners, to participate in ESG materiality identification in form of online questionnaires by ranking each ESG issue from the issue pool according to the degree of concern. A total of 965 valid questionnaires were received, up to what the Company expected.</p>	<p>The Group examined the materiality of “operational”, “environmental” and “social” ESG issues from two dimensions, namely “the degree of impact on CMPort (including Directors and the management)” and “the degree of impact on stakeholders (including shareholders and investors, employees, customers, suppliers and partners)”, and established the issues that scored half or more on both dimensions (scored 5 or above out of 10 on each dimension) as material issues.</p> <p>4 issues in the environmental aspect, 2 issues in the social aspect and 6 issues in the operational aspect were identified as material issues respectively.</p>	<p>The Board reviewed the assessed material issues and confirmed that they were of higher importance to the Group and its stakeholders for the year compared with other issues shortlisted into the Group’s ESG issue pool, so as to disclose them specifically in the Report and take relevant issues into full consideration in business development.</p>



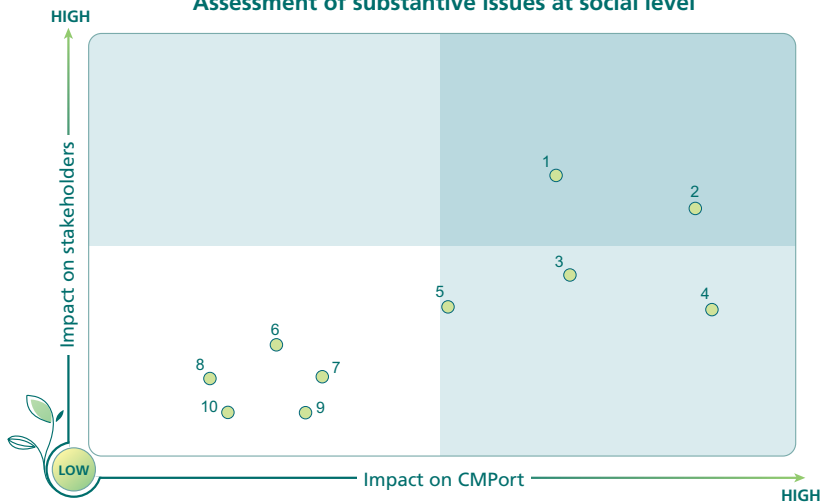


## Assessment of substantive issues at environmental level



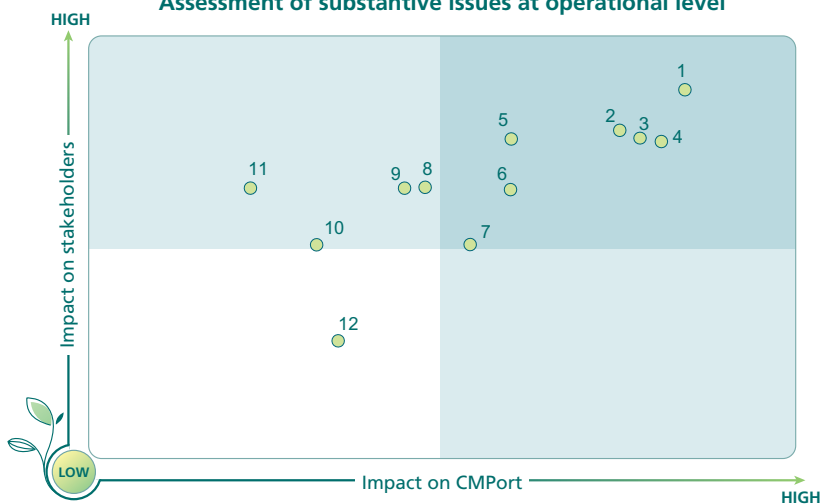
- ① Exhaust emissions and management
- ② Wastewater discharge and management
- ③ Solid waste generation and management
- ④ Environmental policy formulation and implementation
- ⑤ Energy usage and efficiency
- ⑥ Water resources usage and efficiency
- ⑦ Biodiversity and land utilization
- ⑧ Addressing Climate Change and carbon emission management
- ⑨ Green and low-carbon investment opportunity

## Assessment of substantive issues at social level



- ① Labor code
- ② Occupational health and safety
- ③ Employee training and development
- ④ Employees rights and benefits
- ⑤ Diversity and equal opportunity
- ⑥ Community communication and engagement
- ⑦ Contributing to industry development
- ⑧ Community welfare and volunteer service
- ⑨ Community support and economic stimulation
- ⑩ Contributing to rural revitalization

## Assessment of substantive issues at operational level



- ① Compliance and business ethics
- ② Risk management
- ③ Customer service quality
- ④ Information security and privacy protection
- ⑤ Corporate governance
- ⑥ Scientific and technological innovation
- ⑦ Customer satisfaction survey
- ⑧ Intellectual property rights protection
- ⑨ Responsible supply chain
- ⑩ Promoting sustainable financing
- ⑪ Investor relation management
- ⑫ Safeguard supplier's rights and interests



Material Issues	
Environmental Aspect	Exhaust gas emissions and management, Wastewater discharge and management, Energy usage and efficiency, Water usage and efficiency
Social Aspect	Labor code, Occupational health and safety
Operational Aspect	Compliance and business ethics, Risk management, Customer service quality, Information security and privacy protection, Corporate governance, Technological innovation



## SUSTAINABLE FINANCE

China Merchants Group Limited (“**CMG**”) released the *Framework on Financing for Sustainable Development* (the “**CMG Framework**”), which was rated “Excellent” by Moody’s, a leading international statistical rating organization. Moody’s also gave a “Significant” score for the Framework’s contribution to sustainable development, and a “Best Practices” rating in terms of “Management of Funds Raised”.

The Group followed the CMG Framework and continued to track the progress of sustainable development projects in the fields of low-carbon shipping, ports, logistics, renewable energy, emerging industries, etc., and researched feasible sustainable development/green financing solutions in conjunction with project needs. In doing so, we would lay a solid foundation for multi-market, multi-industry sustainable financing, enhance the flexibility and convenience of sustainable financing, expand diversified financing channels, and improve the efficiency of financing.

On 16 October 2023, the Group received a research visit from J.P. Morgan and ESG institutional investors, and demonstrated our practice and outcomes regarding ESG strategic planning, business development and integration to investors. We continuously improved overall business performance and sustainability capacity, and included the sustainability strategies into its long-term planning to boost sustainable financing.



J.P. Morgan and ESG institutional investor are on-site for research





# Operation with Integrity and Compliance

## **Strategy and development:**

Following the idea of “compliance from the senior level, compliance by all, and compliance creates values”, the Group has established a sound compliance governance system to guarantee our strides in compliance, business ethics, risk control, privacy protection and data security. The Group aim to improve our compliance performance across the board and eventually safeguard sustainable development.

- Formulated and issued the *Anti-Corruption and Anti-Bribery Policies* and *Code of Conduct for Integrity and Compliance* to standardize our efforts on anti-corruption and anti-bribery, compliance and business ethics.
- Revised policies such as the *Code of Business Conduct*, *Supplier Code of Conduct* and *Administrative Measures for Customer Information Security* to ensure policy coverage and effectiveness.
- Developed procedures to supervise corruption and bribery behaviors during supplier access, assessment, rewarding and punishing to guard against supplier integrity risks.
- Passed the annual supervision audit for ISO 27001 Information Security Management System certification.
- Organized the business ethics standard training, attracting 23,747 participants, covering 100% of the employees.
- No suppliers were blacklisted or penalized by the Group for involvement in corruption.

## **Future plan:**

- Expand the coverage of ethical standards audits.
- Increase the coverage rate of supplier training on business ethics.

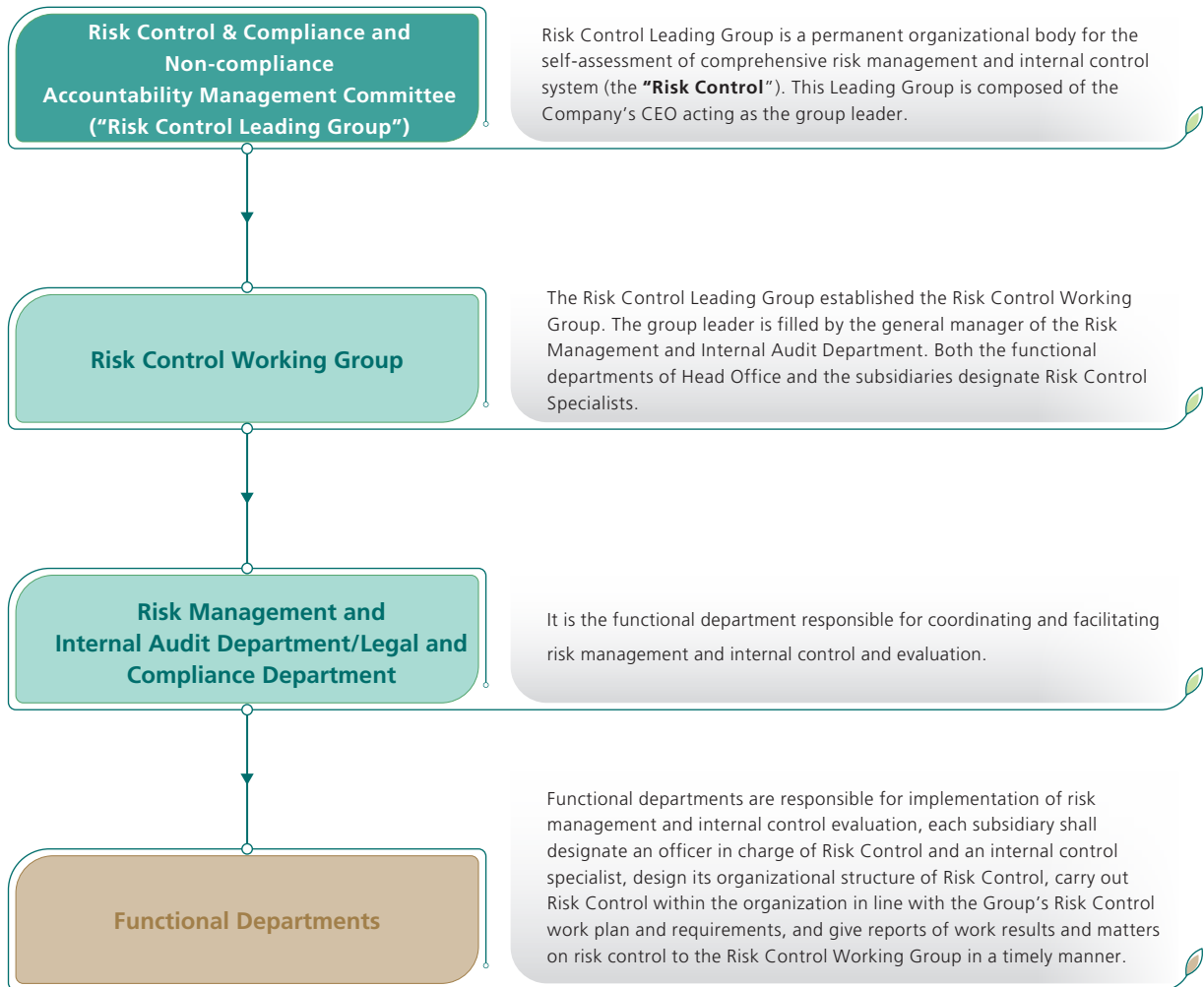
UNSDGs responded in this section:



## RISK MANAGEMENT AND INTERNAL CONTROL

The Group continues to build a “six-in-one” risk management and control system, builds a systematic risk control structure featuring coordination between the “Leading Group, Working Group, Functional Departments, and Execution Departments”, and carried out a lot of compliance risk control work centered on the business, so as to continue to enhance the ability of risk management.

### Risk control structure





### Risk control system



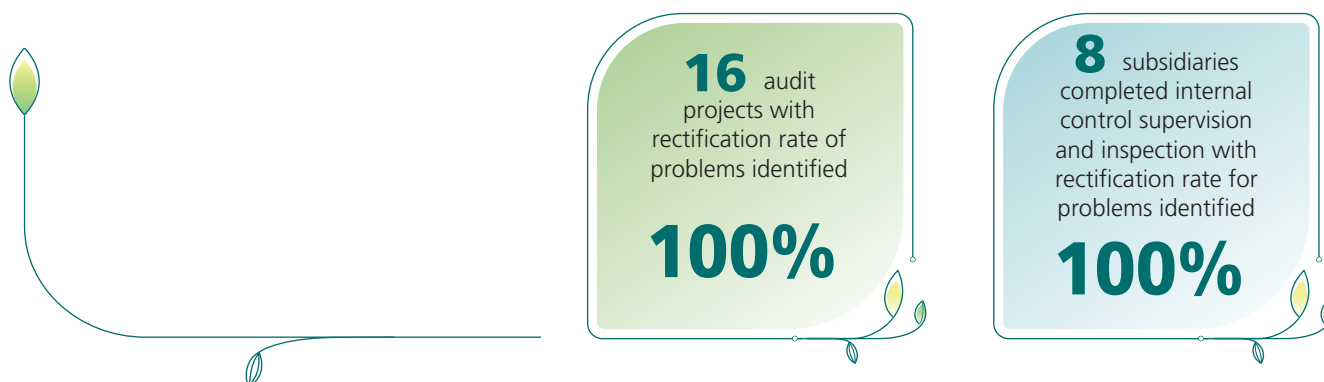
<b>Administrative Measures for Risk Management</b>	<p>It defines the responsibilities of routine risk management to ensure the smooth implementation of all Risk Control tasks.</p>
<b>Manual of Risk Control</b>	<p>As an action guide for Risk Control, it explains in details the Risk Control methods, tools, standards and processes, including: risk identification methods, risk description standards, list of key risks, risk assessment standards, risk assessment questionnaire, prioritization of assessed risks, risk mapping, schedule of major risk response plans, summary of major risk responses and conditions, tracking record of the top five risks, accident judgment standards, accident tracking record, process coding rules, process framework template, flow chart template, internal control flaw evaluation standards, risk control matrix, summary of internal control flaws, sample size determination rules, critical testing documents, archiving methods, etc.</p>
<b>Implementation Rules for Operational Risk Events</b>	<p>It specifies the grading standards and reporting processes for various risk events, including standard management process, identification, analysis and summary reporting process, response and disposal process, monitoring and inspection process, and analysis and summary process, to strengthen and enhance the major risk reporting mechanism.</p>
<b>Manual of Internal Control</b>	<p>The Headquarters has established 20 internal control processes (6 core processes plus 14 management processes), in reference to which, all subsidiaries have developed 12 internal control processes (8 core processes plus 4 management processes) based on their own conditions.</p> <p>The Manual clearly defines the main business processes and the division of powers and responsibilities, and regulates the key control links such as the internal department setup, the powers and responsibilities of key positions and the approval procedures. Meanwhile, the <i>Provisions on the Implementation of Accountability Inquiry for Illegal Operations and Investments</i> and the <i>Detailed Rules for the Implementation of Accountability Inquiry for Illegal Operations and Investments</i> were revised. With reference to the Manual, all subsidiaries regularly conduct internal control self-assessment, internal audit and other supervision and inspection on their principal business, organize “design effectiveness” and “execution effectiveness” tests of the internal control system as well as random inspection of critical control activities to identify and rectify internal control flaws and continuously improve the internal control system.</p>



### Internal control

The Group has been continuously improving its internal control mechanisms and procedures according to the “full coverage every two years” internal control system supervision and inspection plan, and strengthen implementation to practically enhance the Group’s internal control management level.

### Key Performance:



## COMPLIANCE AND BUSINESS ETHICS

The Group firmly believes that ethical and law-based operation is the cornerstone of sustainable development. We continue to improve the compliance governance system, strengthen compliance and business ethics operations, and raise compliance awareness, aiming to foster a fair, transparent, honest and clean compliance culture.

### Compliance management

The Group rigorously complies with such laws as the *United Nations Convention against Corruption*, *Anti-Monopoly Law of the People’s Republic of China*, *Anti-Unfair Competition Law of the People’s Republic of China* and Hong Kong’s *Prevention of Bribery Ordinance*. In accordance with relevant external standards such as the *World Bank Group Compliance Guidelines* and *Good Practice on Internal Controls, Ethics and Compliance* of the Organization for Economic Co-operation and Development, and laws on prevention of bribery, fraud, money laundering and unfair competition in the countries and regions where we operate or make investment, we continuously improve our compliance and business ethics system, ensure efficient organizational structure and effective decision-making mechanism, and enhance the Group’s compliance governance capability.

The Group has established a compliance and business ethics management system that covers the Board, the management, functional departments, and all subsidiaries, and Chief Compliance Officer and compliance officer. The Supervision Department serves as the primary body responsible for executing and overseeing business ethics, and collaborates with departments including Human Resources, Administration, Finance/Capital Management, Risk Management and Internal Audit/Legal and Compliance, in constructing and implementing mechanisms for compliance and business ethics standards, as well as overseeing and addressing violations.



## Operation with Integrity and Compliance

Each year, the Group conducts a comprehensive review of anti-corruption systems and business ethics standards, and makes timely adjustments to ensure they meet the requirements of existing laws and regulations. The Group has revised and implemented the *Code of Business Conduct*, the *Anti-Corruption and Anti-Bribery Policies*, the *Supplier Code of Conduct* and the *Code of Conduct for Integrity and Compliance*, covering Directors, employees at all levels (including all full-time, part-time and temporary employees) and business partners such as suppliers. We demand compliant behaviors by employees and business partners, require them to conform to business ethics, and promote legal and compliant business operations of the Group.

The Group has continued to identify compliance risks and integrate compliance management deeply into daily operations and management with an emphasis on key compliance risks. In terms of risk identification, the Group, in response to changes in domestic and international laws and regulations, along with regulatory policies, and in coordination with the management of compliance risks in business, has identified nine Class I compliance risk points at the significant level and above in daily operations and management. These risks encompass areas such as work safety, procurement management, environmental protection, accounts receivable, and foreign-related compliance. At the same time, the Group has intensified the scrutiny of key compliance risks in crucial areas such as economic sanctions, export controls, work safety, and the use of standard contracts. Regarding compliance risk alerts, the Group has vigilantly monitored legislative and regulatory changes both at home and abroad, assessed the potential impact of compliance risk incidents on the Group's key investment areas, and promptly issued compliance risk alerts. Furthermore, the Group has undertaken special compliance risk studies to enhance the foresight of compliance management and proactively mitigate major compliance risks.

### Anti-corruption Management

Valuing the impact of compliant operations on us and our stakeholders, the Group prohibits any form of corruption, embezzlement and commercial bribery in operation and cooperation with business partners. During the Reporting Period, the Group strictly complied with the applicable laws and regulations on anti-corruption and anti-bribery in the countries and regions where it operated. The Group formulated and implemented policies such as the *Code of Business Conduct*, the *Code of Conduct for Suppliers* and the *Anti-Corruption and Anti-Bribery Policies*. These policies have strengthened oversight and constraints on both full-time and part-time employees and business partners, to uphold integrity and eradicate corruption and bribery.

Among the above, the Group formulated and implemented the *Anti-Corruption and Anti-Bribery Policies*, clearly prohibiting all forms of corruption and bribery, and obliging all employees to comply with anti-bribery and anti-corruption laws and regulations within both the Group and its operation sites; directing employees to return any unlawfully obtained economic benefits; stipulating that in instances leading to corporate asset losses, apart from taking actions against violators as stipulated in the aforementioned regulations, they should also be held accountable and assume financial responsibility for compensating the Group's losses. Employees found in violation of this policy and subject to disciplinary measures would be disqualified in the selection of outstanding employees of the current year.



### Integrity risk prevention and control

The Group has implemented the Administration Measures on the *Prevention and Control of Integrity Risks Points (Trial)* and carried out “embedded” prevention and control measures targeting integrity risks. During the Reporting Period, the Group introduced an innovative approach: cross-unit working groups were set up to conduct collaborative investigation, develop a catalog of integrity risk points, collectively formulated preventive measures and incorporated integrity risk prevention and control measures into their job responsibilities, regulatory frameworks, and business processes. Targeting 7 critical business processes with elevated integrity risks, including engineering construction, tender procurement, contract signing, outsourcing management, business administration, and personnel selection and appointment, the Group extensively promoted the “embedded” integrity risk prevention and control mechanism. Concurrently, the Group developed the *Manual of Integrity Risk Prevention and Control in Key Business Processes*, and relevant departments inspected and supervised the implementation of the guidelines, and provided valuable feedback. On this basis, the standardized and reproducible “Embedded” *Integrity Risk Prevention and Control Manual* was compiled, ensuring a seamless integration and synchronous operation between integrity risk prevention and control measures and business processes. This has significantly enhanced the risk prevention and control system. In addressing key areas related to foreign anti-corruption efforts, the Group thoroughly assessed corruption risk points for overseas entities, and developed the integrity risk point database of overseas entities (including those in Hong Kong, Macau, and Taiwan).

#### Key Performance:





## Operation with Integrity and Compliance

### Supplier anti-corruption management

To guard against the risk of corruption and bribery in supplier collaboration, the Group strictly manages corruption risk points throughout various stages and takes into account the performance against corruption and bribery in supplier access, auditing, and assessment processes. In addition, the Group regards supplier integrity as a forthcoming focus and plans to consistently broaden the scope of anti-corruption training for suppliers. This initiative is aimed at bolstering integrity awareness among suppliers.



<b>Before initiating cooperation</b>	The Group mandates that suppliers complete the <i>Social Code Self-Assessment Questionnaire for Suppliers</i> to gain a comprehensive understanding of the latter's approach to managing corruption and bribery. The Group also requires suppliers to provide their anti-corruption policies, which is a prerequisite for cooperation.
<b>At the time of contract signing</b>	The Group requires suppliers to sign the <i>Integrity and Honesty Contract</i> to ensure their strict adherence to the relevant requirements of integrity and self-discipline during business transactions. During the Reporting Period, all suppliers had signed the <i>Integrity and Honesty Contract</i> . Following contract signing, the Group would send policies such as the <i>Code of Conduct for Suppliers</i> and <i>Anti-Corruption and Anti-Bribery Policies to suppliers</i> promptly, to help them understand and apply these policies, and encourage capable suppliers to formulate and implement anti-corruption and anti-bribery policies at an equivalent standard.
<b>In the evaluation and reward/punishment phase</b>	Aligned with policies like the <i>Code of Conduct for Suppliers</i> , <i>Anti-Corruption and Anti-Bribery Policies</i> and <i>Code of Business Conduct</i> , etc., we have integrated clauses on integrity and cleanliness, along with corruption and bribery issues, into the supplier evaluation system. When a supplier is found to be engaged in corruption and bribery, the Group may deduct its points, suspend or cancel cooperation, or blacklist it forever.



During the Reporting Period, in the course of investigation, the number of suppliers were blacklisted or penalized for corruption-related issues was

0



### Compliance operation

The Group advocates for free and fair competition, and refrains from participating in discussions, communication, information sharing, or agreements that may violate applicable antitrust and competition laws. The Group adheres strictly to international trade regulations and export control laws, and vehemently opposes any forms of extortion and bribery. Moreover, the Group consistently urges its subsidiaries and business partners to conduct their affairs in alignment with business ethics.

**Anti-monopoly and anti-unfair competition.** During the Reporting Period, the Group released the revised *Administrative Measures on Anti-monopoly Compliance* and *Manual of Anti-monopoly Compliance*. The Group commits to reviewing all merger and acquisition transactions, ensuring the legal compliance of commercial transactions, and prohibiting any illegal activities. The Group actively promotes a fair and competitive market order, and has outlined anti-monopoly compliance management requirements and guidelines in its policies. We enhance the awareness of anti-monopoly compliance among all employees through internal mechanisms such as annual compliance inspections, compliance training, and compliance assessments.

**Anti-money laundering.** The Group pledge not to participate in or assist any third-party money laundering, and prohibit employees from engaging in or aiding others in any illicit money laundering activities. The compliance management system is explicitly against anti-money laundering and counter-terrorism financing, overseeing all our business activities and management processes. The Group pledge to comply with laws related to anti-money laundering and counter-terrorism financing in host countries and regions, screen business partners as per relevant requirements, and do business only with partners that have legal and compliant sources of funds and adhere to business ethics.

**Conflict of interest.** The Group demands that Directors and employees make business decisions and fulfill their responsibilities in a way that is objective, fair, impartial, independent, and in accordance with professional judgment. They should handle actual or potential conflicts of interest between personal interests and Group business appropriately. When dealing with conflicts of interest, Directors and employees should act in a legal and compliant manner, prioritize the interests of the Group and proactively avoid conflicts of interest.

**Charitable donations.** The Group has formulated the *Charities Donations Policy*, clearly specifying that the Group oversees all charitable donation activities. When conducting charitable donations, it is imperative to adhere to applicable laws, regulations, and the guidelines of the Group, ensuring compliance with ethical standards and avoiding violations of social morality. Furthermore, charitable activities must not compromise public interests or infringe upon the lawful rights and interests of other citizens. Donations should not be used as a means to gain unfair competitive advantages or other improper benefits in areas such as financing, market access, administrative licensing, or resource acquisition.

**Tax compliance** The Group has formulated *Administrative Measures on Taxation* to specify relevant matters such as the establishment and responsibilities of its tax management organization, daily tax-related issue management and tax risk management, and regulate tax registration and declaration. The Group undertakes to strictly comply with tax laws and regulations, cautiously analyze tax risks, actively disclose tax information, declare and pay taxes on time and put an end to tax evasion.

**Responsible marketing.** In accordance with *The Advertising Law of the People's Republic of China*, while organizing exhibitions and promotional events, the Group strictly conforms to internal guidelines and processes, in order to enhance the corporate image and send a compliant and correct message to the audience.



## Operation with Integrity and Compliance

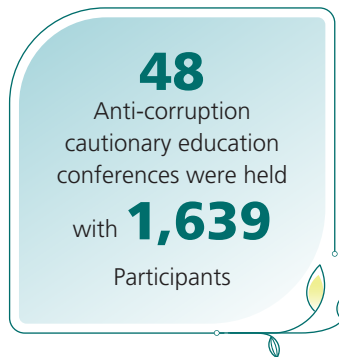
### Compliance training

With a focus on business ethics building, the Group strives to foster a compliance culture of “complying with regulations, valuing practical results, upholding self-discipline and maintaining high integrity”, and makes sure that employees at all levels, suppliers and other business partners follow business ethics and are equipped with corresponding capabilities. The Group has formulated the *Administrative Regulations on Employee Integrity Education*, and organizes employees, temporary employees, outsourced personnel and suppliers involved to learn business ethics policies such as the *Code of Business Conduct*, *Anti-Corruption and Anti-Bribery Policies* and *Supplier Code of Conduct* each year, so as to enhance their awareness and integrity ability against corruption.

In 2023, the Group conducted business ethics training covering employees at senior, middle and primary levels at headquarters and affiliated terminals. The training included anti-corruption, anti-monopoly and anti-unfair competition contents, aiming to raise employees’ compliance and business ethics awareness via online and offline channels. The Group requires all newcomers to receive integrity and business ethics training, the Board members and senior management to participate in anti-corruption education, warning conferences and other activities organized by the Group. The Group also updates business ethics standards, anti-corruption and anti-money laundering regulations and cases through internal communication systems, emails and other channels on a daily basis, so as to improve employees’ integrity awareness and enhance business ethics training coverage for all employees. In the meantime, key procurement personnel are required to receive training on compliant procurement, procurement risk control, integrity and anti-corruption, improving their compliance awareness.

### Key Performance:

For all employees (including part-time, interns, and labor dispatch personnel)



## Whistleblowing and supervision

### Whistleblowing procedure

The Group has developed and implemented the *Administrative Measures on Handling of Problem Clues and Cases*, and established an open and transparent mechanism for the oversight and reporting of violations. The mechanism delineates the whistleblowing process, categorizing the handling of reported cases into four types: initial inquiry, preliminary verification, pending further investigation, and conclusion. The Group encourages organizations and individuals to report and expose any instances of disciplinary or illegal behavior.

Whistleblowing hotline: 0755-26886681

Whistleblowing email: jcb@cmhk.com

Whistleblowing mailbox: 38/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong

### Whistleblower protection mechanism

The Group has established a whistleblower protection mechanism, emphasizing the strict confidentiality of whistleblowers and the reported content. Stringent measures are in place to ensure the confidential management of storage devices and to prohibit any retaliatory actions against whistleblowers. Anyone in violation of these principles will be held accountable. In situations where there are evident threats to the rights of whistleblowers, the Group will promptly report such cases to judicial authorities and, in compliance with the law, seek criminal responsibilities for the implicated individuals. The Supervision Department, functioning as a specialized unit for receiving whistleblower complaints, shall verify received reports, conduct thorough examinations and investigations on reports meeting the criteria for case filing and refer cases involving suspected violations to prosecuting authorities.

- Strictly implement the rules of recusal. If the investigators or judges are the immediate relatives of the investigated or the whistleblower, witnesses or interested parties of the case, or there are other circumstances that may affect the impartial investigation and trial of the case, such investigators or judges shall not participate in the investigation and trial.
- Strictly control the access scope and time of information about the examination and investigation. It is prohibited to retain without permission, conceal, access to, create excerpts out of, reproduce and carry safety supervision information and case data, or to disclose information about the examination and investigation. Exercise strict control over storage device security management, and perform security control of the confidential information related to reported matters and cases.
- Strictly abide by the disciplines of case handling. There must be at least two persons who participate in investigation and evidence collection. No one is allowed to intercede for the parties involved by taking advantage of his position, or alter, conceal, forge, steal or intentionally destroy evidence materials.
- If there is evidence that the whistleblower and his immediate relatives may be retaliated against by the whistleblower through capitalizing on his power or influence, Human Resources Department and Supervision Department shall handle the case in accordance with relevant provisions. Corresponding sanctions shall be imposed upon those who retaliate or cause others to retaliate against whistleblowers and their immediate relatives, in strict accordance with applicable laws and disciplines. Whistleblowers and their immediate relatives who suffer from personal injury, defamation or property loss due to retaliation shall be supported to recover their losses according to the laws.



### Business ethics audit

To guard against business ethics risks and regulate the behavior of employees and business partners, the Group has integrated business ethics audits into its annual audit projects. The Group has formulated an audit plan covering all project locations and business processes. Overseas operation sites are audited once every two years, while domestic operation sites follow a three-year rotation plan, ensuring ongoing audits that address business ethics risks. The Group conducts targeted audits in business areas susceptible to corruption, including engineering, procurement, investment, and finance. The audits closely examine whether there are instances of unjust enrichment, bribery, misappropriation of funds, and other improper fraudulent and corrupt practices in operations. Concurrently, for issues identified during the audit, relevant departments will establish correction and follow-up mechanisms, and oversee the rectification progress. During the Reporting Period, no major incidents violating ethical standards were identified by the Group.

### Key performance:



### Compliance supervision procedures

The Group annually conducts the 360-degree feedback survey on employees, in which their performance in areas such as compliance and inclusive competition, is commented and scored by their superiors, peers, and subordinates. The scores they get are used as a vital reference in their performance evaluations. The 360-degree feedback includes the following aspects:

#### The 360-degree feedback survey includes the following aspects:

- Exhibiting good professional ethics and personal conduct, steadfastly avoiding any breaches of ethical standards, and upholding integrity in the profession;
- Demonstrating familiarity with and strict adherence to various regulations pertaining to the business, actively elevating one's own awareness of compliance, and working in accordance with laws and regulations; complying with the laws and regulations of both China and the host countries, and diligently fulfilling personal compliance obligations and responsibilities;
- Respecting peers and colleagues, and fostering an open, fair, and just competitive environment for common development;
- Valuing diversity, embracing different thoughts and methods, and adapting to the current situation, environment, and stage of development to achieve positive outcomes; respecting rules and regulations; and
- Keeping an open mind and competing in a benign manner.

## SAFEGUARDING DATA SECURITY

### Information security

The digital and intelligent development cannot be achieved in the absence of data security. The Group attaches great importance to data security. The cybersecurity contingency plan was formulated to improve the information security management in all respects, providing a solid guarantee for the sustainable development of digital economy.

**Better organizational structure.** The Company's CEO is the principal leaders and takes direct responsibility for information security. The leading group of digitalization is the top management body, and the digitalization office is the execution body for information security management, including security attack and defense, building the information security system and the information security protection system for the Group. An information security system covers all the employees of the Group, to ensure the effective information security management and provide comprehensive support and protection for various activities.

**Institution building.** The Group has formulated and implemented internal policies including *Administrative Regulations on Information Security (2020 Edition)*, *Rules of Confidentiality*, *Rules of the Trade Secret Protection* and *Administrative Measures on the Confidential Computers and Accessory Equipment at the Headquarters*. These policies cover data classification and grading, data use processes, and user information management, forming an information security control system covering the entire business chain.

**Emergency drills.** The Group has developed a cybersecurity contingency plan covering virus infection, phishing emails, ransomware attacks according to the business situation and carries out emergency drills according to the plan. In 2023, there was no system failure through two internal network protection; the emergency drill for the western manifest platform was completed and covered 100% of the production business system; the HW2023 attack and defense drill resulted in "Zero Failure."

**Security protection.** The Group has a full-time information security engineer. We kept updating administrative rules on information system security management, and added the requirement for R&D security management. We also deployed the terminal security management system and the security operation platform, and completed the third-level evaluation of the manifest system and the CM ePort 3.0. In 2023, the Group carried out vulnerability scanning and rectification on a regular basis, and carried out cybersecurity and information security troubleshooting with a specialized third party. The Group organized information/network security training covering all the employees at the headquarters and subsidiaries. The senior management each received an average of three hours of information security-related training. Meanwhile, the Group incorporated information/network security into the annual performance appraisal of the employees and linked it to their performance remuneration.

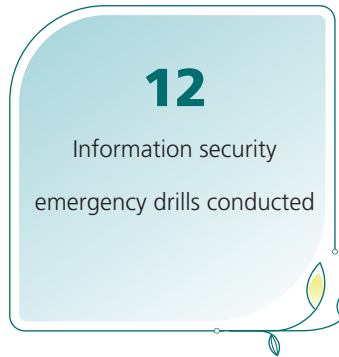
**The clear reporting process.** The Group has developed a clear process for employees to report suspicious loopholes of information security. When an employee notices an information security incident, he/she shall take necessary measures to stop the incident, and at the same time report it to the information security management organization of the subsidiary level, and report it to the Company step by step. The information security management organization at the subsidiary level shall judge the incident, investigate and collect evidence, and take appropriate control measures according to the level of the incident. After the incident is properly handled, the digitalization office of the subsidiary level shall make a summary of the incident, put forward preventive measures, and instruct the relevant subsidiary or departments concerned to implement them.



## Operation with Integrity and Compliance

### Key Performance:

Passed the annual supervision and audit of international standard ISO 27001 Information Security Management System certification



The Group invited a number of internal and external experts to hold two thematic training sessions on information and network security and, with a 100% participation.



### Privacy Protection

#### Customer Privacy Protection

The Group strictly abides by privacy protection laws and regulations in locations where it provides services. Following the principle of “closed management, minimum exposure and everyone’s responsibility”, we have formulated and implemented the *Management Measures for Business Contracts* and other rules, and have established a sound information security management process. During the Reporting Period, the Group revised the *Administrative Measures on Customer Information Security*, and emphasized strict compliance with relevant laws, regulations and policies, ensuring the compliance of information collection and respecting customers’ right to know by clearly informing them of the purpose of information collection and use. Meanwhile, the Group encrypted customer information at different levels and introduced corresponding confidentiality measures, as well as identified responsibilities and penalties for leakage behaviors, and improved the safety management of customer information to keep leakage at bay. The Group has designated dedicated personnel responsible for contract management. Special equipments for the sake of confidentiality were installed to forbid copy of or access to unauthorized data, protecting customers’ privacy. The Group continuously strengthens the publicity of information security and confidentiality, and raises employees’ awareness of customer information protection.



With regard to customer information leakage, all subsidiaries are required to take immediate remedial measures and submit a written report to their superiors within 24 hours after discovery, including the leaked customer information, the damage and losses caused, the remedial measures taken and other detailed disposal procedures, so as to minimize the damage and losses caused by the leakage and safeguard the legitimate rights and interests of customers. During the Reporting Period, the Group did not encounter any customer privacy leakage incidents.

The Group makes customer privacy a shared responsibility of all employees and strengthens the security of internal information through the following specific initiatives:

- Deploy a new data ferrying system for approval and audit of development code transmission outside of the organization;
- Deploy new heterogeneous WAF firewall to enhance web application protection; and
- Install a situation awareness platform to provide visualized network security monitoring and management

### **Employee privacy protection**

The Group has revised and issued the *Human Rights Policy Commitment*, in which the Group commits to complying with the requirements of protecting employees' privacy as stipulated in the *Constitution of the People's Republic of China*, the *Civil Code of the People's Republic of China*, *Hong Kong Human Rights and Democracy Act*, *Personal Data Privacy Ordinance in Hong Kong* and other laws and regulations where it operates. It also stipulates that the Group shall strictly implement the personal data (privacy) security policies for employees, and abide by the relevant laws and regulations on personal privacy protection. Besides, the Group shall strive to enhance employees' awareness of personal information protection through training to ensure the appropriate protection of employees' privacy.

### **Supplier privacy protection**

The Group clearly stipulates in the *Implementation Rules for Supplier Management* that information pertaining to suppliers' trade secrets shall be kept strictly confidential without the written consent of the suppliers. All subsidiaries are required to figure out the approval processes for the retrieval and access of suppliers' relevant data stipulated in the *Implementation Rules for Supplier Management*. In the course of business, all the subsidiaries are required to keep written records to avoid any form of suppliers' privacy and data leakage.

### **Intellectual Property Rights protection**

The Group strictly abides by laws such as the *Trademark Law of People's Republic of China*, the *Patent Law of People's Republic of China*, *Trade Marks Ordinance* in Hong Kong and other laws and regulations where it operates. The Group comprehensively optimize its intellectual property rights management system in a bid to boost intellectual property right creation, application, protection, management and service standards. In addition, through the intellectual property right management system, all subsidiaries are urged to regularly review the effectiveness of their intellectual property right, take corresponding measures to avoid IPR infringement, and require their business partners to respect and protect intellectual property right.

The Group not only safeguards its own intellectual property rights, but also strives to prevent infringement upon others' intellectual property rights. The Group requires all subsidiaries to check whether there is any risk of intellectual property infringement and apply to local competent authorities for necessary intellectual property protection in time when entering the international market. The Group has also conducted a study on the protection of patent right applications abroad for some of its subsidiaries.

During the Reporting Period, there was no infringement on intellectual property rights by or against the Group.



# Green and Ecological Ports

## Strategy and development:

In 2023, the Group worked toward Carbon Peak and Carbon Neutrality goals and enhanced its environmental management. The ESG Committee supervised and reviewed key energy conservation and environmental protection initiatives, while the Leading Group for Energy Conservation and Environmental Protection deployed all related works, assessed and controlled ecological environmental impacts and implemented the Group's strategic plan of energy conservation and environmental protection.

- The *Ecological and Environmental Protection Policy Statement* was revised to perfect commitments to ecological conservation. Moreover, targeted measures were proposed based on the principles of avoidance, mitigation, compensation, and protection.
- The *Administrative Measures on Energy Conservation and Environmental Protection Performance Assessment* was implemented within the Group to fulfill the main responsibilities for conserving energy and protecting environment. We also established a sound incentive -and-restraint mechanism for energy conservation and environmental protection.
- Annual targets for energy intensity and total carbon emissions were implemented.
- 4 More terminals obtained ISO 14001 environmental management system certification
- 3 More terminals obtained ISO 50001 energy management system certification
- China Merchants Port (South China) Management Center<sup>1</sup> (“**SCCT**”) was awarded “4-star China Green Port” by China Association of Ports and Harbors (CAPH), and all its specialized container berths achieved shore power access

## Future plan:

- Establish a mid- and long-term quantitative management system for environmental management by 2024
- All the remaining terminals of subsidiaries shall obtain energy management system certification and environmental management system certification by 2025
- Carbon Peak in 2028



<sup>1</sup> China Merchants Port (South China) Management Center comprising Shekou Container Terminals Ltd., Chiwan Container Terminal Co., Ltd., Shenzhen Mawan Terminals Co., Ltd., Shenzhen Mawan Wharf Co., Ltd. and Shenzhen Haixing Harbor Development Company Ltd.

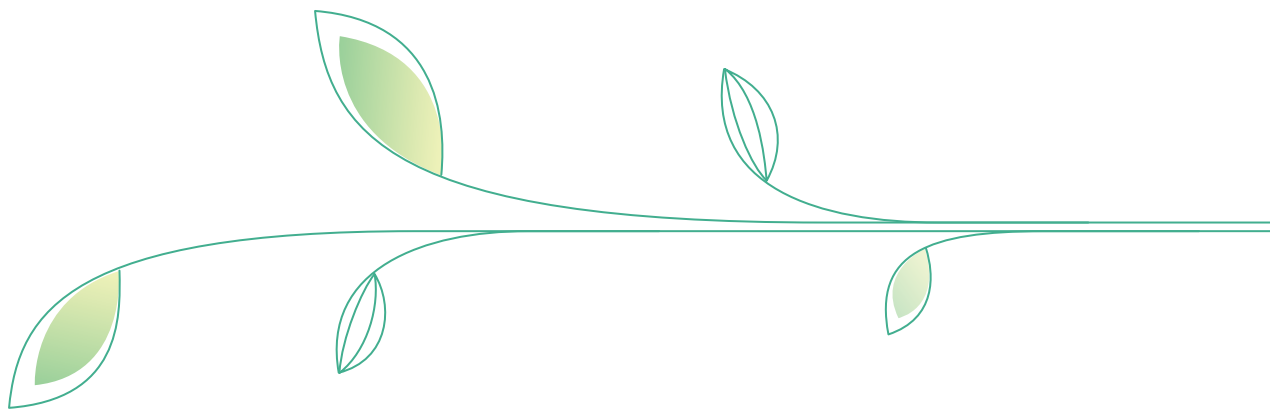
## IMPROVING ENVIRONMENTAL MANAGEMENT

The Group strictly complies with national and local environmental protection laws and regulations. We adhere to green development, continuously improve our internal environmental management system, and integrate environmental management into planning, construction, production, and other processes to enhance our environmental governance and protection capabilities

### Environmental management system

The leading team for Energy Conservation and Environmental Protection was set up to take full charge of the energy conservation and environmental protection work, with CEO of the Company as the leader, General Manager of the Company as the co-leader, and principal leaders of the headquarters and subsidiaries as the members. The responsibilities of the leading team include: responsible for overall energy conservation and environmental protection; implementing applicable laws, regulations, policies, and standards; establishing a sound energy conservation and environmental protection management system and policies; coordinating, planning and establishing a sound, scientific and standardized organizational structure for energy conservation and environmental protection, and mechanisms for statistical monitoring, performance evaluation, and incentives and punishments; effectively fulfilling corporate social responsibilities; deploying energy conservation and environmental protection work and formulating opinions and deliberating major issues related to energy conservation and environmental protection.

Subsidiaries have also set up their own energy conservation and environmental protection leading team, energy management department and environmental management department, as required, and appointed energy management and environmental management personnel as required, with a total of 61 full-time and part-time energy management personnel. Active efforts are being made to develop relevant policies, establishing a comprehensive statistical monitoring system for energy conservation and emission reduction, as well as an information reporting system.





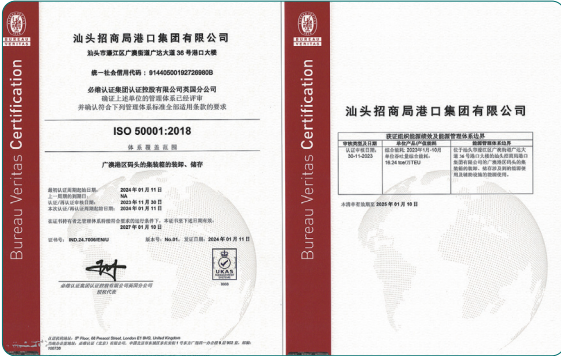

## Environmental management system certification

During the Reporting Period, a number of new terminals of the Group acquired the ISO 50001 energy management system certification and ISO 14001 environmental management system certification. The Group plans to have all the remaining terminals of subsidiaries certified by both certifications before the end of 2025.



	ISO 14001 environmental management system certification	ISO 50001 energy management system certification
Certified holder	CMPort Shenzhen Haiqin Engineering Supervision & Management Co., Ltd. Hambantota International Port Group (Private) Limited ("HIPG") TCP Participações S.A. ("TCP") Shekou Container Terminal Co., Ltd. Shenzhen Mawan Terminals Co., Ltd. ("SMTC") Shenzhen Haixing Harbor Development Co., Ltd. Zhangzhou China Merchants Port Co., Ltd. ("Zhangzhou Port") China Merchants Port Service (Shenzhen) Co., Ltd. ("CMPS") Shenzhen Mawan Wharf Co., Ltd.	Shekou Container Terminal Co., Ltd. Shenzhen Mawan Terminals Co., Ltd. Shenzhen Haixing Harbor Development Co., Ltd. China Merchants Port Service (Shenzhen) Co., Ltd. Shenzhen Mawan Wharf Co., Ltd. Shantou China Merchants Port Group Co., Ltd. ("Shantou Port")



ISO 50001 Certificate of Shantou Port	ISO 14001 Certificate of Zhangzhou Port
 <p>油头招商局港口集团有限公司 汕头市濠江区广澳新城广澳大道 35 号港口大楼 统一社会信用代码: 914405001927209850 必得认证集团认证控股有限公司集团分公司 经上述单位的管理体系符合性评审 并确认符合下列标准条款和符合国际标准的条款</p> <p><b>ISO 50001:2018</b> 能源管理体系</p> <p>广东汕头招商局的商标、商号</p> <p>获证范围: 2024 年 01 月 11 日 有效期至: 2025 年 01 月 11 日 发证日期: 2024 年 01 月 11 日 发证机构: 必得认证集团认证控股有限公司 证书编号: 2024-01-0001</p>	 <p>环境管理体系认证证书 证书编号: 2024-01-0001 漳州招商局码头有限公司 获证范围: 2024 年 01 月 11 日 有效期至: 2025 年 01 月 11 日 发证日期: 2024 年 01 月 11 日 发证机构: 必得认证集团认证控股有限公司 证书编号: 2024-01-0001</p>



## Energy conservation performance assessment

The Group has formulated the *Administrative Measures on Energy Conservation and Environmental Protection Performance Assessment*. As required, all subsidiaries have to sign Energy Conservation and Environmental Management Targets Responsibility Letter, clearly stating control indicators for energy conservation and environmental events, management indicators, quantitative assessment indicators for carbon emissions, assessment indicators for key projects related to green development, and assessment indicators for Carbon Peak and Carbon Neutrality projects. Important indicators are included in the performance agreements of key personnel in respective positions. The annual energy conservation and environmental performance assessment results of each subsidiary are directly correlated to the performance assessment results of the responsible individuals.

### Environmental management training

The Group attaches great importance to enhancing environmental management awareness and capabilities, and regularly organizes environmental management training for employees and contractors. In 2023, the headquarters organized 5 energy conservation and environmental protection training sessions, with a total of 120 participants. The training covered topics such as carbon emissions management, energy-carbon management platform, environmental data reporting, and policy communication and implementation. The subsidiaries organized more than 177 training sessions on environmental topics throughout the year, with more than 5,499 employees and 394 contractors participating.



TCP environmental training activities

### Environmental management objectives

The Group, in accordance with changes in laws and regulations, conducts regular environmental factor identification and control, and publishes environmental management objectives and indicators. Based on the characteristics of the port industry and the principles of environmental factor identification, the Group fully identifies and evaluates various environmental factors and risks, and formulates control and improvement plans accordingly. In 2023, the Group did not have any significant environmental incidents within the scope of assessment and achieved all the targets.

In 2023, to make the environmental management more scientific, standardized, and specific, the Group has initiated the preliminary study on the establishment of short-, medium- and long-term environmental protection targets in order to scientifically and efficiently promote the Group's ecological and environmental protection work, and plans to establish medium- and long-term management targets for water resource consumption, gas emissions, wastewater discharges and solid wastes discharges on the basis of greenhouse gas emissions and consolidated energy consumption.

### Key Performance:





## TACKLING CLIMATE CHANGE

The Group actively responds to the goals set forth in The Paris Agreement and China’s strategy for Carbon Peak and Carbon Neutrality. Climate Change is incorporated into the Group’s overall risk assessment and management system to further enhance its climate governance framework. We identify Climate Change risks, fully supporting global climate action with a sound climate risk prevention strategy. The Group coordinates and supervises all internal climate risk-related matters, and holds special discussions to deliberate them. A robust mechanism and system for climate risk management will be established.

### Climate governance

The Board and the management attach great importance to Climate Change-related matters and works vigorously to achieve the Group’s vision of Carbon Peak in 2028 and Carbon Neutrality in 2060, and establish a sustainability governance framework.



Structure	Responsibilities
The Board	The ESG Committee under the Board is composed of Board members, and responsible for overseeing, reviewing, deciding on, and providing guidance on the Group’s climate strategy, goals, and action plans; formulating the environmental protection philosophy, planning systems, evaluation methods, and standards, and reporting significant climate-related matters to the Board. During the Reporting Period, the ESG Committee held 2 meetings to report on the assessment of climate risks and opportunities, as well as the progress of Carbon Neutrality efforts.
Management Level	The Leading Group for Energy Conservation and Environmental Protection is responsible for developing new approaches to address Climate Change, formulating energy-saving and emissions reduction plans, and integrating them into daily operational management.
Organizational Level	The Energy Conservation and Environmental Protection Office under the Leading Group for Energy Conservation and Environmental Protection cooperates with the functional departments of the Group to implement the strategic deployments for tackling Climate Change, and promote the implementation of the action plan for Carbon Peak and Carbon Neutrality. It is also responsible for setting the goal of pollution control and carbon reduction, formulating the energy conservation and carbon reduction plan, and incorporating it into daily operations and management. It shall regularly conduct supervision and inspections in various forms, organize training related to Climate Change, exchange and promotion of best practices, and evaluate the progress toward targets by each business unit on an annual basis.
Execution Level	The energy-saving and emissions reduction management personnel of each subsidiary are responsible for the execution, statistics, analysis, supervision and inspections of energy-saving and emission reduction work.



## Climate strategies

The Group is well aware that Climate Change will bring both risks and opportunities. In order to develop a more targeted climate strategy, and accelerate the coordination between different functions, positions and mechanisms in response to Climate Change and eco-environmental protection, the Group has clarified the following key measures to coordinate and strengthen the response to Climate Change and eco-environmental protection on the fronts of strategic planning, institutions and systems, pilot and demonstration projects, intra-industry cooperation, etc.

- First, promote the use of new energy and clean energy in port area. The Group will increase investment in the application of new energy technologies such as photovoltaic power generation, wind power generation, and energy storage technology, tighten control over the acquisition of equipment and vehicles, exercise strict control over the acquisition of fuel-fired equipment, and give priority to electric equipment in new purchase orders.
- Second, strengthen energy conservation and improve energy efficiency. In order to better implement the responsibilities for fulfilling the targets of energy conservation and energy efficiency, the Group exercises control on both energy consumption intensity and total consumption, sets the energy consumption intensity and total consumption targets for each subsidiary, and supervises and evaluates their progress toward the targets. In addition, we further promote intelligent and automatic production at ports, and promote the application of advanced energy-saving technologies for loading and unloading equipment.
- Third, promote the economical and intensive use of natural resources. We exert great efforts in conservation and intensive use of resources. Taking into full account the limit of shoreline and land, we have improved the utilization rate of shoreline and land through resource integration and layout optimization; recycle used tires, steel wire ropes, bearings and other vulnerable parts; continuously strengthened water conservation initiatives and increased the water reuse rate.
- Participating in the building of a green and low-carbon transportation system. We continue to promote the development of container rail-water transport and waterway-waterway transit, and push forward the “bulk-to-container” transformation of such goods as grain and highly processed grain products and the “bulk-to-container” transformation of steel and building materials, so as to improve the efficiency of the whole logistics chain and the level of eco-environment protection.
- Continuing to optimize the asset structure. We push forward the dual-wheel model of “asset management + capital operation” according to the Company’s strategic planning, and improve the capital operation plan and asset allocation by shifting from “asset-heavy to asset-light” and from “quantity to quality,” in an effort to oil the wheel of high-quality sustainable development, pursue green development, promote endogenous growth, and continuously increase the return of asset value.

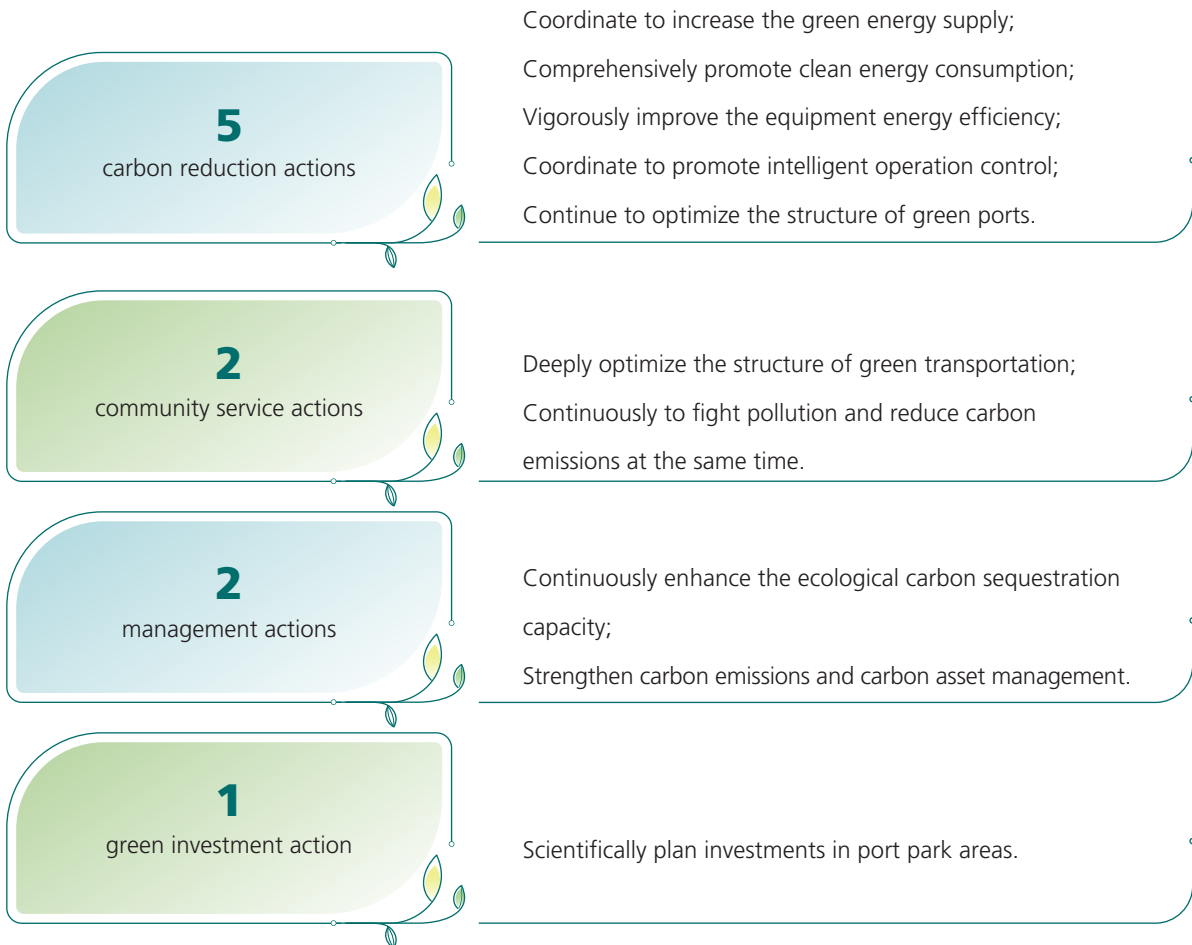


## Green and Ecological Ports

### Action paths:

The Group actively responds to China's low-carbon development and energy conservation policy, and has set its emissions reduction targets and drawn up its action plans with "Carbon Reduction" as an important strategic direction. We coordinate the "5+2+2+1" actions, i.e., 5 carbon reduction actions, 2 community service actions, 2 low-carbon management actions and 1 green investment action, to help the Group achieve Carbon Peak in 2028 and Carbon Neutrality in 2060, build it into a model of green and low-carbon development.

### "5+2+2+1" actions of Carbon Peak and Carbon Neutrality





## Climate risks and opportunities

As a crucial element of climate risk management, the Group has identified major climate risks, including both physical and transition risks. On this basis, the Group has reviewed and adjusted the most significant risks faced by its operations, evaluating their impacts on port loading and unloading stages, transportation stages, and marketing or ordering stages. Consequently, targeted countermeasures have been formulated and subsidiaries are urged to implement them faithfully to reduce the adverse effects of climate risks.



Risks	Potential Impact Analysis	Measures Adopted in 2023
<p><b>Physical risks refer to the potential impact of Climate Change on businesses, including acute risk (brought by extreme weather conditions) and chronic risk (brought by sea level rise or persistent high temperature) directly associated with businesses due to Climate Change.</b></p>		
Increase in the severity of typhoons	<ul style="list-style-type: none"> <li>- Significant damage to port facilities and loss of assets</li> <li>- The ports will be unable to accept loading or unloading</li> <li>- Temporary cancellation of vessels calls will result in a reduction in business volume; delay of vessels calls will cause congestion and busy operation of berths for a period of time after the typhoon</li> </ul>	<ul style="list-style-type: none"> <li>- Formulate typhoon and flood prevention plans and other emergency response plans, and regularly conducts emergency drills</li> <li>- Improve the capability of large equipment to resist extreme weather via the installation of typhoon protection devices and typhoon warning devices for quayside container cranes, regular inspection and maintenance of equipment, intensified equipment inspection, etc. to ensure the normal operation of relevant brake equipment</li> <li>- Mobilize and allocate terminal resources to organize the resumption of production in a reasonable and efficient manner</li> </ul>
Increase in the severity of flood	<ul style="list-style-type: none"> <li>- Direct economic losses caused by the waterlogging of cargos</li> </ul>	<ul style="list-style-type: none"> <li>- Formulate material storage plans, such as storing goods in warehouses, silos, etc. during rainy seasons</li> </ul>





Risks	Potential Impact Analysis	Measures Adopted in 2023
Increase in severity of other extreme weather incidents	<ul style="list-style-type: none"> <li>- Cause significant losses to the port’s production, operation, assets or supply chain, and increase operating costs</li> <li>- The ports will be unable to operate normally: foggy weather may affect the safety of vessels calling at the port or vehicles transportation; extreme weather or thunderstorms may cause damage to machinery, equipment, and personnel on-site</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen the berthing and unberthing management in extreme weather, including the parking of large terminal equipment in strict accordance with the berthing requirements, turning on berthing signs, and real-time communication between instructors and pilots</li> <li>- Reasonably arrange operating hours, including preparing loading and unloading plans and arranging personnel to rest in advance during the period of vessels departing from the port to avoid extreme weather; suspend onsite operation under extreme weather; add operation lines according to the plan after the extreme weather is lifted to improve the operation efficiency and shorten the time of vessels in the port</li> </ul>
Changes in rainfall and extreme fluctuations in weather patterns	<ul style="list-style-type: none"> <li>- Workers are prone to physical injury incidents when they are feeling unwell</li> <li>- Shorten the overall operating hours of ports</li> <li>- Crop yield may be affected, which in turn affects the export volume in the region</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen the physical examination of workers before and during work</li> <li>- Pay attention to the subsequent impact of extreme Climate Change continuously and conduct relevant market research to reduce the impact of adverse factors on orders</li> </ul>
Increase in average temperature	<ul style="list-style-type: none"> <li>- Working in hot environment can cause discomfort to frontline workers and affect work efficiency</li> <li>- Affect work safety and reduce working hours</li> </ul>	<ul style="list-style-type: none"> <li>- Implement physical examinations before the arrival of high-temperature working days</li> <li>- Strictly follow the management regulations for hot seasons, increase the frequency of breaks and distribute cool drinks</li> </ul>
Rise of sea level	<ul style="list-style-type: none"> <li>- Submersion of cargo in yard</li> </ul>	<ul style="list-style-type: none"> <li>- Store cargo in places such as warehouses and silos during rainy seasons to reduce the amount of stacking on the site; and take actions against flooding in the yards</li> </ul>





Risks	Potential Impact Analysis	Measures Adopted in 2023
<p><b>Transition risks refer to the risk associated with various changes in policies, laws, technologies and markets resulting from the transition to a low-carbon economy.</b></p>		
<p>Increase the greenhouse gas emissions pricing</p>	<ul style="list-style-type: none"> <li>- Increase in operating costs (including carbon tax, carbon trading, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>- Track and control the energy conservation and environmental protection work of its subsidiaries, while also practicing green development concepts throughout the process of project planning and design to service operation process, so as to avoid ecological pollution caused by emissions as much as possible</li> </ul>
<p>Requirements and supervision for products and services available</p>	<ul style="list-style-type: none"> <li>- Increase in compliance costs due to restrictions on the Sulphur emissions of global marine fuel oils and the implementation of environmental protection policies</li> </ul>	<ul style="list-style-type: none"> <li>- Identify relevant emission requirements in a timely manner, formulate and improve internal policies of pollution prevention and control, and strictly enforce emission requirements</li> </ul>
<p>Litigation for violations of environmental regulations</p>	<ul style="list-style-type: none"> <li>- Potential civil, administrative, and criminal liabilities resulting in damages to the corporate reputation and corresponding penalties</li> </ul>	<ul style="list-style-type: none"> <li>- Strictly comply with the environmental laws, regulations, and industry standards of the regions where we operate</li> <li>- Strengthen the monitoring and control of various pollution sources</li> </ul>
<p>Higher costs of substituting the existing products and services with low emission options</p>	<ul style="list-style-type: none"> <li>- Increase in operating costs</li> </ul>	<ul style="list-style-type: none"> <li>- Keep updated about low-carbon technologies</li> <li>- Continue to carry out energy conservation technological transformation, explore the application of clean energy and gradually increase the proportion of new energy and clean energy use</li> </ul>





Risks	Potential Impact Analysis	Measures Adopted in 2023
Failed investment In new technology and front-end cost of transition to low emission technology	<ul style="list-style-type: none"> <li>- Increase in research and development costs for developing methods such as multimodal transport, shore-powered supply for vessels to promote energy conservation and emission reduction, as well as new and clean energy application in port and maritime industry</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen identification of laws and government supportive policies;</li> <li>- Investigate key issues of ecological protection, and increase relevant facilities and equipment</li> </ul>
Changing of customer behavior	<ul style="list-style-type: none"> <li>- Customers are more inclined to cooperate with corporates that are concerned about environmental protection, and corporates need to invest capital to update to a more environmentally friendly model</li> </ul>	<ul style="list-style-type: none"> <li>- Focus on environmental protection and value customer feedback.</li> </ul>
Uncertainty in the market signals	<ul style="list-style-type: none"> <li>- Changes in customer preferences may result in the lower demand for goods and services</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to pay attention to changes in customer needs, actively communicate with customers, and adjust the service mode in a timely manner.</li> </ul>
Increase in cost of raw materials	<ul style="list-style-type: none"> <li>- Changes in fuel prices and increases in application costs of new energy technologies.</li> </ul>	<ul style="list-style-type: none"> <li>- Pay attention to the impact of changes in fuel prices and the application of new energy technologies on the market.</li> </ul>
Increasing concerns about negative feedback from stakeholders	<ul style="list-style-type: none"> <li>- Negative information of the company may bring negative impact on corporate image</li> </ul>	<ul style="list-style-type: none"> <li>- Focus on environmental protection, continuously optimize the business environment, encourage trade facilitation, and expand the upstream and downstream service supply chain;</li> <li>- Actively incorporate environmental protection concepts into daily operations, and drive the society to pay attention to issues such as marine protection and ecological protection.</li> </ul>



### Seizing climate opportunities

The Group recognizes the co-existence of Climate Change risks and opportunities. While Climate Change will have a negative impact on the port business, it also presents many opportunities for business development. In response to the transition to a green society and the growing customer demand for carbon footprint management, the Group integrates carbon emissions reduction into its business operations. Leveraging the advantages of large transport volume, low energy consumption, and minimal pollution in waterway transportation, the Group utilizes its port network to expand green transportation modes such as water-to-water intermodal and sea-rail intermodal. It aims to provide diversified transportation solutions that are safer, more efficient, and energy-efficient for enterprises committed to green and low-carbon development. This will facilitate structural carbon reduction and contribute to the Group's Carbon Peak and Carbon Neutrality goals. By the end of 2023, the coordinated port model has been expanded to 30 locations, enhancing customs clearance efficiency while reducing energy consumption and carbon emissions.

#### Case:

### SCCT shifts from land transport to water transport to shoulder the responsibility of emissions reduction

In September 2023, a container full of apparel for sports brand retailers boarded the vessel "CAPE MONTEREY", marking the first utilization of the waterway transportation. The goods were exported overseas via waterway transportation throughout the entire supply chain. SCCT, in partnership with a barge company, tailored an emissions reduction transportation plan specifically for this client. Compared to the original transportation methods of trucking ("pick up empty containers and return them loaded") via roads or railways, shipping by vessel emits the least amount of carbon dioxide and is currently the most environmentally friendly mode of transport. This change of land to water mode, while satisfying customers' demand for low-carbon transportation, also promotes the company to continue to move forward on the road of green and low-carbon.





## Targets and metrics

The Group actively responds to the energy security and low-carbon transition strategies. Taking technological innovation as the driving force, the Group is committed to promoting green and low-carbon development in investment, operations, and management, aiming to accelerate the formation of an industrial structure and production methods conducive to resource conservation and environmental protection, and striving to become an industry leader in decarbonization. In line with China’s goals of Carbon Peak in 2030 and Carbon Neutrality in 2060, the Group has set the goal of Carbon Neutrality in 2060, established an accountability mechanism for the target breakdown and fulfillment, and developed climate-related indicators, targets, and transition plans to accelerate the realization of net-zero emissions.

The Group’s Key Targets

Carbon Peak in 2028

Carbon Neutrality in 2060

Targets:

Time period	Targets	Carbon reduction results
2022-2025	<ul style="list-style-type: none"> <li>- Carbon intensity per TEU decreases by 4.6% over 2021</li> <li>- New energy and clean energy container trucks in the international container ports at hub locations account for 60% of the truck fleet</li> <li>- Barge capacity of Western Shenzhen reaches 3 million TEUs</li> </ul>	<ul style="list-style-type: none"> <li>- Energy structure gets optimized</li> <li>- Adjustment of transportation structure is accelerated</li> <li>- The pollution and carbon emission are significantly reduced</li> <li>- There is an increasing number of green energy applications</li> <li>- The green investment concept has taken shape</li> <li>- Continuous improvement of management system and mechanism is achieved</li> </ul>
2026-2030	Achieve Carbon Peak	<ul style="list-style-type: none"> <li>- The intelligent management capability is remarkably enhanced</li> <li>- The green and low-carbon operation system of ports and parks is substantially established</li> <li>- The green investment concept is substantially developed</li> </ul>



*Key actions*

In 2023, the Group completed the establishment of energy-carbon management platform, which was officially put into operation after acceptance. This platform utilizes systems for energy conservation, emission reduction, and environmental protection to collect and calculate environmental data. The data will be stored in this information technology platform, making the disclosed data more accurate. Moreover, the Group further improved the quality of environmental data disclosure to demonstrate its progress in carbon reduction to stakeholders.

The energy and carbon management platform	The energy and carbon management platform enables remote real-time transmission of electricity data, internal system connectivity, and automatic retrieval of production and financial data for some subsidiaries. Additionally, it provides data analysis and comparative display for multiple applications. Through digital monitoring and intelligent management applications, the platform provides data and technological support for low-carbon management at the ports, guiding the application of digital technology in the planning and implementation of relevant strategies.
Carbon emissions data verification	The Group hired a qualified third-party supplier to verify carbon emissions data of the year 2022. The verification results showed a deviation rate of 0.12% for the total emissions, which is within the allowable deviation rate limit of 2%. Through the special accounting, the third-party supplier provided recommendations for management improvement, including defining boundaries, improving policies, and conducting personnel competency assessments. These suggestions aim to strengthen the foundation of carbon emissions data accounting and further enhance data quality, thereby providing data assurance for achieving Carbon Peak and Carbon Neutrality goals.
Scope 3 greenhouse gas (GHG) emissions accounting	The Group strengthened the management of GHG emissions along the value chain this year and initiated preliminary research for the statistical analysis of Scope 3 GHG emissions data. Initial calculations were made for GHG emissions data associated with business travel processes.



## Green and Ecological Ports

### Achievements by the year end

The Group formulated the 2023 Green and Low-Carbon Projects plan, implemented low-carbon projects across four aspects: management enhancement, technological transformation, clean energy application, and digitalization. The progress of these projects was tracked on a quarterly basis, and carbon dioxide emission reduction of 4,500 tons<sup>2</sup> was realized by 2023.

Greenhouse gas emissions	Unit	2021	2022	2023
Scope 1 GHG emissions <sup>3</sup>	Tonnes CO <sub>2</sub> e	61,898	70,584	62,802
Scope 2 GHG emissions <sup>4</sup>	Tonnes CO <sub>2</sub> e	156,075	219,784	223,110 <sup>5</sup>
Scope 3 GHG emissions (Business travel) <sup>6</sup>	Tonnes CO <sub>2</sub> e	/	/	48,430
Total greenhouse gas emissions (scope 1 & scope 2)	Tonnes CO <sub>2</sub> e	217,973	290,367	285,912
Greenhouse gas emission density (scope 1 & scope 2) <sup>7</sup>	/	1.06 x 10 <sup>-2</sup> tonnes CO <sub>2</sub> e/TEU	13.94 tonnes CO <sub>2</sub> e/ 10,000 tonnes	3.66 tonnes CO <sub>2</sub> e/ 10,000 tonnes

<sup>2</sup> This emission reduction is calculated according to unified methodology of 2023.

<sup>3</sup> Scope 1 GHG emissions here are the direct GHG emissions from fossil fuels consumed by vehicles and machinery. The carbon dioxide emission factor of fossil fuels adopted is the calculation factor issued by the local government or authority.

<sup>4</sup> Scope 2 GHG emissions here are the indirect GHG emissions from purchased electricity. The carbon dioxide emission factor of electricity adopted is the calculation factor issued by the local government or authority.

<sup>5</sup> Notable progress was made in oil to electricity conversion this year, while a slight increase registered in Scope 2 greenhouse gas emissions in certain areas.

<sup>6</sup> Scope 3 GHG emissions originate from all indirect emissions within the Group's value chain (excluding those covered in Scope 2). Statistical research on Scope 3 emissions was initiated in 2023, with the inaugural disclosure of carbon dioxide emissions from business travel. The calculation is based on the Company's "Travel Cloud" system, which tracks air travel distances and employs a factor of 0.08821 kg of CO<sub>2</sub> equivalent per person kilometer.

<sup>7</sup> Since 2022, the Group has utilized the Energy Conservation and Environmental Protection Management System for unified data calculation and collection. Adjustments have been made to the method for calculating greenhouse gas emission intensity based on the business characteristics of the Group. As the Group's business extends beyond container operations, the unit of greenhouse gas emission intensity is no longer expressed as tCO<sub>2</sub>e per TEU. Instead, 1 TEU is converted to 8 tonnes.





### Key Performance: SMTC was awarded the title of Four-Star Green Port in China

On May 18 2023, at the 2023 Green and Safe Port Conference and the 2<sup>nd</sup> Beibu Gulf Green Port Development Forum, SMTC, was awarded the prestigious four-star “China Green Port” by the China Ports & Harbours Association. Both terminals embraced green and low-carbon principles throughout the lifecycle of planning, design, construction, and operation, continued to make energy-saving technological upgrades, and increased the proportion of clean and renewable energy, in order to achieve “zero-carbon emissions” across the entire port area, including shoreside operations, container yards, and gate activities, and reduce carbon emissions in the transportation industry. Moreover, Mawan port areas was the China’s first to complete the electrification and realize remote control of all 36 rubber-tired gantry cranes (RTGs) by overcoming technical challenges related to stability and excessive structural vibrations. It can reduce operational costs, RTG repositioning, and continuous diesel consumption.



## ENSURING EFFICIENT RESOURCE UTILIZATION

The stable operation of ports relies on sustainable resource supply, particularly water resources, which play a crucial role in cross-sea cargo transportation. The Group is committed to utilizing and managing resources in a sustainable and responsible manner. Through digitalization and the R&D of energy-saving and water-saving technologies, we continuously improve resource utilization efficiency.

### Energy consumption reduction

The Group strictly abides by *the Energy Conservation Law of the People’s Republic of China*, and in light of its own reality, has formulated internal rules such as *the Administrative Regulations on Energy Conservation and Environmental Protection*, *the Administrative Measures on Statistic Monitoring for Energy Consumption and Carbon Emissions*, and *the Administrative Measures on Energy Conservation and Environmental Protection Performance Assessment*, scientifically setting the objectives of energy measurement management. The Group also continuously expands the application of new energy-saving technologies and products, gives priority to the use of environmentally friendly and efficient equipment, and replaces fuel with clean and low-carbon electricity to effectively improve energy use efficiency and reduce fuel consumption.





## Green and Ecological Ports

### Key measures

Power substitution	<ul style="list-style-type: none"> <li>- SCCT and Colombo International Container Terminals Limited (“<b>CICT</b>”) replaced fuel-powered trailers with electric ones, which can reduce diesel consumption by 2,067 tonnes per year and direct carbon emissions by 6,400 tonnes per year.</li> <li>- SCCT acquired 5 electric forklifts to replace fuel-powered ones, which can reduce carbon emissions by 8 tonnes per year.</li> </ul>
Oil-to-electricity conversion of equipment	<ul style="list-style-type: none"> <li>- TCP completed the oil-to-electricity conversion of two yard cranes, which can reduce diesel consumption by approximately 166 tonnes and carbon emissions by 360 tonnes per year.</li> <li>- SCCT completed the electrification of one yard crane and one stacker crane, which can reduce carbon emissions by 193 tonnes a year.</li> </ul>
Photovoltaic power generation	<ul style="list-style-type: none"> <li>- China Merchants Bonded Logistics Co., Limited (“<b>CMBL</b>”) and Xia Men Bay China Merchants Terminals Co., Ltd (“<b>Xia Men Bay China Merchants Terminals</b>”) added a new installed capacity of 4.645 MW, which can generate 4.6 GWh per year, with 1.8 GWh for self-consumption, and reduce carbon emissions by 1,200 tonnes per year.</li> <li>- Shenzhen China Merchants Qianhaiwan Property Company Limited (“<b>Qianhaiwan Property</b>”) installed the solar energy plus air source heat pump heating systems, which can reduce the electricity consumption by 300 MWh and carbon emissions by 285 tonnes per year.</li> </ul>
Green electricity purchase	<ul style="list-style-type: none"> <li>- In order to keep up with the trend of green development in the industry, the Group has been actively exploring green power trading. In 2023, the Group purchased 82.24 GWh of green electricity, with TCP purchasing 81.55 GWh and Zhangzhou Port purchasing 690 MWh.</li> </ul>
Energy Saving Technology Exploration	<ul style="list-style-type: none"> <li>- Shantou Port collaborated with research units to develop a technology plan for the energy-saving project of RTG “potential energy recovery + water-based nickel-hydrogen battery energy storage application”</li> </ul>

### Key Figures:

Investment in energy conservation and environmental protection HK\$

**49.63 million**

## Energy consumption in the past three years



Type	Indicator	2021	2022 <sup>8</sup>	2023
Direct Energy Consumption	Total gasoline consumption	1,941.53 MWh	269 Tonnes	268 Tonnes
	Gasoline consumption density	$9.40 \times 10^{-5}$ MWh/TEU	0.0129 Tonnes/ 10,000 Tonnes	0.0156 Tonnes/ 10,000 Tonnes
	Total diesel consumption	239,724.52 MWh	22,141 Tonnes	19,788.63 Tonnes
	Diesel consumption density	$4.18 \times 10^{-2}$ MWh/TEU	1.0631 Tonnes/ 10,000 Tonnes	1.1537 Tonnes/ 10,000 Tonnes
	Total natural gas consumption	2,306.97 MWh	153,283m <sup>3</sup>	— <sup>9</sup>
	Natural gas consumption density	$1.12 \times 10^{-4}$ MWh/TEU	7.36 m <sup>3</sup> /10,000 Tonnes	— <sup>9</sup>
Indirect Energy Consumption	Total purchased electricity consumption	355,670.15 MWh	336,716.994 MWh	293,451.016 MWh
	Purchased electricity consumption density	$1.72 \times 10^{-2}$ MWh/TEU	16.168 MWh/ 10,000 Tonnes	17.109 MWh/ 10,000 Tonnes



<sup>8</sup> In 2022, the Group utilized the Energy Conservation and Environmental Protection Management System for unified data calculation and collection. However, due to changes in statistical methods and criteria, past data cannot be compared with data from the current year. Adjustments were made to energy consumption indicators based on its business characteristics. The units for gasoline and diesel consumption were adjusted to tonnes, while the unit for natural gas consumption was leveled to cubic meters. Past data is not comparable with data from the current year. Moreover, as the Group's business extends beyond container operations, the unit for gasoline, diesel, natural gas, and purchased electricity consumption intensity is no longer expressed as MWh/TEU. Instead, the unit for gasoline and diesel consumption density is now tonnes/10,000 tonnes, the unit for natural gas consumption intensity is m<sup>3</sup>/10,000 tonnes, and the unit for purchased electricity consumption intensity is MWh/10,000 tonnes. 1 TEU is equivalent to 8 tonnes.

<sup>9</sup> In 2023, the Group phased out the use of natural gas vehicles to cease the consumption of natural gas.





Clean energy	Indicators	Unit	2021	2022	2023
Solar PV	Total installed capacity	KW	4,500	4,631	8,726
	Self-consumed electricity	KWh	167,146	308,177	2,492,273
Green electricity	Green electricity purchased	KWh	0	81,151,100	82,240,000



## Case:

### Building a hydrogen energy demonstration port

The Group aims to build an “international hydrogen energy demonstration port” and has taken the lead in conducting hydrogen fuel truck port testing. It is exploring the feasibility of promoting the application of hydrogen fuel trucks and constructing open and inclusive port application scenarios. Currently, 3 hydrogen fuel cell trucks have been put into operation at Mawan port areas.



## Water resources conservation

Through the Energy Saving and Environmental Protection Management system, the Group monthly monitors subsidiaries' consumption of fresh water and recycled water and advocates for the construction of water recycling systems and wastewater treatment systems to promote the conservation and efficient utilization of water resources.

### Smart water-saving measures

#### The condensate water recycling system for quay crane air conditioning

SCCT has piloted the transformation of the condensate water recycling system for quay crane air conditioning. The upgraded system collects the condensate water generated during the refrigeration process of the air conditioning units and stores it in a tank. When the water level reaches the upper limit, the water will be automatically pumped out and then sprayed onto the air conditioning radiator through pipes for cleaning at least twice per month, achieving efficient utilization of water resources.

#### The remote water consumption monitoring platform

To further enhance data monitoring efficiency, Qianhaiwan Property has established a digital building operation and management platform with functions like real-time monitoring of water consumption, month-on-month and year-on-year analysis, quota management, and report generation, achieving remote monitoring through data analysis.

### Water resources consumption in the past three years

Indicator	2021	2022 <sup>10</sup>	2023
Fresh water consumption	2,709,038 m <sup>3</sup>	2,101,286 m <sup>3</sup>	1,946,899 m <sup>3</sup>
Recycled water consumption	/	20,603 m <sup>3</sup>	25,407 m <sup>3</sup>
Water consumption intensity	0.13 m <sup>3</sup> /TEU	100.89 m <sup>3</sup> / 10,000 Tonnes	113.51 m <sup>3</sup> / 10,000 Tonnes



<sup>10</sup> In 2022, the Group utilized the Energy Conservation and Environmental Protection Management System for unified data calculation and collection. However, due to changes in statistical methods and criteria, past data cannot be compared with data from the current year. Adjustments were made to the amount of water resource usage based on its business characteristics. To ensure a more comprehensive data disclosure, new statistics for recycled water consumption were added. As the Group's business extends beyond container operations, the unit for water resource consumption intensity is no longer expressed as m<sup>3</sup>/TEU. Instead, it is now expressed as m<sup>3</sup>/10,000 tonnes, with 1 TEU equivalent to 8 tonnes.



## Green and Ecological Ports

### Advocate for Resource conservation

The Group goes green in various aspects of routine business operations, and employs technology to enhance operational capabilities. Thanks to the ever-improving automation systems and paperless customs clearance, the Group has reduced the use of office consumables, improved the resource utilization rate, and minimized its own environmental impacts.

#### Key initiatives for green office

<b>Promoting paperless office</b>	By adopting the Office Automation system (OA) for document management, it promoted paperless office and the use of e-documents among employees. In 2023, office paper consumption decreased by 27.6% compared to the previous year.
<b>Strict control of office electricity</b>	For the computers and printers, the automatic "sleep" mode is activated, and the lighting electricity usage process is controlled and assessed, to help conserve energy. The air conditioning units are set at a temperature suitable to the season and comfortable to the employees, and are only turned on when needed to avoid long-term operation and energy waste. In 2023, office electricity consumption was reduced by 10.2% compared to the previous year.
<b>Recycling carton</b>	By internal publicity, the Group raised the employees' awareness about the environmental and biological harm caused by plastics, and advocated for reduced or no use of plastic products, and the reuse of plastic items such as document bags and trash bins. Plastic waste in the office area decreased by 32.8% in 2023 compared to the previous year.



## Case:

### True Love Earth C save Action

The Group advocates the corporate philosophy of “Harmonious Coexistence, Green and Low Carbon Development, Recycling and Sustainability” through the C save action, with the aim to conserve resources and inspire society to jointly protect the Earth, reduce waste and build a shared future.

22-28 March 2023  
“Water Conservation  
Advocacy Week”



We advocated for reuse of water and organized competitions for innovative water-saving techniques to raise people’s awareness about water conservation, and encourage them to take concrete actions to conserve water and make better use of it.

1 June 2023  
“Every Drop Counts”  
Water Conservation Activity  
for the Children



Through engaging and fun games such as water conservation knowledge quizzes, wastewater classification experiments, and water relay races, we imparted water-saving knowledge to children, raising public awareness of the importance of water conservation.

5 June 2023  
“Clean Source, Less Plastic”  
on the World Environment  
Day



A group of 80 young members of the Communist Youth League (CYL) jointly called on various sectors of society to join the plastic reduction campaign at the Shenzhen Soils and Water Conservation Demonstration Park (Xili Reservoir). They organized a series of interactive activities and environmental education lectures about plastic reduction.

7 October 2023  
“Love Grain, Reduce Food  
Waste Action Week”



We launched the Clear Your Plate Challenge, and organized 16 training-by-video sessions on the theme of the World Food Day, and five online and offline activities, covering over 4,000 employees, advocating thrift, and against food waste.



### STRICTLY CONTROLLING EXTERNAL DISCHARGE

The Group is well aware that bad emissions management can pose a significant threat to the environment, as well as the health and well-being of the people. The Group strives to minimize its waste footprint and make sure that all the waste is properly treated. We implement clean production and green operations, aiming to reduce waste generated, increase recycling, and adopt more circular approaches to optimize resource utilization and minimize environmental impacts.

#### Hazardous waste management

The Group strictly adheres to *the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, and has improved its policies on managing hazardous waste, and stepped up in the monitoring and management of the hazardous waste treatment process. The subsidiaries set up dedicated storage sites for hazardous waste in accordance with local requirements, and carry out marking and labeling and classification of hazardous waste in accordance with the requirements. The Group regularly entrusts qualified entities from government platforms for the legal disposal of waste and carries out categorized processing through relevant government hazardous waste platforms.

*Drills on hazardous waste management :*



In 2023, CMBL conducted three drills for emergency response and disposal of hazardous waste leaks and fires, with a total of 27 participants.



#### Hazardous waste discharge in the past three years



Indicator	Unit	2021	2022	2023
Hazardous waste production	Tonnes	629	359	363
Hazardous waste disposal capacity	Tonnes	601	353	349
Disposal capacity of solid waste in stock	Tonnes	32	6	/ <sup>11</sup>
Hazardous waste disposal rate	%	91.6	96.7	96.1



The density of hazardous waste generation in 2023: 0.02 tonnes per 10,000 tonnes (equivalent)<sup>12</sup>.

<sup>11</sup> In 2023, there was no disposal of hazardous waste stored from previous years.

<sup>12</sup> As the Group’s business extends beyond container operations, the unit for hazardous waste generation intensity is expressed as “tonne/10,000 tonnes (equivalent),” with 1 TEU equivalent to 8 tonnes.



## General waste management

The Group reduces waste generation at the source and continuously improves the reuse of resources through intensive production, thereby minimizing the generation of general solid waste. Subsidiaries enhance the waste recycling rate through recycling and paid disposal. For instance, scrap metal is used as raw material, used tires are refurbished for reuse or repurposed as padding materials, and discarded steel wire ropes are selectively utilized in the production of other lifting machinery or industrial tools. Non-reusable waste is transported to authorized local landfill or incineration facilities for treatment. In 2023, the discharge intensity of general solid waste of the Group was 0.42 tonnes per 10,000 tonnes. Effort was intensified on managing the disposal methods for general solid waste this year, with 3,495.80 tonnes being landfilled and 640.20 tonnes incinerated.

### Solid waste emissions in the past three years

Indicator	Unit	2021	2022	2023
General solid waste production	Tonnes	6,731	7,364	7,125
General solid waste utilization capacity	Tonnes	1,837	2,586	3,486
General solid waste utilization rate	%	27.3	35.1	48.9

## Gas emissions management

The Group strictly controls exhaust gas emissions in accordance with *the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* to ensure compliance with national requirements. The Company actively promotes the use of clean energy and adopts energy conservation and emissions reduction technologies such as the "oil-to-electricity" technology, to effectively reduce air pollutant emissions. Production processes are optimized, and equipment such as spray systems, dust towers, remote mist sprayers, dust screens, and particle capturers are installed to fully control and prevent the generation of dust during production operations. CMPS and Zhangzhou Port achieved a dust reduction rate of over 80% through the renovation of unmanned dust-suppression hoppers and container belt machines. The Group's emission management has been effective and the emission of various air pollutants has been reduced year after year.

### Air Pollutants Emissions in the Past Three Years

Indicator	Unit	2021	2022 <sup>13</sup>	2023
Emissions of nitrogen oxides (NO <sub>x</sub> )	Tonnes	167.70	38.28	34.10
Emissions of sulfur dioxide (SO <sub>2</sub> )	Tonnes	0.81	0.30	0.19
Emissions of sulfur oxides (SO <sub>x</sub> )	Tonnes	0.20	/	/
Emissions of carbon monoxide (CO)	Tonnes	120.05	/	/

<sup>13</sup> In 2022, the Group utilized the Energy Conservation and Environmental Protection Management System for unified data calculation and collection. However, due to changes in statistical methods and criteria, past data cannot be compared with data from the current year. Adjustments were made to atmospheric pollutant emission indicators based on the Group's business characteristics, leading to the cancellation of statistics for sulfur oxides (SO<sub>x</sub>) emissions and carbon monoxide (CO) emissions.



### Wastewater discharge management

The Group strictly adheres to *the Law of the People's Republic of China on the Prevention and Control of Water Pollution* and continuously optimizes wastewater treatment methods to steadily reduce pollution discharge. The Group uses water-saving devices to reduce wastewater generation. Wastewater collection and treatment facilities are constructed to treat the wastewater, and taken care of and cleaned as required. The quality of treated reclaimed water is monitored and only when it meets the established standards can it be discharged or reused.



#### Key measures

SCCT is committed to building a "Green Port and Blue Bay" and actively protects the water environment. Sewage treatment plants have been constructed in the Shekou, and Mawan port areas. These plants treat the daily production and domestic sewage from the terminals and discharge it into the municipal water supply network after meeting the required standards.



### Wastewater Pollutant Emission in the Past Three Years



Indicator	Unit	2021	2022 <sup>14</sup>	2023 <sup>15</sup>
Wastewater discharge	m <sup>3</sup>	296,130.00	570,358.71	847,372.49
COD emissions	Tonnes	/	24.63	42.36
NH3-N emissions	Tonnes	/	3.92	6.78
Quantity of wastewater treatment facilities	Set	/	13	26
Wastewater treatment capacity	Tonnes/Year	/	650,791	2,436,410
Treated wastewater meeting reuse standards	Tonnes	63,191.00	/	/



<sup>14</sup> In 2022, the Group utilized the Energy Conservation and Environmental Protection Management System for unified data calculation and collection. However, due to changes in statistical methods and criteria, past data cannot be compared with data from the current year. Adjustments were made to wastewater discharge indicators based on the Group's business characteristics. To enhance data disclosure comprehensiveness, new statistics for Chemical Oxygen Demand (COD) emissions and ammonia nitrogen emissions were added. Statistics for the quantity of treated wastewater meeting reuse standards were canceled, and instead, statistics for "capacity of wastewater treatment facilities" and "number of wastewater treatment facilities" were introduced.

<sup>15</sup> In 2023, based on the first use of C MG's energy saving and environmental protection management system in 2022, the Group further improved the statistical scope of wastewater and added the statistics of "production. Therefore, the indicators of wastewater discharge ("annual wastewater discharge", "chemical oxygen demand discharge" and "ammonia nitrogen discharge") are not comparable with those of previous years.

## Noise management

The Group strictly adheres to *the Emission Standard for Industrial Enterprises Noise at Boundary* to control noise pollution at the source, including equipment procurement and production process design, ensuring compliance with the requirements of laws and regulations. We rigorously control noise during operations by reducing driving speed and controlling horn sounds. Soundproof walls are installed at the boundaries of noise-sensitive areas, and time of nighttime operations is adjusted. Regular environmental monitoring is conducted by third-party organizations. During the Reporting Period, all noise monitoring results at operational locations complied with the standards.



Noise monitoring at Zhangzhou Port





### BUILDING ECOLOGICAL PORTS

Biodiversity is essential for the well-being of mankind and serves as a crucial foundation for human survival and development. The Group actively protects marine biodiversity and prevents marine pollution through responsible management and conservation activities in its operations. As ports develop, the Group assesses and mitigates potential impacts on marine biodiversity while developing infrastructure, aiming to minimize or eliminate any disturbance to the ecological environment caused by its operations in the long run, and achieve harmonious coexistence between ports and nature.

#### Approach to biodiversity conservation

The Group attaches great importance to biodiversity conservation, and follows the requirements of *the Convention on Biological Diversity* of the United Nations, relevant national and local laws and regulations, and industry standards. The Group has taken comprehensive measures to systematically minimize the potential impact of its operational activities on marine ecosystems and surrounding communities.

During the Reporting Period, the Group drew up the *Ecological Environment Protection Policy Statement*, promising to:

- comply with relevant laws, regulations, and standards on eco-environmental protection in new construction, renovation, expansion, and acquisition projects, and operate in accordance with the law;
- set long-term goals and action paths for resource utilization and emissions management according to its business development situation;
- keep production activities away from sensitive areas such as nature reserves, ecological redlines;
- protect and restore environmental areas affected by port activities, and take necessary measures to minimize the negative impact of port and logistics park activities on the ecological environment;
- establish transparent and effective mechanisms for environmental information communication and feedback with internal and external stakeholders; and
- continuously improve and proactively disclose information on its environmental performance, and accept oversight from investors and the general public.

To fulfill the above commitments, the Group, in conjunction with the existing internal policies for ecological protection and sustainable use of natural resources such as *the Emergency Plan for Vessel-Induced Pollution to the Marine Environment*, *Emergency Plan for Oil Spill Incidents*, and *Emergency Plan for Land Environment*, has implemented the following environmental protection measures:

- **Avoidance:** Potential ecological impacts were comprehensively assessed during the site selection and planning phases of new construction, renovation, and expansion projects. Priority was given to designs and construction plans that avoided negative disturbances, especially in areas of importance for biodiversity conservation.
- **Mitigation:** Biodiversity baseline surveys and assessments were conducted prior to the implementation of new construction, renovation, expansion, and acquisition projects. Operations were rationally scheduled, and waste generated from port operations, maintenance, development, and construction was properly managed. Strict emissions treatment processes and policies were developed and implemented at all operational sites and the surrounding environment was monitored to ensure that construction and operational processes met ecological protection requirements.

- **Compensation:** Ecological compensation measures such as habitat restoration and stock enhancement were scientifically carried out in the operation areas that have been disturbed, aiming to restore ecosystem functions.
- **Protection:** The Company continuously conducted surveys, monitoring, and assessments of the ecological conditions in the surrounding areas of the operational zones, and developed targeted management plans based on the survey results.

### Conducting environmental impact assessments

The Group follows *the Law of the People's Republic of China on Environmental Impact Assessment, Environmental Impact Assessment Ordinance* in Hong Kong, and Laws and regulations where it operates. The Group stipulates that an environmental impact assessment (EIA) must be conducted before the construction of port projects. The EIA includes investigations and analyses of environmental impacts and public opinions in the aspects of water, ecology, noise, solid waste, and air, and aims to identify potential environmental and social impacts and promptly develop mitigation measures. During the construction phase, measures shall be taken to avoid the spawning period of key aquatic economic organisms to protect natural biological reproduction. The Group takes ecological compensation measures after the construction period of the project, such as the implementation of restocking and release of marine environment fishery resources by Shantou Port.

### Ecological impact control

The Group remains committed to the conservation of surrounding environment and has made a lot of efforts in pollution prevention and control, and marine conservation. The Group establishes comprehensive eco-environmental indicators, standardize the operational process and schedule, regularly monitor the noise, dust, rainwater, wastewater levels in all ports, terminals, and logistics parks, and take actions to minimize ecological disturbances in the surrounding marine areas.

### Ensuring biosecurity

To prevent the growth and spread of invasive species during the loading and unloading of bulk grain cargoes for foreign trade, the Group strictly complies with the relevant regulations and requirements of State General Administration of the People's Republic of China for Quality Supervision and Inspection and Quarantine. Administrative measures are formulated on import grain management to prevent the spread of invasive species. Operational processes are standardized, supporting facilities improved, and inspection and patrol systems implemented to ensure biosecurity.

### Reducing noise impact

Each port terminal adjusts the time of operations at night and restricts operation areas. On the premise of no effects on safety measures, measures such as controlling vehicle speeds within the port, reducing or eliminating the volume of warning signals from operating vehicles, removing some speed bumps, maintaining good road conditions, improving the operational proficiency of port machinery, and improving noise reduction processes are taken to reduce operational noise in the port area and minimize disturbances to the surrounding habitats.



### Environmental monitoring of the port area

Each port terminal has commissioned environmental monitoring agencies to regularly monitor noise, dust, rainwater, and wastewater levels. Safety officers strictly follow the requirements for monitoring locations, intervals, and standards, and accurately record data such as weather conditions, wind speed, wind direction, air quality levels, and noise during the monitoring process. Third-party monitoring organizations are also engaged to regularly monitor the air quality and noise level in the port area. During the Reporting Period, the monitoring results met the standards.



Four dust and noise monitoring devices installed along the perimeter of the Zhangzhou Port, with real-time data display.



### Ecological monitoring of the surrounding marine areas

The Group cares about the ecological health of the ports' surrounding areas and has developed specialized monitoring plans for the ports and their surrounding environment based on the actual conditions. TCP has implemented 24 regular monitoring and action plans in environmental and social aspects to effectively protect biodiversity. During the Reporting Period, TCP conducted 102 monitoring activities, including a biological community monitoring program, monitoring programs for whales, turtles, and seagrass, bird monitoring programs related to tides and sandy coasts (monthly), and fish monitoring programs (daily).



Sampling the port water for quality monitoring





### Ecological surveys conducted by TCP in the surrounding area

TCP is located in an area that boasts rich natural resources in Paranaguá, Brazil and is part of the world's largest remaining Atlantic Forest. In its port operation management and action plans, TCP takes into full consideration the overall impact on the environment. To assess the health of the surrounding ecological environment, TCP has conducted comprehensive and ongoing survey projects, including monitoring programs for fish and crab populations, sub-programs for crustaceans and arthropods, monitoring programs for whales, turtles, and seagrass, as well as bird species monitoring programs. According to the survey results, the surrounding port area is home to a diverse array of biological species, with a particular focus on green sea turtles, dolphins, mangrove crabs, and Guara birds.



Environmental monitoring around TCP



Birds spotted





## Advancing ecological conservation projects

The Group actively supports local environmental conservation initiatives and cares about the survival of endangered species. Our subsidiaries actively collaborate with local environmental organizations and communities and continue to engage in volunteer activities such as tree planting, animal conservation, vegetation protection, environmental education, and garbage clean-up, to jointly address local environmental challenges and conserve local biodiversity.

### Key actions for biodiversity conservation



#### "Human-Elephant Peace" Project in Sri Lanka

Sri Lanka is one of the countries with the most prominent human-elephant conflict in the world. HIPG and China Merchants Foundation established the Human-Elephant Peace Fund. The fund is jointly used by District Secretary of Hambantota and Sri Lanka's Department of Wildlife Conservation to optimize the ecological environment in the Hambantota area and provide solid support for local green and eco-friendly development. Since its establishment in 2021, the fund has invested over USD 100,000.



The District Secretariat and the Department of Wildlife Conservation work together to set up a fence to keep the elephants out.

In 2023, a donation of USD 50,000 was made to build a community electric fence, directly benefiting over 200 villagers in 60 households. Additionally, HIPG actively participated in nature and wildlife conservation. Additionally, HIPG actively participated in nature and wildlife conservation. On September 5 2023, when a small elephant was found injured, the wildlife conservation team promptly mobilized resources to safely relocated it for further treatment.



#### The Sea Turtle Conservation Program

Since September 2012, Lomé Container Terminal S.A. ("LCT") has been monitoring and protecting sea turtles that frequently visit the coast of Togo. It has assembled a specialized team composed of a scientific coordinator, technical supervisor, and eco-guardians, to implement the program. They monitor and collect data on sea turtle sightings, relocate nests to hatcheries, and release sea turtle hatchlings. To ensure the effectiveness of the program, LCT has constructed hatcheries for nest relocation, provided initial training to the eco-guardians, obtained certification from experts of the International Union for Conservation of Nature (IUCN), and conducted activities to enhance public awareness of sea turtle conservation.

#### Statistics on the number of protected sea turtles

Year	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Protected sea turtles/year	743	1,282	1,005	985	1,126	1,085	1,095	1,058	916	1,150	1,243
Total from 2012 to 2023	11,688										







### The Mangrove Planting Program

LCT committed to restoring coastal ecosystems through mangrove planting program. Mangroves are of high ecological value for scientists. In collaboration with the Ministry of Environment and Forest Resources, LCT has identified suitable locations for planting these species. From 2014 to 2023, a total of 45,256 mangroves were planted, covering an area of approximately 20.8 hectares.



### Mangrove Conservation Paddling Event

Every year, TCP organizes an environmental paddling event for its employees and the public, with the aim of collecting garbage from the water surface and among the mangroves. TCP would offer food, rent kayaks, and set up a large tent for the event on the banks of the main river, the Itiberê River, in Paranaguá City. The event attracted the participation of over 150 volunteers in 2023, who removed approximately 1 tonne of garbage from the natural environment. The garbage was later sorted and recycled.





# Safety and Health Guarantee

## Strategy and development

In 2023, the Group took more systematic and thorough approaches to enhance work safety. We inspected hazards in key areas and implemented various technologies to ensure the safety of port workers. Moreover, we encouraged grass-roots employees to participate in safety supervision. In terms of occupational health, we put more efforts in managing occupational disease hazard and took effective measure to urge front-line works to improve their work.

- The Group has revised the *Occupational Health and Safety Statement* to clarify the coverage of our safety policy and emphasize the commitment to the safety goal of zero harm.
- The Group believes the principle of prevention first. Accordingly, we conduct targeted inspections and rectification of major safety hazards in key professional areas.
- The Group advances safety through multiple technologies such as introducing intelligent port systems, technological transformation for safety, and digitization of safety monitoring.
- The Group provides integrated rewards and sets up effective incentive mechanism to encourage frontline employees to participate in safety supervision.
- The Group has developed a unified ledger for managing occupational disease hazard and updated multiple systems for occupational health management.

## Future plan

- The Group continues to increase the proportion of subsidiaries certified by ISO 45001.

UNSDGs responded in this section:



## IMPROVING SAFETY MANAGEMENT

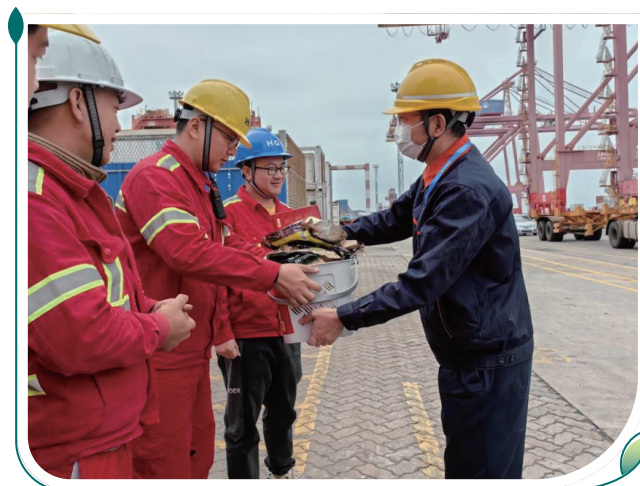
The Group strictly abides by national laws and regulations such as the *Work Safety Law of the People's Republic of China*, the *Emergency Response Law of the People's Republic of China*, the *Special Equipment Safety Law of the People's Republic of China*, the *Occupational Safety and Health Ordinance* in Hong Kong, as well as management measures relating to healthy and safe management in the regions where it operates. During the Reporting Period, the Group did not have any work safety incidents classified as Level II or above.

### Safety management system

The Group has built a well-established and well-organized occupational health and safety management system. The Group has formulated policies such as the Occupational Health Management System, and Administration Measures on Work Safety, serving as guiding documents for safety initiatives across the organization (including permanent staff, part-timers and dispatched laborers); and has established the decision-making body, the Work Safety Management Committee (the "**Safety Committee**"), which is responsible for the overall management of work safety. This committee comprises the Company's senior management (including the CEO and GM), department heads from both the headquarters and subsidiaries, and representatives from the Labor Union. It ensures the effective implementation of safety protocols throughout the organization; The Safety Committee reports regularly to the Board on major production safety issues and is subject to the supervision of the Board of Directors, while the office of the Safety Committee and the departments responsible for production safety management are responsible for the day-to-day work. The Group has introduced an execution level Responsibility List of Work Safety, requiring subsidiaries to enhance and implement the system of accountability for work safety across all positions. This measure aims to decentralize safety responsibilities to the smallest units within the organization. The Group adopts a dynamic cycle of "Plan, Do, Check and Act" (PDCA). This approach aims to standardize the work safety management process, the self-operated production and outsourced production activities across its subsidiaries and their respective operational areas. During the Reporting Period, the Group focuses on the safety theme of "prevention", concentrating on the key professional areas of safety production and launching special operations aimed at identifying major accident hazards. In 2023, a total of 12,800 hidden dangers were investigated and rectified, thereby enhancing safety management comprehensively.

The Group is fully aware that the safety of the port environment affects every individual involved in the construction of the port, so we prioritize the health and safety of contractors, ensuring their integration into our safety management system for unified coordination and management.

- Subsidiaries are required to establish and improve the contractor safety management system, including the execution of safety agreements delineating mutual safety responsibilities. These encompass commitments to work safety investment, investigation and treatment of hidden hazards, safety education and training, emergency response procedures, inspections on work safety, safety checks, and termination clauses.
- Setting clear conditions for cooperation with contractors in terms of safety (including meeting standards of work safety standardization system) and establishing specific standards and working mechanisms of "evaluation - elimination or retention" for work safety.



Providing supplies to contractors employees



To continually enhance the professionalism of safety management, the Group is actively promoting its subsidiaries to obtain work safety-related certificates at home and abroad including the ISO 45001 certification.

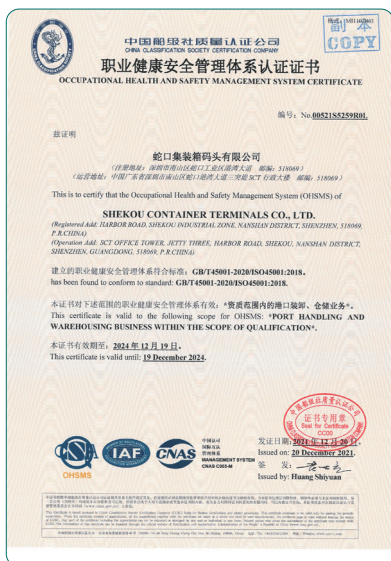


100% of production-oriented subsidiaries of CMPort have obtained the work safety standardization certificate.

**ISO 45001 occupational health and safety management system certification:** 23% of subsidiaries have obtained ISO 45001 Certification. Among these companies, HIPG has obtained quality management system, environmental management system, and occupational health and safety management system certifications. It is the first port company in Sri Lanka to obtain the certification.

**ISO 28000 supply chain security management system certification:** SCCT

Tugboat Company under Shantou Port obtained Ship Safety Management System Certification



ISO 45001 certification of SCCT



HIPG Integrated Management System Certification



Certificate of Work Safety Standardization

## Safety performance management

The Group has set annual objectives in accordance with the *Administrative Measures on Work Safety Performance*, and signed the *Work safety Management Targets Responsibility Letters* with its subsidiaries every year. These letters reinforce primary responsibilities and clearly delineate work safety objectives, annual work focuses, safety education plans, and other safety-related responsibilities for each subsidiary. By incorporating contractor-related safety management into the Group's work safety scope, we continually enhance our comprehensive safety management capabilities. We conduct annual assessments of our subsidiaries' occupational health and safety performance and establish a performance compensation mechanism tied to the safety performance of our subsidiaries and work safety managers. This approach rewards individuals demonstrating outstanding safety performance while deducting corresponding performance scores in response to work safety incidents, thus making solid efforts to encourage safety work.

The Group regularly evaluates the setting of safety performance targets, makes timely adjustments to the safety performance indicators in accordance with the ESG Reporting Guide of the HKSE and the best practices in the industry from a practical point of view. This allows us to continuously monitor and analyze changes in indicators, ensuring that our safety management practices remain in line with the forefront of industry practices. In 2023, the Group successfully achieved all established annual safety objectives across various safety performance indicators. During the Reporting Period, the Group did not have any work safety accident classified as Level II or above. Additionally, there have been no instances of occupational diseases associated with exposure to radioactive substances in the course of production and operation, thereby achieving all of our health and safety management objectives.

### Key Performance:



	Target (2023)	Completion (2023)
Work safety accidents with 3 or more persons suffering from serious injury	0	achieved
Work safety accidents with 1 or more fatalities	0	achieved
Work safety accidents with property loss of RMB 2 million or above	0	achieved
Cases of occupational diseases associated with exposure to dust, radioactive substances, toxic and hazardous substances in the course of production and operation	0	achieved



Occupational health and safety data	Unit	2021	2022	2023
Number of deaths due to work	Persons	0	0	0
Rate of death due to work	Per 200,000 working hours	0	0	0
Number of work-related injuries	Persons	6	9	5
Rate of work-related injuries	Per 200,000 working hours	0.07	0.10	0.049
Number of working days lost due to work-related injuries	Days	81	342	406
Rate of working days lost due to work-related injuries <sup>16</sup>		$3.84 \times 10^{-5}$	$14.9 \times 10^{-5}$	$1.98 \times 10^{-5}$
Number of occupational disease cases	Cases	0	0	0



### Safety risk prevention and accident investigation

In line with the *Work Safety Law of the People's Republic of China* and related laws and regulations, the Group continuously refine the construction of our dual prevention mechanism. As for institutional building and work evaluation, we have formulated the *Manual of Construction of Dual Prevention Mechanism* and the *Evaluation Standards for Reviewing Dual Prevention Mechanism* to ensure that risk hierarchical control and hidden danger investigation and treatment are effectively coordinated. By implementing these measures, we aim to promote a normalized and effective dual prevention mechanism in our subsidiaries, facilitating the timely identification and control of hazards.

**In terms of risk prevention and control**, the Group has introduced the *Risk Classification and Control of Work safety Policy* and formulated the *Information Table of Safety Risk Identification and Control in Production Activities* to address specific operational contexts. These initiatives guide to identify sources of operational risk and implement preventive measures and thus to eliminate incidents such as work-related injuries, mechanical damage, facility damage, cargo damage, traffic accidents, fire and explosion, and forestall and defuse risks in the operation.

**In terms of hazard and accident investigations**, we have formulated the *Investigation and Treatment System on Hidden Hazard Policy*, *Administrative Measures Regulations on Accident Report and Investigation*, etc. These protocols provide detailed procedures for hazard identification, accident reporting, investigation timelines, and the principles, processes, content and other specific details of accident investigation and resolution. During the Reporting Period, the Group promoted the regular identification, assessment and implementation of measures for 37 major safety risks in transportation, formulated a list of major safety risks and potential hazards in nine areas, conducted more than 60 special inspections of gas and major accident potential hazards, and investigated 818 potential hazards, thereby enhancing the efficiency and effectiveness of the management of potential hazards.

In order to achieve uniformity in risk prevention and control, during the Reporting Period, the Group improved security information research mechanism and strictly implemented a closed-loop management model for all processes, including overseas security risk assessment, training before dispatch, emergency management during dispatch, and interviews after returning to China. The "Overseas Emergency Command Center System" has provided to key controlled entity in overseas, achieving full coverage at all operating points worldwide.

<sup>16</sup> Rate of working days lost due to work-related injuries = Number of days lost due to work-related injuries / Total working hours of employees and contractors

## Honor

Sri Lanka Project wins “Outstanding Overseas Security Practice 2023” Award from the Ministry of Public Security and the State-owned Assets Supervision and Administration Commission of the State Council



## Case

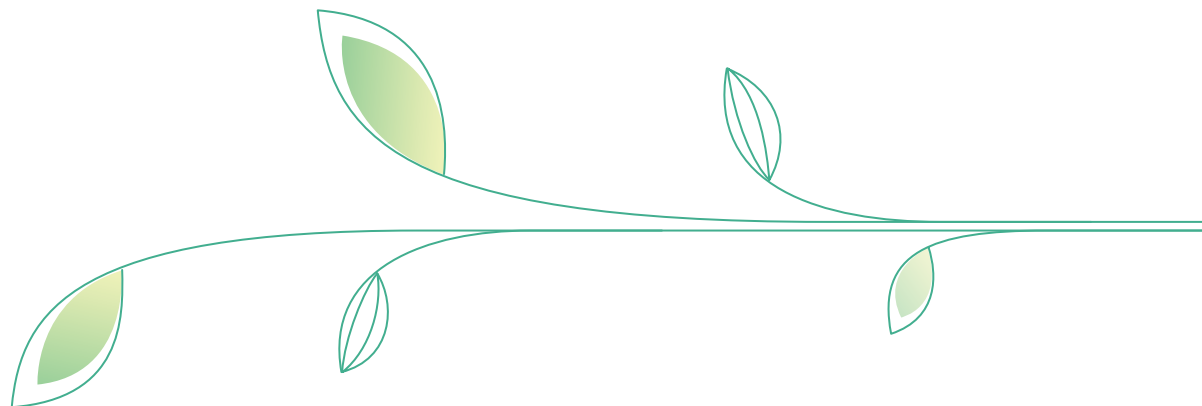
### Focusing on safety issues and effectively identifying hazards

Zhangzhou Port has established a major accident hazard determination team, clarifying the criteria for determining major accident hazards. The management participated in the execution of activities, and formed a standardized checklist for hazard identification and rectification. 5 inspection teams were established, and a total of 39 hazards were identified. Through weekly safety meetings and others, all employees were encouraged to take active part in identifying hazards, with 12 hazards identified, all of which were rectified already. Safety training is provided for personnel like welders who are working in high-risk positions. Job risk notification cards and safety operation cards are issued to practitioners, ensuring preventive measures are in place before risky tasks are undertaken.

## Case

### Special safety risk assessment at Shantou Port

In November 2023, Shantou Port organized a special meeting for work safety risk assessment, with a total of 21 meetings for risk identification. All of those efforts were made to re-identify hazards for different risks, ensuring accurate determination of risk levels and strong capabilities for risk control. Eventually, employees' awareness of managing risks and capabilities for preventing safety risks were improved.





## Safety and Health Guarantee

### Safety Emergency Management

In accordance with laws and regulations such as the *Comprehensive Emergency Response Law of the People's Republic of China*, the Group has established the *Plan for Comprehensive Emergency Response*, which includes 8 specialized emergency plans such as the *Plan for Specific Emergency of Work Safety Incidents*, and 29 on-site handling plans including the *Plan for Management of Fire Accident Scene*. All these plans have undergone professional review by external experts, ensuring the establishment of a standardized and comprehensive emergency plan system. To enhance unified command and effective coordination, we and our domestic production-oriented subsidiaries have established an emergency command platform to ensure prompt and efficient response to emergencies.

During the report period, the Group conducted a total of 2,512 emergency drills through a combination of on-site exercises and tabletop simulations. The cumulative number of participants reached 39,522, thoroughly testing and enhancing our emergency response capabilities across various dimensions including plans, mechanisms, resources, and support.



Employees of Xiamen Port conduct a fire emergency drill.

### Case

#### CICT comprehensively optimizes emergency rescue

CICT revised and introduced the *Emergency Plan for Work safety* in 2023, comprising 1 comprehensive emergency plan, 4 specific emergency plans, and 19 on-site handling plans. In accordance with the plan's provisions, a part-time emergency rescue team of 25 members was established, drawing personnel from various business departments and contractor units. In 2023, CICT conducted a total of 37 emergency drills, including 2 collaborative exercises with government agencies focusing on hazardous container yard fires and leaks, as well as rescue drills in the rubber-tired gantry crane and emergency drills to protect equipment from severe winds, with a total of 960 participants. CICT purchased one emergency container to deal with hazardous goods, 5 gas detectors, 2 sets of positive pressure breathing apparatus, protective clothing, and other emergency equipment, comprehensively improving its overall emergency response capabilities.





## STRENGTHENING SAFETY PROTECTION

As safety protection requires comprehensive measures, the Group encourages the application of safety technology, the enhancement of safety awareness, and tighter safety supervision to comprehensively strengthen safety protection.

### Boosting Safety Through Science and Technology

The Group realizes that upgraded technology and digital tools can significantly simplify processes and enhance the accuracy of risk and threat monitoring, playing a vital role in the safety work of the port. The Group calls upon all its subsidiaries to launch “small technical improvements for significant outputs”, utilizing various technologies to support safety work and empower port personnel to execute tasks more efficiently and safely.

#### Improving safety in operation through technologies

##### Case

### Side dump bulk container with automatic doors requires less human labor and improves efficiency

In response to CMPort’s call of “small technical improvements for significant outputs”, Zhangzhou Port has tackled challenges and risks associated with the unloading of box-body dump car. It has developed the China’s first practical box-body dump car for bulk container with automatic doors. After renovation, a remarkable improvement in productivity is demonstrated. This innovation has obtained international utility patents and is recognized as a significant advancement in transportation technology.

#### Strengthening safety monitoring through digitalization and intelligence

##### Case

### Integrating smart technology into safety monitoring and management

During the Reporting Period, the Safety Monitoring Center of Shantou Port established an AI safety monitoring system, transitioning safety management from post-incident response to real-time control of production sites, realizing real-time monitoring and emergency management functions. In June 2023, the trial implementation of the Safety dashboard was initiated, a total of 4,844 data entries were recorded, with 2,076 completed closures for violations and hazards. This initiative transforms safety work into quantifiable data and enhances overall safety management effectiveness.





### Fostering a culture of safety

The Group attaches great importance to building a safe culture and has formulated the *Manual of Work Safety for Principals of an Enterprise* and the *Manual of Employees General Knowledge about Safety* to ensure a consistent understanding of safety across all levels of the organization. Meanwhile, the Group strive to form a comprehensive safety guarantee and training system aimed at enhancing the professional capabilities of our safety personnel and raising the safety awareness, emergency response skills, and self-protection abilities among all employees.

In terms of building a safety management team, the Group actively encourage relevant personnel to obtain safety management qualifications and registrations in a targeted way based on records of officers in charge of supervising work safety, and set clear objectives for building a safety management team.

**Objective:** Safety regulators possessing relevant professional qualifications and practical experience in work safety, should be no less than 75% of the total number of employees.

During the Reporting Period, the Group delivered 19,041 safety special training sessions with a total of 143,715 participants. The comprehensive safety quality of employees was generally improved. Meanwhile, we organized 1,007 employees on key posts to attend training on 2023 occupational health and safety qualification examinations (including specialized training on the responsibility system for work safety and on potential hazards investigation and rectification of major accidents). 38 personnel were trained with qualified safety management, 13 personnel newly obtained professional certificates of Intermediate Certified Safety Engineer and Level 1 Certified Fire Engineer, and over 600 certified supervisors for hazardous operations were trained by all subsidiaries.

### Case

#### Introducing online safety training

China Merchants International Terminal (Qingdao) Company Ltd. (“**CMTQ**”) is prioritizing online training, leveraging its internal training system to compile materials such as accident case studies. These resources are then disseminated uniformly to all employees and relevant stakeholders. The content includes safety laws and regulations, and accident case studies. Following each training, online quizzes are administered to deepen employees’ comprehension and proficiency in relevant knowledge and skills. During the Reporting Period, a total of 60 sessions were delivered to 1,953 participants.

## Case

### Senior management of CICT deeply involved in safety training to build a safety culture

CICT's CEO organized a safety symposium with the theme of *Take away from the safety inspection of the day*, emphasizing the importance of accountability in safety practices. The work safety director hosted "Lectures on Work Safety", focusing on "serious potential hazards" and "negative list" of the Company. The Safety Department carried out 13 work safety education activities through e-mail, video, etc.

During the Reporting Period, CICT conducted over 20 specialized training sessions on work safety topics, including hazardous goods, defensive driving, emergency medical aid, high-risk operations, and anti-drug. The Company organized more than 6,000 safety training sessions jointly with its contractors, benefiting over 20,000 people.



### Strengthening safety oversight

The Group advocates for active involvement and close attention in work safety management and has formulated the *Responsibility List of Work Safety* for all staff, ensuring that safety responsibilities are clearly outlined and fully covered. This includes the participation of employee representatives from the labor union in the safety committee, empowering them to fulfill their duties and responsibilities. All subsidiaries are required to improve the system of accountability for work safety and formulate a specific list of safety responsibilities. In addition, we encourage subsidiaries to incentivize frontline staff to actively partake in safety supervision through incentives, systems, and mechanisms. This approach aims to inspire employees' innovation in this aspect, and ensure that the safety responsibility of the smallest unit is fulfilled.



## Case

### Empowering front-line workers to engage in safety management-

- TCP has established an Internal Committee for Accident Prevention, aimed at identifying potential risks to port workers and preventing accidents or diseases resulting from work. CIPA is composed of employees who file an application and are elected by all employees. TCP also established an emergency team who are also elected by all employees. These specially trained employees act as leaders during emergency situations endangering personal safety, guiding other employees in implementing effective response measures when accidents occur.
- CICT has appointed 20 safety coordinators, selected from different frontline positions within various departments, to support the Safety Department in identifying on-site hazards. These coordinators undergo monthly assessments by the Safety Department, with corresponding rewards provided based on their performance.

## Case

### Giving rewards for safety contributions to nurture safety awareness

To incentivize employees to actively participate in safety initiatives and foster a positive safety culture, the Group employ positive reinforcement methods. They recognize and incentivize exemplary safety supervision behaviors at the frontline, motivating employees to scrutinize potential risks in port safety management with a high-standard, comprehensive approach, actively seeking solutions.

- Xia Men Bay China Merchants Terminals has formulated the *Administrative Measures on Safety Rewards*, establishing various awards including Excellent Award for Potential Risk Investigation, Model Part-time Safety Officer, Excellent Award for Self-inspection and Self-Rectification, and Award for Reporting Potential Risks, along with corresponding reward amounts. These awards are evaluated quarterly, with the details of the rewards announced.
- In accordance with *Administrative Measures on Special Safety Activities*, Zhangzhou Port organizes various special safety activities quarterly, including collecting port employees' suggestions on rationalizing safety work, reviewing anti-theft measures, evaluating the quality and technology of port operations, and then rewards outstanding performers.
- CICT implements a work safety rewards and penalties system, which rewards workers who identify hidden risks or make work safety improvement suggestions.



## PROMOTING OCCUPATIONAL HEALTH

The Group adheres to the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Occupational Safety and Health Ordinance* in Hong Kong, as well as relevant laws and regulatory requirements from where it operates and have formulated the *Measures for the Prevention and Control of Occupational Hazards and the Prevention and Treatment of Occupational Diseases* to standardize occupational health management. Various measures are taken to control workplace hazards. The employees are offered annual physical checks and routine health checks, and pay attention to employees' mental health. Moreover, the *Guidelines for Occupational Health Management of Port Workers* were prepared to stipulate professional standards for health management across the port industry.

### Ensuring work safety

The Group has established a complete occupational health management system and employees' health checkup mechanism. During the Reporting Period, the Group introduced a unified record for occupational disease management to oversee the implementation of occupational health measures by the subsidiaries. The subsidiaries collectively developed 18 occupational health management systems and revised 24 documents related to occupational health management based on their specific circumstances. Those documents provide standardized guidance for continuous improvement in occupational disease monitoring and protection. All employees completed our occupational health checkups. No suspected or confirmed cases of occupational diseases were identified, resulting in an occupational disease incidence rate of 0%. During the Reporting Period, the *Guidelines for Occupational Health Protection of Port Workers*, for which the Group contributed to its formulation, passed the project review of Occupational Health Technical Service Professional Committee of China Health Inspection Association, being recognized as professional standards for the scientific approach to occupational health management in ports.

We take systematic measures to prevent and treat occupational health, including:

- Keeping a unified record and following up one by one: In early 2023, the Group set up a record of occupational health risk management, unifying the administration of work-related hazards detection, health checkups, project application, and other work in the subsidiaries. This included conducting midterm and final inspections to identify areas for improvement and issuing inspection reports accordingly. We continuously tracked the occupational health and safety management status and improvement of our subsidiaries.
- Occupational health evaluation: The Group made sustained efforts to promote self-assessment of occupational health work among its subsidiaries. During the Reporting Period, production-oriented subsidiaries in China conducted self-assessments on occupational health risk management and analyzed the results to implement effective measures for improvement.
- Occupational disease hazard factors investigation: Each subsidiary conducted regular investigations for occupational hazards such as high temperatures, X-rays, and noise, in compliance with local laws and regulations. The results were publicly disclosed as per regulatory requirements.
- Employee health monitoring: We have established an occupational health record and employee health monitoring record and implemented the "one person, one record" requirement. The Field Operation Department is equipped with sphygmomanometers, breathalyzers, and other equipment to ensure that key port workers are fit for duty before and during work. The Statement of Fitness for Work is completed prior to work, workers' fitness for work is reviewed during and after work shifts, and health checkups are conducted regularly.
- Occupational health training: We enhance employees' ability to identify, assess, and respond to occupational hazards through various forms of training, including lectures, on-site demonstrations, video presentations, and discussions. This approach fosters a deeper understanding of workers' rights regarding occupational health protection.



## Safety and Health Guarantee

The Group has improved the working environment, reinforced the safety signage, and ensured the availability of personal protective equipment. These measures are aimed at minimizing the impact of health hazards such as dust, chemicals, and noise on port personnel.



Dust control	Implementation of dust control and removal measures to minimize the dispersion of dust during the loading and unloading of bulk grains and minerals. Qualified dust masks are distributed to workers regularly to ensure that they wear them correctly.
Dust and harmful gas protection	<p>Key areas of large sewage treatment stations including the sludge dewatering workshop, chemical dosing workshop, and sand filter workshop are equipped with axial-flow ventilation fans. The framed maintenance workshop is arranged in an open layout to ensure good ventilation. On-site wash stations with eye wash units are available for emergency use. In the event of contact with corrosive chemicals or other hazardous substances, workers can use the eye wash stations for immediate irrigation. Protective equipment such as protective gloves are provided to prevent harm from chemicals.</p> <div data-bbox="408 916 1412 1218" data-label="Image"> </div> <p>From left to right: Protective clothing, chemical protective clothing, anti-corrosion gloves</p>
Vibration and noise reduction	In response to the noises generated by operation, automation and programmable control technologies were employed to minimize direct exposure of workers to noises. Control rooms and blower rooms are equipped with close-fitting windows and doors, as well as sound insulation materials. Mesh-like sound absorbing materials are installed in some facilities with strong noise. We provide protective equipment such as noise-canceling earbuds to employees who may be exposed to noises and ensure they are used.
Heat stroke prevention	<p>Adjustment of work schedules and tasks rotation ensure employees have sufficient breaks and to lessen the physical strain. We also provide educational materials on preventing heatstroke and distribute heat-relieving drinks to effectively avoid heatstroke.</p> <div data-bbox="951 1548 1412 1899" data-label="Image"> </div>





Adequate protective supplies



From left to right: Emergency supplies depository, medical kit, safety catcher

Effective safety signs



Common safety reminder signs and warning signs



### Case

## Cross-border collaboration to provide all-dimensional occupational health services to port workers

In 2023, CMPS engaged in a deep collaboration with the Shenzhen Prevention and Treatment Center for Occupational Disease. Together, they conducted empirical research to consolidate the occupational health management experiences of frontline port workers. Their findings were published in two papers related to occupational health in the professional journal BMC Public Health, named Occupational Health Literacy of Employees in a Shenzhen's Port and Its Influencing Factors, and Establishing an Occupational Health Management System for Port Employees in Shenzhen based on R. This collaboration aimed to enhance the company's services across 5 key areas, including health literacy investigation, hazard factor detection, occupational health checkups, analysis and intervention of the result of physical checkup, and health education. This endeavor marked a transition from passive prevention to proactive health management in occupational health practices. During the Reporting Period, 8 nonprofit health lectures were delivered throughout the year, benefiting more than 1,000 people.





## Caring for daily health

The Group provides employees with convenient health care services in daily work by strengthening cooperation with professional medical institutions. This includes health lectures, health skills training, physiotherapy services, etc., to help employees enhance their knowledge of health and strengthen their awareness of healthcare.

### Case

#### Health service and themed training

In April 2023, the Group cooperated with the Nanshan Center for Chronic Disease Control to deliver a popular lecture about cancer prevention and control titled "Defending Health Far from Mr. Tumor". After the lecture, employees and their family members were offered free opportunities for cancer screening. In May 2023, the Group worked with the Nanshan District Health Bureau to carry out AED training, ensuring AED devices are readily available in public areas of the port.



In 2023, the Group introduced the "30-Minute Health Therapy" service once every two weeks, aimed at assisting employees in alleviating symptoms of occupational diseases such as cervical spondylosis, scapulothoracic periarthritis and strain of lumbar muscles, with a total of 251 participants.

**关爱员工 健康理疗**

为进一步关心关爱员工身体健康  
倡导积极工作、健康生活的理念  
推出健康理疗 30 分钟  
特邀深圳卓智门诊的资深理疗师  
为大家提供中医养生指导和理疗服务

**活动报名**

- 中医理疗主要针对有颈椎病、肩周炎、腰椎间盘突出症、腰肌劳损、急性腰扭伤、踝关节扭伤等疾病症状的人群。
- 时间：每周二、周四  
12:00-13:30; 17:30-19:00
- 地点：招商局港口大厦2楼健康小屋
- 费用：港口员工价30元



# Sustainable Supply Chain

## **Strategy and development:**

In 2023, the Group enhanced supplier ESG management, improved supplier ESG performance concerning procurement access, assessment, performance evaluation, rewarding and punishing, etc., and raised customer service quality and satisfaction rate, contributing to the standard, professional and sustainable supply chain management.

- We revised the *Implementation Rules for Supplier Management* which is due to be implemented in February 2024 to fully integrate ESG requirements in all links.
- A systematic customer satisfaction mechanism has been formed, with all service indicators highly recognized by our customers.
- The Group's main business sector scored 94.22, winning a positive customer service satisfaction rate.

## **Future plan:**

- We continue to extend service value and improve customer service satisfaction rate.
- We carry out ESG training for suppliers to improve their ESG performance.

UNSDGs responded in this section:

9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



17 PARTNERSHIPS  
FOR THE GOALS



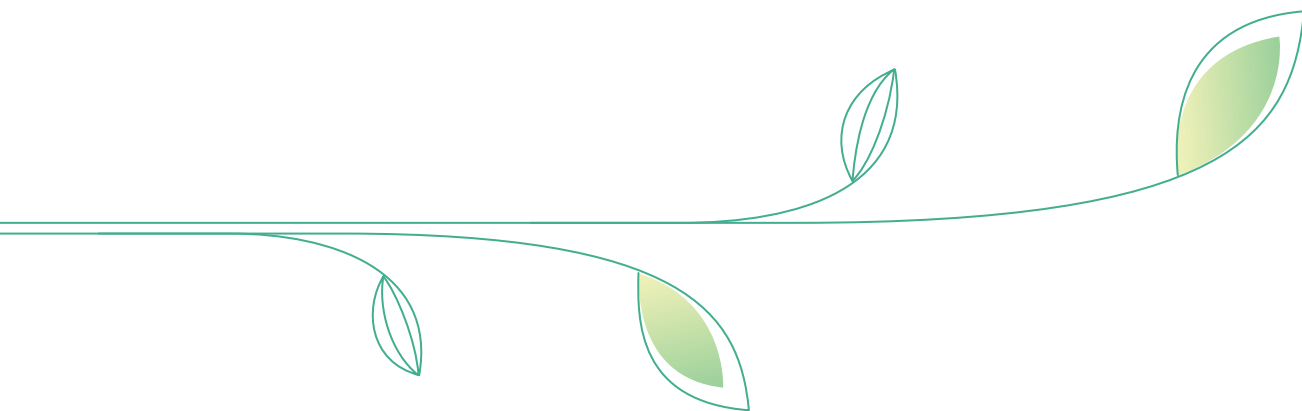


### SUSTAINABLE SUPPLIER MANAGEMENT

The Group formulates the *Implementation Rules for Supplier Management*, and insists on establishing mutual trust and win-win cooperation relationship with suppliers. A series of special administrative policies are also developed, such as the *Administrative Measures on Engineering and Equipment Tenders* and the *Administrative Measures on Goods and Services Tenders*. Based on the principles of “openness, fairness and impartiality” in supplier management by category and by grade, the Group incorporates the ESG philosophy into supply chain management and is committed to establishing and maintaining equal, mutually beneficial, long-term and close partnership with suppliers while preventing and controlling supply chain risks. Together, we work to drive the sustainable development of the upstream and downstream of the supply chains.



Number of suppliers	Unit	2021	2022	2023
Suppliers in total <sup>17</sup>	Suppliers	3,433	5,976	2,615
Suppliers in Mainland China	Suppliers	3,138	2,368	681
Suppliers in Hong Kong, Macau, Taiwan, and other countries and region	Suppliers	295	3,608	1,934
Number of suppliers rated	Suppliers	2,579	4,041	681



<sup>17</sup> To realize the standardized management of supplier data, the Group collected supplier data through the China Merchants Group Electronic Procurement & Bidding platform during the Reporting Period.

## ESG management on suppliers

The Group keeps improving its supplier ESG management mechanism, during the Reporting Period, we systematically evaluated ESG risks of supply chains in corruption, environmental protection, safety, and other aspects. Based on its own sustainability requirements and supply chain ESG risk assessments, the Group revised and issued the *Supplier Code of Conduct* and updated the *Implementation Rules for Supplier Management*, gradually strengthening ESG risk management and building responsible supply chains.

The *Implementation Rules for Supplier Management* is planned to be released and put into effect in February 2024. It fully reflects ESG requirements in various stages such as access, evaluation, assessment, and exit:



<p><b>Supplier access</b></p>	<ul style="list-style-type: none"> <li>• During qualification verification, suppliers must fill out the <i>Self-Examination Questionnaire for Suppliers on Social Norm Compliance</i> and conduct self-assessments on their performance in business ethics, provision of healthy and safe workplaces, environmental protection, use of child labor and forced labor, remuneration, discrimination, privacy protection, data security, and other aspects.</li> <li>• Procurement units verify suppliers' performance of obligations and ESG performance through two methods: information and on-site verification. For information verification, the focus is on verifying the business scope, qualification certificates, quality assurance systems and other information of suppliers, as well as the information in the <i>Self-Examination Questionnaire for Suppliers on Social Norm Compliance</i>. In terms of on-site verification, the focus is on verifying the suppliers' design and development, production and manufacturing, testing, safety and control, labor and employment environment, environmental protection, etc., to determine whether they meet standards and whether to include them in the supplier database.</li> </ul>
<p><b>Supplier evaluation</b></p>	<ul style="list-style-type: none"> <li>• Based on the ESG risks facing suppliers in different categories, such as construction, service, and goods, ESG elements such as business ethics, labor rights, occupational health, and environmental protection are added to the traditional evaluation dimensions of personnel, technology, quality, and service. For construction suppliers, the safety, civility and eco-friendliness of the construction process will be evaluated, and those that have "obtained ISO 45001 occupational health and safety management system certification and have a sound occupational safety protection mechanism" and "obtained ISO 14001 environmental management system certification, use clean technology and energy, and implement environmentally friendly construction" will be given extra points, while those that "violate business ethics such as lack of integrity, unreasonable competition, bribery, and corruption", and "have a negative impact on the project by illegal employment and forced labor" will have their points deducted. For goods suppliers, those that "give priority to using renewable and recyclable production raw materials, and have low-carbon and environmentally friendly production processes" will have bonus points.</li> <li>• The Group makes use of the trading platform to perform classified management of suppliers (suppliers are divided into four grades, namely A, B, C, and D). We conduct dynamic assessment and review suppliers with contractual activities during the evaluation period every year, and keep or adjust the rating of suppliers based on the assessment result. Such processes help to identify significant ESG risks along the supply chain, and to assess the impact of such risks on the Company's business operation.</li> </ul>





### Supplier rewards and punishments

- To encourage responsible suppliers, based on supplier rating results, procurement units of the Group may give priority to inviting Grade A suppliers to bid for contracts within their competence when other conditions are equal.
- When a supplier is found to have committed corrupt practices, information leakage, dishonesty, deficiencies in product or service qualities, or falsification of materials or identities, the Group will deduct its points, suspend or cancel the supply contract, or blacklist it forever depending the severity of the situation and the harm caused.



### Supplier capacity building

The Group communicates regularly with equipment manufacturers, distributors, and project contractors by such means as e-mail, phone, and in-person meeting, and timely informs them of the Company's relevant policies such as the *Supplier Code of Conduct*. We also organize regular training sessions for suppliers on business ethics, safety, environmental protection, and other aspects, and strengthen exchange with them to empower their growth.



The 2023 Procurement Management Exchange Conference

## RESPONSIBLE PRODUCTS AND SERVICES

Staying customer-oriented and always putting “customers first”, the Group promotes high-quality and efficient services through intelligent means, continuously create value for customers, and promptly respond to customer concerns and demands. We are committed to providing customers with one-stop, all-round, high-quality, efficient, first-class, and comprehensive port services, and continuously improving our customer services.

### More efficient services

The Group actively promotes business collaboration and develops high-quality routes with “customized terminal services” to expand the Southeast Asian market; the coordinated port model in Guangdong-Hong Kong-Macao Greater Bay Area have covered various major regions of Guangdong, with a total of 30 locations. We keep improving services, in order to provide customers with first-class comprehensive port services.

### Highlights

CMTQ: We introduced the commitment of “five 10 minutes” and “five 100%” for key sections in documents and station services, meeting customers’ needs in terms of service and operation efficiency, emergency response efficiency and communication feedback mechanism, and providing them with more timely and efficient public services.

Western Shenzhen homebase port: To ensure the storage and shipment of lithium batteries and energy storage containers at the port, Western Shenzhen homebase port makes differentiated operation plans for each batch of goods, opens up an exclusive container yard, and offers customers tailored whole process entry and exit plans covering container entry, quick declaration, container security, loading monitoring, etc.

### Smarter services

The Group has accelerated the product development and promotion coverage of the “CM ePort3.0” comprehensive service platform to achieve full coverage on the controlled ports in China. Through ever-improved customer service and internal efficiency, “CM ePort3.0” has enabled convergence and standardization of external business processes at terminals, while retaining unique functional services in various regions. It is a one-stop service platform with one base, one set of architecture, and uniform interface, to facilitate business and process transformation and optimization.

### Key performance:





## Sustainable Supply Chain

### Increased satisfaction of customers

The Group actively protects customer rights and interests. We have formulated the *Administrative Measures on Customer Request Response and Complaint Handling* and formed standardized customer complaint and response mechanisms. We demand subsidiaries to formulate customer complaint handling processes or policies, record relevant information such as the time and content of customer complaints, and complaint handling plans and progress, and promptly follow up customer opinions and handle complaints. In case of serious customer complaints, the Company will assist and supervise the subsidiary in question to make timely rectifications.

The Group always keeps its ears open. We communicate with customers effectively through regular or irregular meetings and visits, collect customer feedback from industry exhibitions, customer appreciation meetings, and related industry activities, and take actions to resolve issues that concerned the customers, so as to continuously improve service quality and customer satisfaction. Meanwhile, we fully implement the *Administrative Measures on Customer Satisfaction Survey*, improve our market business management service system, and actively track and follow up on the degree of customer satisfaction, to continuously improve our services. In 2023, we conducted a customer satisfaction survey as planned, including 9 subsidiaries, 466 customer respondents – 30 more customers, covering domestic and overseas master terminals and parks. According to the overall customer evaluation statistics, our core business sectors scored 94.22. The customer satisfaction rating was “Satisfied” according to the “customer satisfaction rating and scores”.

#### Key performance:



Customer satisfaction of certain subsidiaries in 2023	
TCP	91.39
PDSA	91.40
HIPG	92.87
HIPG Industrial Park	91.82
Shantou Port	95.87
CMBL	94.17
SCCT	96.57

# Employee Development

## Strategy and development

In 2023, the Group further implemented the “1234” human resource strategy to protect employee rights throughout human resources management, create a workplace of equality, respect, diversity, inclusion and potential, and eventually build an elite team in line with the Group’s strategic objectives for sustainable development.

- Revised improved the *Human Rights Policy Commitments*, reaffirming our commitment to take concrete action against any form of discrimination and harassment.
- The ESG performance was more incorporated into the appraisal mechanism, guiding employees to align their personal goals with the Group’s ESG strategy.
- We broadened communication channels with employees to timely address their needs and make their voices heard.

## Future plan

- Conduct regular employee satisfaction survey to improve employee management
- Strengthen support for women employees, and continuously improve gender inclusivity

UNSDGs responded in this section:

5

GENDER  
EQUALITY



8

DECENT WORK AND  
ECONOMIC GROWTH





### EMPLOYEE RIGHTS AND BENEFITS

Employees are the most valuable treasure, and the cornerstone for achieving sustainable business operations within an organization. The Group respects and safeguards the legitimate rights and interests of employees, upholding the “People-oriented, Talent-driven” principle, establishing platforms for employees’ self-improvement. Moreover, we actively nurture an environment of equality, respect, inclusion and potential. The Group strictly complies with the employment-related laws, regulations and international practices applicable in the regions where it operates, including the *Labor Law of the People’s Republic of China*, the *Labor Contract Law of the People’s Republic of China* and the *Employment Ordinance* of Hong Kong. The Group has established and perfected human resources management documents including the *Human Resources Management Policy* in respect of recruitment, training, staff development, performance appraisal, remuneration and benefits, and has endeavored to ensure compliance and fairness in employment and to safeguard and protect the rights and interests of its employees. As of the end of the Reporting Period, the Group had not received any violation of laws and regulations in relation to the above.

#### Human right protection

In terms of labor rules, the Group always adheres to legal employment and management and strictly complies with the *Labor Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Protection of Minors*, *Rules of Prohibition of Child Labor*, and other relevant laws and regulations. Our Regulations on Employee Management specify job requirements and mechanisms for verifying candidates to avoid hiring child labor. HR Department utilizes the human recourse system to verify employee age and effectively eliminates the possibility of child labor or any form of forced labor. Upon recruitment, we sign employment contracts with new hires, ensuring that all employment conditions are clearly communicated, thus establishing transparent employment relationships and eliminating any potential for forced labor.

The Group has zero tolerance for any form of discrimination in human resources management, including recruitment, compensation, training, and promotion. We firmly uphold the principle of treating all individuals equally, irrespective of gender, age, nationality, race, physical condition, religious beliefs, or marital status. To ensure all candidates have access to equal, fair, and open career development opportunities, our *Administrative Regulations on Recruitment Management* prohibit the inclusion of discriminatory clauses related to race, region, gender, age, marital or parental status in recruitment information. During interviews, candidates are evaluated based on the principles of fairness, impartiality, and objectivity.

During the Reporting Period, the Group formulated the *Human Rights Policy Commitments*, reaffirming its dedication to actively combatting all forms of discrimination and harassment through tangible measures with zero tolerance. As of the end of the Reporting Period, there have been no instances of illegal or non-compliant behavior related to the aforementioned issues in any of the Group’s operations.





## Compensation and performance incentives

The Group is committed to building a diversified and internationalized incentive system. In accordance with relevant local laws and market realities, the Group continuously optimizes its compensation and talent evaluation mechanisms, and has performance formulated the *Administrative Measures on Employee Remuneration and Benefits* and *Administrative Regulations on Performance Management* to standardize compensation distribution and the assessment process. The Group incorporates ESG performance indicators into the compensation system so as to align employee compensation and career development with the Group's sustainable development goals.

The Group conducts regular performance appraisals, with a focus on evaluating employees' job performance, skills, and attitudes. Appraisers provide feedback on the appraisal results to the employees and engage in discussions to help them improve their job capabilities and refine their work approaches. Appraisal results are utilized in determining salary adjustments, bonus allocations, and opportunities for career advancement. This ensures that compensation is directed towards high-performing teams and individuals who contribute significant value, as well as those excelling in frontline risk positions. This approach fosters a talent incentive system that prioritizes efficiency while upholding fairness and emphasizing both motivation and accountability.

## Employee benefit system

The Group has formulated and regularly updates policies and systems such as the *Administrative Measures on Employee Remuneration and Benefits* to continuously optimize the employee welfare system. Through providing compassionate benefits and rewarding employees for their efforts, we aim to create an environment conducive to achieving work-life balance, thereby attracting and retaining top talent.

Regarding working hours and holidays, the Group has formulated the *Administrative Measures on Employee Attendance and Holidays*. Tailored to the Group's primary business characteristics, we implement a standard five-day workweek (not exceeding 40 hours per week). In cases of special circumstances where employees request and receive approval for overtime, they are entitled to overtime pay or compensatory time off. The Group continuously monitors updates and revisions to vacation policies at its operational sites to ensure alignment with local laws and regulations, thereby safeguarding employees' legitimate concerns for working hours and rest periods and promoting their overall well-being.



Employee Welfare System	
Insurance benefits	Apart from providing employees with timely and full payment of their basic wages and ensuring compliance with social insurance contributions, the Group offers to cover expenses for large term insurance and commercial medical insurance and promotes enterprise annuity plans to improve employees' sense of security.
Health benefits	The Group provides free health checkups for all the staff and continues to collaborate with professional medical institutions, consolidating diverse health resources to deliver health seminars and wellness services. For additional information, please refer to the "Promoting Occupational Health" section.
Vacation benefits	The Group strictly implements the social insurance mechanism in the regions where it operates, providing all employees with benefits such as annual leave, sick leave, maternity/paternity leave, marriage leave, and other related benefits as stipulated by relevant regulations.
Activities and materials benefits	The Group provides multidimensional care for employees, including enhancing workplace facilities and services, organizing festive-themed events and cultural and sports activities, as well as offering birthday benefits.





### Case

#### Interesting activities on Women's Day

On each of 8 March, the Group organized a series of festival activities for women employees, including handcrafting sessions, and distribution of bouquets, and the presentation of commemorative gifts, leaving a warm impression on employees.



### Case

#### Sports activities to relax body and soul

The cricket team composed of CICT employees joined the "CASA Mini Cricket Tournament" held by the Ceylon Association of Shipping Agents (CASA) in February 2023 and won the championship. In addition, CICT held an internal cricket competition in August 2023.



## Case

### Building a healthy canteen

Under the guidance of the Nanshan Center for Chronic Disease Controls, the canteen of China Merchants Port Plaza actively spread the importance of a healthy lifestyle. Implementing the concept of “less salt, oil and sugar, healthy mouth, weight, and skeleton”, the canteen provides a daily selection of nutritious foods such as whole grains, milk, and a variety of fruits and vegetables cooked with less oil, salt, and no sugar, earning widespread acclaim from employees. In addition, the canteen conducts individual consultations and group training sessions to educate employees on the importance of healthy eating and provides tailored recommendations for balanced nutrition.

Honors:

**A-level Canteen in Shenzhen**

**Shenzhen Medical and Food Products Administration**

#### *Caring for employees in need*

The Company encourages its subsidiaries to provide targeted assistance to employees facing significant challenges in their lives based on their individual circumstances, endeavoring to help alleviate any hardships and difficulties they may encounter.

- SCCT provides subsidies to employees experiencing hardship due to illness, accidents, children’s education, or other factors. Through initiatives such as home visits and expressing solicitude, we ensure that employees in difficulty receive care and support, following up with eligible colleagues during their application for subsidies from superior Labor Unions. In 2023, we provided subsidies to 13 people, helping employees in difficulty and their families reduce financial burdens.
- Zhangzhou Port visited 12 employees who were hospitalized due to illness and assisted them in completing the applications for medical subsidies.
- CICT launches the “Education Assistance Program for Employees’ Children” to aid employees’ children facing financial challenges in their education. Additionally, taking into account the market conditions in Sri Lanka, CICT raised employee salaries and increased the limit of medical insurance coverage to address the rising local medical costs.



## Employee Development

### Employee diversity

The Group is dedicated to creating an equal, inclusive, and diverse workplace environment and committed to promoting gender diversity and integrating local talent with diverse backgrounds. We provide equal access to all positions and offer opportunities for career advancement to both male and women employees. Furthermore, women employees are encouraged to continuously enhance their professional skills, empowering them to fully realize their potential in both productive and supportive roles.

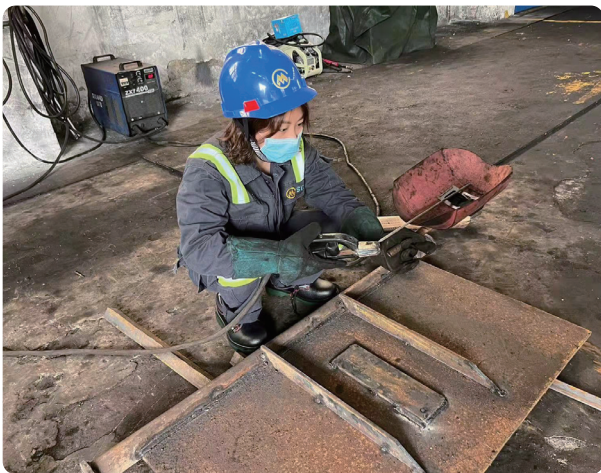


	Ratio (%)
Female junior managers	13.0%
Number of female senior managers	18.1%
Female employees in revenue-generating positions	27.3%
Female employees in STEM positions	7.7%



### Employees' Voice

"In my view, men and women working together makes a job easier rather than one dominates. Although males have greater strength, females are blessed with ingenuity. Take welding as an example. Welding requires carrying heavy things so males have to do more. While females can clean the welding site or check whether there are potential safety risks such as flames after welding because it is meticulous work and that's what females are good at."



--Zheng Xiaowen,  
a welder serving Shantou Port for 16 years

"As for my job, it's crucial for me to have a comprehensive understanding of the current tax rates and various policies in Sri Lanka, and to stay updated on the political and economic situation at home and abroad. It will be difficult to make progress without an innovative work attitude and ideas. Therefore, I have always utilized the internet and other resources to explore and learn, enabling me to better carry out my responsibilities."



--Kaushika Wickramasinghe,  
the first local female employee of CICT. 11 years of work makes her the "steward" of the CICT's financial affairs



## Care for Women and Gender Inclusion

The Group provides a range of support measures tailored to the practical needs of women employees. The Group's policies explicitly outline provisions for women employees to access benefits such as marriage leave, prenatal check-up leave, maternity leave, breastfeeding breaks, and childbirth leave, along with necessary material and welfare support. Additionally, we proactively address women employees' health needs by arranging annual health checkups and providing access to other health management services like family doctors and health therapy. Furthermore, we collaborate with external partners to continuously empower our women employees with professional development opportunities.



Despite the predominantly male-dominated nature of the port industry, HIPG is committed to offering various job opportunities to women, increasing the proportion of female employees within HIPG to 15%. In addition, HIPG cooperates with Women's International Shipping and Trading Association (WISTA) to provide professional guidance and support to women in the industry.

SCCT provides childcare supplies to employees and visits women employees during their hospital stay for childbirth and presents them with gifts. In 2023, a total of 39 sets of childcare supplies were given to 4 employees.



6-piece set for childbearing Includes a breast pump, an automatic milk warmer, a hand-controlled and voice-activated night lamp, a wipes dispenser, a baby head shaping pillow, and a cotton bath towel.

On International Women's Day, CICT extends its care to women employees by offering holiday greetings and inviting professional trainers to provide "Personality Development and Professional Etiquette" training for women employees.





## Employee Development

### Broad communication channels

The Group has never lost sight of the protection of employees' rights to know, participate, express and supervise, offering multi-level and multi-form communication and complaint channels for employees. This includes actively communicating with employees on the revision of important regulations through worker's congress to facilitate dialogue and gather feedback through multiple channels on a daily basis. This approach ensures timely resolution of employee issues and continuous optimization of their overall experience. In addition, we have established the employee grievance mechanism to ensure confidentiality and independence of grievance handling, in accordance with the *Administrative Regulations on Information Security (2020 Edition)*, to protect employees' safety.



<p>Multi-level communication channels</p>	<ul style="list-style-type: none"> <li>• Permanent communication mechanisms: Worker's Congress, employees' mailbox, communication in regular meetings, etc.</li> <li>• Labor Union's channel for opinion exchange, including irregular visits, interviews, phone calls, and other means of communication</li> <li>• Special interviews with the frontline staff of the Company</li> </ul>
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In 2023, the Group enhanced employee communication mechanisms to better align with the practical work environment and made remarkable progress in improving the opinion feedback channel.

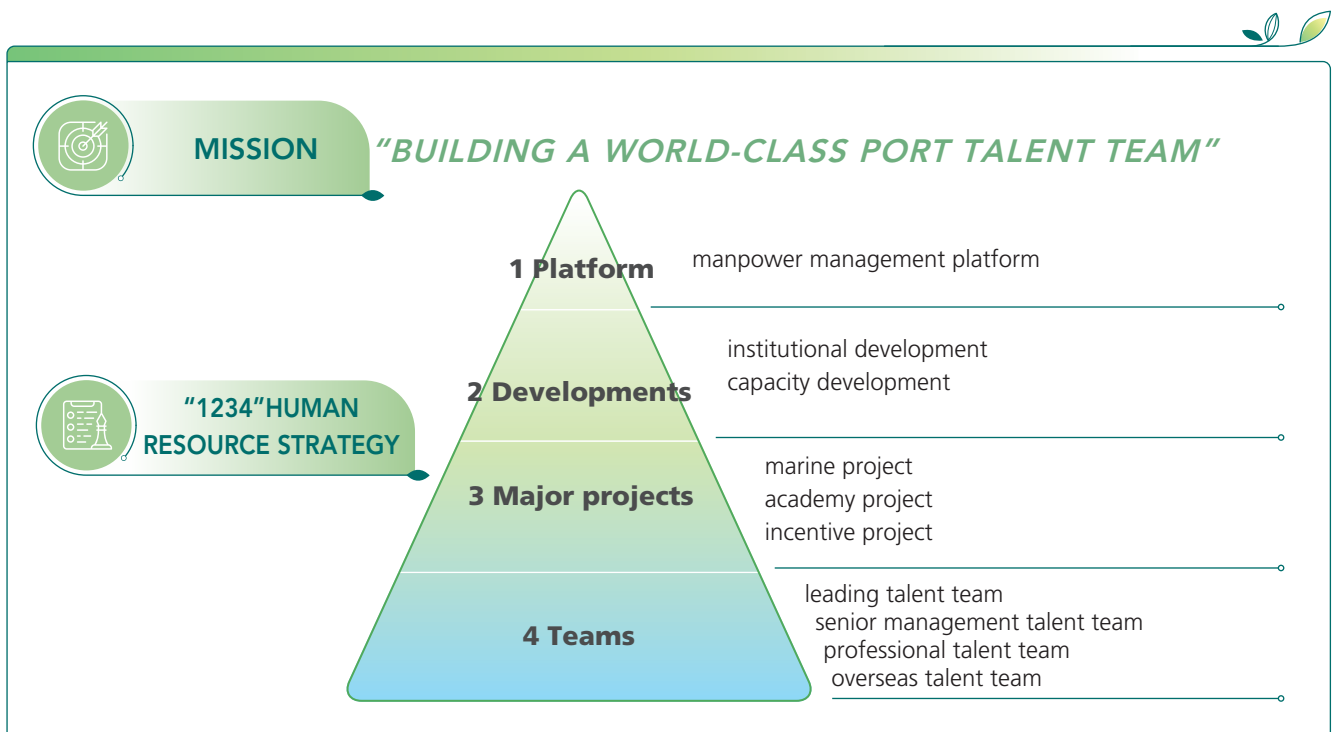
- Shantou Port, Xiamen Bay China Merchants Terminals combined the Worker's Congress, the Labor Union's platform for communication, and the employees' mailbox to listen to the voices of employees. Shantou Port further carried out 4 inspections on the grassroots of the company, addressing 20 employee concerns raised during these sessions.
- SCCT and CMPS organized several sessions of Worker's Congress on revising the archival management system, business trips reimbursements system, and other issues related to employees' interests to strengthen exchanges with employees.
- CICT established an internal employee committee to serve as a direct channel for employees to voice their daily management concerns to the company's management. Following the employees committee's feedback, management and relevant departments of CICT convene meetings with committee representatives to address and resolve employee concerns promptly.

## EMPLOYMENT MANAGEMENT

The Group has formulated the *Administrative Regulations on Recruitment Management*, which standardizes various employment matters such as recruitment planning, recruitment information channel management, recruitment procedures, induction and probation management, and talent pool management. These regulations ensure consistency and professionalism in the recruitment procedure, guided by principles of “Legal and Regulatory Compliance”, “Fairness, Impartiality and Openness” and “Matching People and Positions” throughout the entire employee selection and retention process.

### Talent development strategy

The Group is dedicated to developing a world-class port workforce. We implement a comprehensive “1234” human resource strategy, which involves: promoting institutional building and capacity building based on 1 workforce management platform; promoting systematic institutional development and enhancement of capacity development undertaking 3 major projects including a marine project, a academy project, and an incentive project tailored to our business needs; forming 4 specialized teams encompassing leader, senior executive, professional talents, and overseas talents. Based on this, we strive to create a robust talent ecosystem to foster a motivated and capable workforce.





# Employee Development

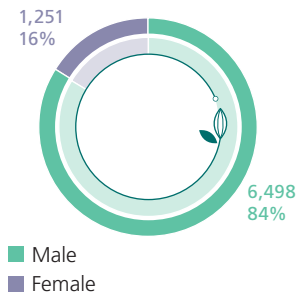
## Talent employment

The Group strongly believes that a diverse and dynamic team of talents is crucial for driving innovation and ensuring our business development in the world. Guided by the talent planning strategy, we continue to optimize talent acquisition strategy based on the *Administrative Regulations on Recruitment Management*. Starting from our business needs, we utilize various channels such as online media, headhunting agencies, and job fairs to attract talent from around the globe. In addition, the Group places great importance on nurturing internal talent and prioritizes internal candidates under equal conditions and provide ample opportunities for their professional growth. In our internal selection processes, we adhere to the requirement of "one report, two appraisals," and annually conduct democratic appraisals with at least 15% attendance of employee representatives in order is to uphold fairness and transparency throughout the talent selection process.

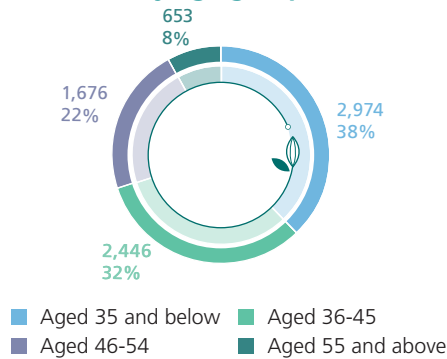
**The Group recruited a total of 601 new employees, with 36.2% of the vacancies filled by internal staff**

### Employee Structure Data

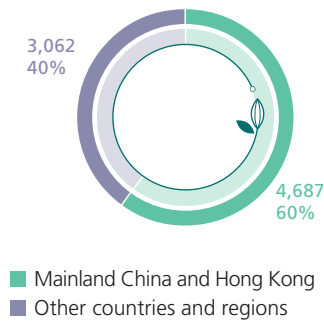
**Total number of employees by gender**



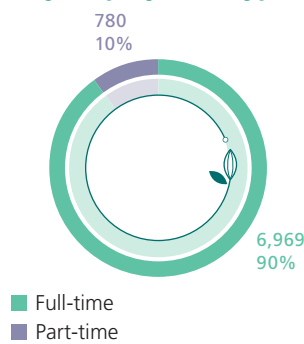
**Total number of employees by age group**



**Total number of employees by geographical region**



**Total number of employees by employment type**



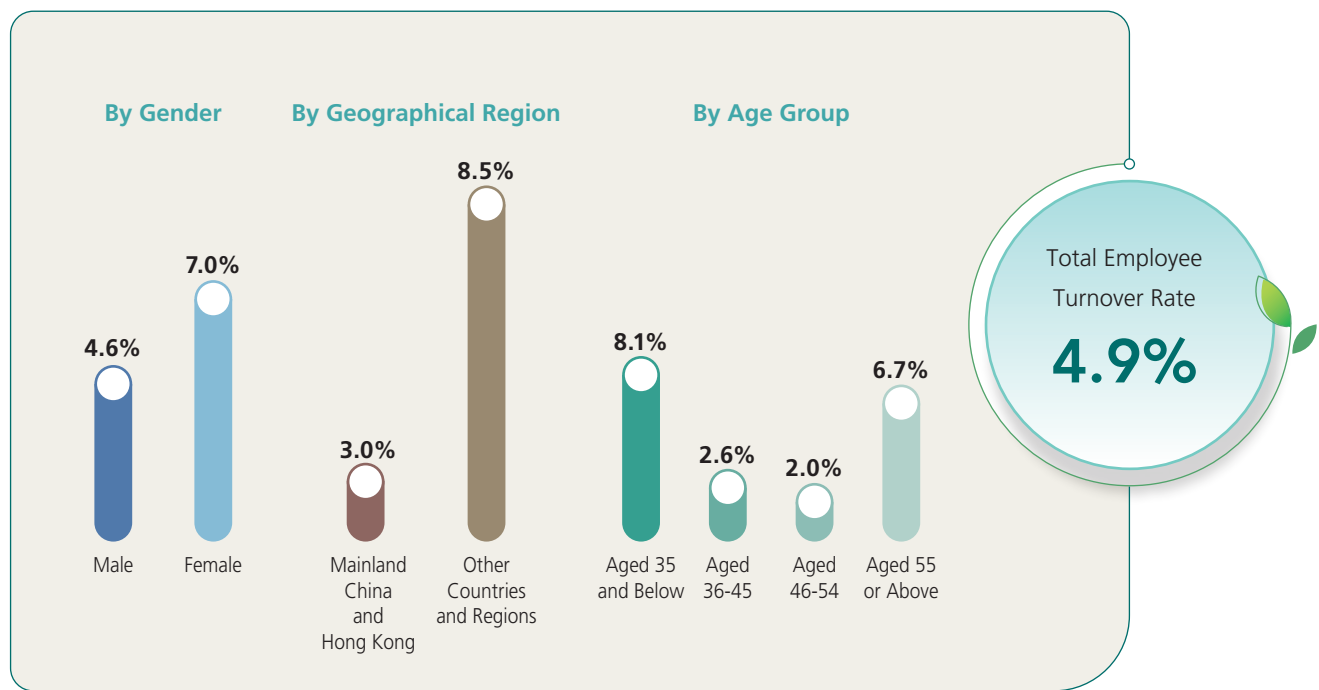




	headcount
Management Talent	346
Technical Professionals	1,447
Skilled Talent	4,167



**Total Employee Turnover Rate (2023)<sup>18</sup>**



<sup>18</sup> The calculation method of employee turnover rate is calculated as: the number of employee turnover in the specified category/the total number of employees in the specified category \* 100%.



## SUPPORTING EMPLOYEE DEVELOPMENT

Focusing on each employee’s self-improvement and career development, the Group has formulated and implemented policies and systems dedicated to improving employee capabilities and facilitating career advancement. By creating pathways for employee development, and refining the talent training system, we aim to develop a globally competitive workforce aligned with the Group’s sustainable development objectives, characterized by a wealth of talented individuals.

### Employee development

The Group has formulated the *Administrative Measures on Dual Career Development Paths of Employees*, which outline pathways in both management and professional career tracks, specifying the conditions, procedures, and criteria for job transfers, promotions, and demotions. Employees meeting the necessary criteria in terms of work experience and performance are promptly offered opportunities for advancement, ensuring the recognition of exceptional talent and the expansion of avenues for career growth and development.

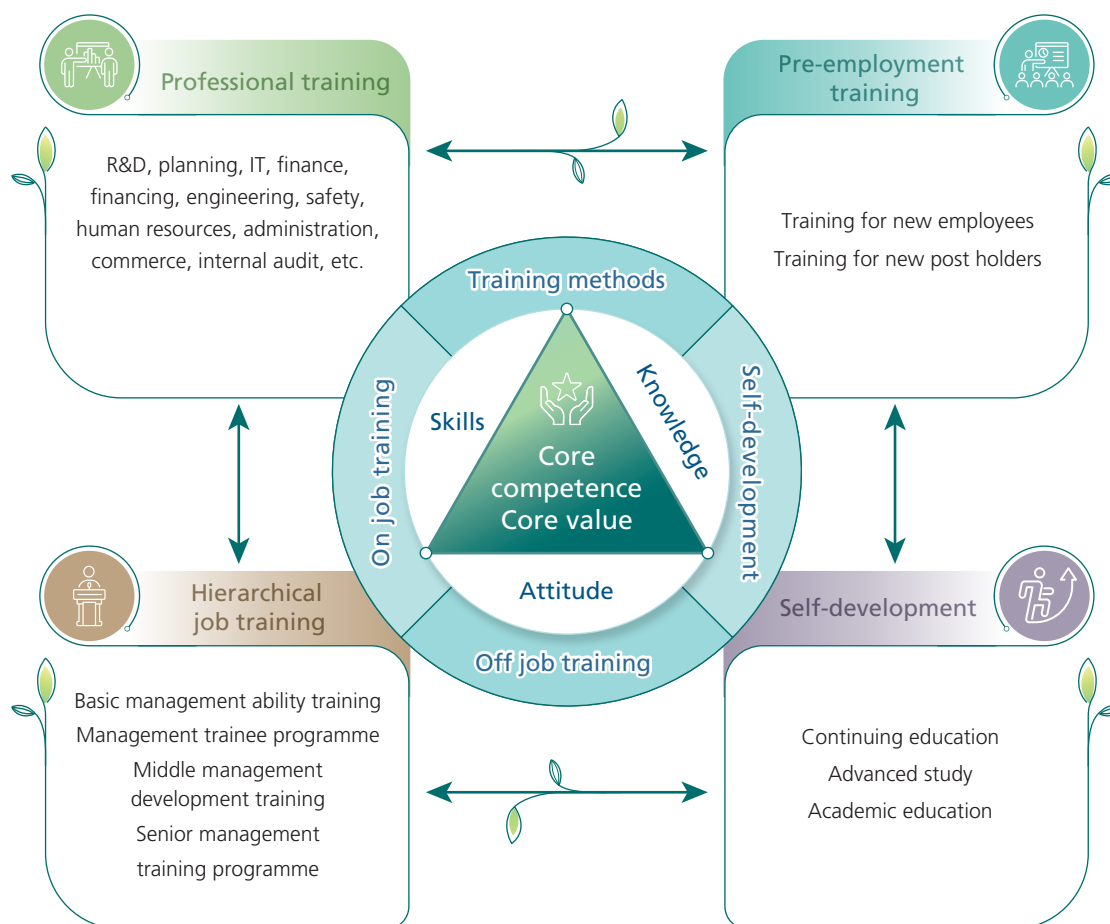


<b>Management ladder</b>	Assistant Department General Manager ▶ Deputy Department General Manager ▶ Department General Manager · Department Executive General Manager · Senior Deputy Department General Manager ▶ Assistant Company General Manager
<b>Professional ladder</b>	Clerk ▶ Senior Clerk ▶ Officer ▶ Deputy Functional Manager ▶ Functional Manager ▶ Senior Functional Manager ▶ Department Director ▶ Senior Department Director ▶ Company Director



### Employee training

The Group is committed to building a platform for nurturing and advancing global port professionals and has formulated policies such as the *Administrative Regulations on Employee Continuing Education*, the *Administrative Regulations on Employee Training*, and the *Administrative Measures on New Employee Training* to systematically build a high-quality talent team. Based on the three principles of “strategic development, systematic regulation, and differentiated treatment”, we continuously deepen our efforts in improving training methods, program diversity, and resource allocation to create a robust and standardized training system. This empowers our employees to expand their professional knowledge and skills comprehensively, thus ensuring a solid foundation of talent to support the Group’s vision of “becoming a world-class port operator”. In addition, the Group has formulated the *Administrative Measures on Internal Trainers* and the *Administrative Measures on Internal Training Courses*, to streamline the selection, evaluation, and incentivization of internal training instructors and ensure effective course management.



Training resource database:

Internal trainer resource database, internal training courses database, trainee archival repository, and external professional resource database

Percentage of employees trained		2022	2023
By Gender	Male	84%	61%
	Female	16%	39% ( ↑ 23% )
By Employee Category	Senior Management	3.2%	2.9%
	Middle-level Management	6.1%	45.8% ( ↑ 39.7% )
	General Staff	90.7%	51.3%



## Employee Development



Average training hours		2022	2023
Total		22.6	25.4
By Gender	Male	20.3	22.8
	Female	35.5	39.9
By Employee Category	Senior Management	31	34.8
	Middle-level Management	33.4	37.5
	General Employees	92.4	103.9



Through the HR-Max Smart Human Resource Management Platform, the Group has implemented a multifaceted approach, including live-streaming, creating online courses, and developing internal quality courses in order to not only streamline inter-departmental operations horizontally, but also foster collaborative training efforts vertically between headquarters and subsidiaries. By seamlessly integrating online and offline interactions, the Group effectively enhances training initiatives across the board, tailoring them to the specific needs of employees at various levels and across diverse business sectors.

### HR-Max Learning and Training Platform



Content Center	Learning Task Management center	Staff Learning Center	Data Statistics Analysis Center
Micro-course workshop, Course management, Examination management, Questionnaire management, Classroom in Cloud, Micro-sharing	Course deliver, Exam deliver, Questionnaire deliver, Classroom in Cloud deliver, Learning panorama	Course learning, Online examination, Classroom in Cloud, Micro-sharing, Team learning management, Mobile college	Data statistics, Data analysis, Report presentation, Data application



<b>Online training hours</b>	177,533 hours
<b>Number of attendances in online training</b>	1,245,231 person-times
<b>Online courses delivered</b>	18,242
<b>Coverage rate of online training</b>	99.8%





### Internal Trainer Training Program in 2023

The Group Internal Trainer Training Program has been in place for 5 years. It aims at consolidating the expertise of internal trainers across both the headquarters and subsidiaries. This initiative has established a sustainable professional training system, continuously enhancing the quality and effectiveness of internal training to meet the developmental needs of employees. Over the past five years, the program has cultivated a dedicated team of 71 internal trainers. In 2023, the Group launched a series of training activities under the theme of “Promoting Progress through Training, Promoting Innovation through Communication” offering 36 trainees’ various opportunities for skill development and training in October 2023. In the meantime, during the training, an activity under the theme of “Delivering Courses to the Primary Level was carried out,” Offered free training sessions to employees of our subsidiaries. This initiative received widespread acclaim from employees and contributed to expanding the reach and impact of training initiatives. In addition, an online live-streaming classroom was launched in this year which leverage on digital platforms to facilitate knowledge dissemination and learning among employees, thereby promoting the development of the Group as a whole.



### Training Program for Key Young Employees in 2023

The Group conducted two sessions of training courses for key young employees in May and June 2023. The training covered various topics including cost management in container terminal operations, financing for overseas projects, effective workplace communication, and leadership development. It attracted a total of 115 trainees (including overseas and overseas online students), realizing full coverage of key young employees. This training provided our young employees with opportunities to deepen their internal expertise and strengthen their influence within the workplace. It also allowed us to nurture a pool of young professionals equipped with diverse cross-cultural management skills and global perspectives, aligning with our strategic goal of enhancing talent competitiveness.





# Harmonious Community

## **Strategy and development :**

In 2023, relying on its public welfare system of “Shaping Blue Dreams Together (C Blue)”, the Group further enhanced the systematic and comprehensive work on community development and community investment with communities, the Group identified priority issues to be improved and provided focused community services with far-reaching influence. We also led more employees to participate in volunteer services and carried out charitable donation events, aiming to create the maximum positive impact on communities and ecosystems around us.

- The Group’s community development staff visited its subsidiaries to learn about the latest information and the actual needs of communities in each operating area. in order to prepare a unified community development policy in 2024.
- We tracked progress in the construction and assistance of “China Merchants Silk Road Hope Village”, carried out community research, addressed residents needs in the community and formulated skills training plans to enhance the self-development capacity of local communities.
- Based on on-site visit, we integrated and upgraded a single educational assistance task into a comprehensive rural education public welfare project.
- We took a multiple of measures to open up communities and enhance exchanges, thus vitalizing communities.

## **Future plan**

- Formulate unified community development policy and enhance the systematic and scientific nature of the Group’s community development
- Focus on the actual demands of community and professional means to promote charity projects under the brand of “Shaping Blue Dreams Together (C Blue)” to have a broader and deeper impact

UNSDGs responded in this section:



## DRIVING COMMUNITY DEVELOPMENT

Keenly aware of the close ties between its business activities and communities and the environment, the Group is dedicated to maximizing the positive impact of itself on neighboring communities. We actively roll out smooth communication with communities, vigorously pinpoint and resolve issues that are conducive to improving community livelihood, and continuously standardize and enhance the effectiveness of work on community development and investment, contributing to sustainable and inclusive communities. During the Reporting Period, we organized relevant main responsible persons to visit our subsidiaries for the purpose of collecting the latest information concerning community development and the actual needs there, laying foundation for unifying community development policies. The Group plans to introduce a unified community development policy in 2024 to guide subsidiaries on related work and make progress in its efforts on community development in a systematic way.

### Deepening community co-development

The Group consistently promotes proactive adaptation of corporate operations to meet community needs and actively engages in community development. We strive to leverage our resources to benefit local residents and create lasting positive social impact through our commitment to community-centric initiatives.

#### Case

### Continuing the impact of Hope Village

The “China Merchants Silk Road Hope Village” program, jointly initiated by CICT and HIPG in 2022, aims to create job opportunities and enhance the living standards of the residents of Kandagasmankada Village, Hambantota. In 2023, the Group completed the construction of a community activity center, a medical and health center, an agricultural trading center, and other public facilities in “Hope Village” of Hambantota.

In April 2023, Miao Jianmin, Chairman of CMG, led a delegation to Sri Lanka for an inspection. During his visit, he participated in the charity event of the “Hope Village” and presided over the ribbon-cutting ceremony for “Hope Village”.



Donating food packages and school supplies to local residents



### Case

#### Continuing the impact of Hope Village

In September 2023, Liu Enhuai, Chief Representative of the Group in Sri Lanka and CEO of HIPG, engaged in discussions with villagers regarding the future development plans for Hope Village. Nearly 300 individuals, including HIPG employees and local villagers, participated in the event.

Moving forward, HIPG will collaborate with local universities to enhance villagers' agricultural techniques, assist in constructing modern irrigation systems, and support the

establishment of greenhouses, empower local villagers to upgrade their life skills and increase their source of independent income, collectively striving with local communities to chart a replicable and sustainable path toward poverty alleviation.



#### Key performance:

Since its inception of "China Merchants Silk Road Hope Villige" in 2021, USD 320,000 was invested which directly benefited 700 families and 2,500 individuals in Kandagasmankada village, thereby making a positive impact on neighboring villages.

*"The facility of the Hope Village has brought great convenience to the villagers. For the first time, villagers within a 5km radius of the site have access to a public place to trade their crops. The community center, while fulfilling the daily work of the community, also serves as an important place for the students in the villages to learn English on the weekends."*

— Indika, President of Nirmala Foundation



## Case

### School-enterprise co-operation: joining hands with teenagers to serve the community

Shantou Port, in collaboration with local schools, organized the “three hours of public service on campus” activities, engaging community youth in various social welfare services, including practical skill courses such as “fire extinguisher practical operation”. In 2023, a total of 6 activities were carried out. This series of services not only brought tangible positive changes to the community but also inspired the participating youth to recognize the significance of serving others and giving back to society, fostering a sense of continuous growth and motivation.



## Case

### TCP improves the housing and education conditions of indigenous people

TCP, in partnership with a local NGO, has begun design work on a cultural center for the indigenous village on Göttinga Island. Previously, TCP donated 30 village houses to the village to improve housing conditions for the Indian residents, and built a secondary school for the fishing community of Amparo Island, which is located near the port, to address the difficulties of 24 students on the island.



Village house before restoration (left) and after restoration (right)



### Case

#### Acting with local communities to address Climate Change in Kumport

Kumport participated in the “Blue Climate Ambassadors” program, a collaborative effort led by the Turkish Port Operators Association (TÜRKLİM), Turkish Marine Environment Protection Association (TURMEPA), and Turkish Women’s International Shipping Trade Association (WISTA). This initiative offers climate change awareness training to all participating employees. Kumport also engages its employees in coastal cleanup initiatives, demonstrating its commitment to corporate social responsibility.

#### High-quality communication with the community

The Group takes proactive steps to foster open dialogue and establish collaborative partnerships with local stakeholders, empowering communities to thrive. We prioritize transparency in our interactions and strive to cultivate genuine, harmonious, and trust-based relationships with the communities we serve.

### Case

#### Integrating community communication into company operations

HIPG has developed and continues to refine its community communication strategy. While actively seeking support from government resources in Sri Lanka, HIPG also fosters friendly relations with other government departments, private entities, and organizations to effectively integrate port operations with community interests. Guided by a unified community communication strategy, HIPG will strive to increase public awareness of the Company’s activities, decisions, initiatives, and major adjustments. Specifically, it will improve transparency in public communication to address community issues closely related to public interests while delivering high-quality port services. Ultimately, HIPG aims to establish mutually beneficial relationships among the government, social organizations, and the public.



## Case

### Enhancing community communication and openness

Zhangzhou Port co-organized the “Neighborhood Cultural Festival” with a number of local enterprises, aimed at fostering community connections and encouraging residents to participate in volunteer activities and community discussions. The event attracted over 3,000 residents and volunteers, providing a platform for neighborly support and interaction.



On the occasion of Children’s Day, SCCT and CMBL held several parent-child bonding activities together and invited many customers and employees and their children in the bonding games.





### Case

#### Celebrating with Hong Kong to share happiness together

In April 2023, the Group attended the 75th Anniversary of the Hong Kong Federation of Trade Unions (HKFTU) to promote the spirit of “Rooted in the grassroots, serving the community”; assisted the “Launching 2023 Ceremony of the Mainland Visit and Exchange Activity for Hong Kong Employees of CMG and Students in Shatin District”. In June 2023, the Group’s organized a variety of fruitful activities for the residents in Shatin and Discovery Bay respectively, which were well received by the residents. In August 2023, the Group participated in the exchange group of “Inviting You to See the



Motherland: Hong Kong Young People’s Journey to Understand Shipping” organized by CMG in collaboration with the Shatin District Office of Hong Kong, the Hong Kong Chinese Enterprises Association, and New Territories Department of the Liaison Office of the Central People’s Government in the Hong Kong S.A.R (LOCPG). This initiative enabled Hong Kong youth to visit and learn from Dandong Port in Liaoning, providing them with valuable insights into China’s economic and cultural development and expanding their perspectives on future opportunities for growth.

## Caring for future of youth

Focusing on empowering and broadening the horizons of young people, the Group provides diverse learning opportunities, and strives to build a broad exchange platform for outstanding young people three regions across the straits and even around the world.

### Case

#### C Blue Talent Program 2023

Based on the concept of “Sharing Knowledge and Value”, the Group launched the “C Blue Training Program”, offering targeted international courses and training models for talents from diverse backgrounds who are interested in the port industry. This initiative serves as a platform for cultural exchange and integration, providing a myriad of learning opportunities. 2023 was the ninth year of the C Blue Program, and the Group has completed the 10th and 11th training programs, with 38 trainees from 22 countries in the 10th and 25 trainees from 10 countries in the 11th. During the 2-week training programs, the Group organized field trips and knowledge-sharing sessions for international students studying in China, enabling them to gain comprehensive insights into topics such as the development of China’s transportation, smart ports, technological innovation, green and low-carbon, and other related knowledge. The program not only broadened the horizons of participants from diverse cultural backgrounds but also fostered robust cross-border friendships and presented an authentic and multi-dimensional portrayal of Chinese enterprise to the global audience.





Case

Providing a platform for interns to broaden their horizons

To further advance youth career development and deepen the understanding of the three regions across the straits and our business, the Group organized the 3rd “New Graduates-New Opportunities” Scheme. In July 2023, 12 young interns from Hong Kong, Chinese Mainland, and Taiwan participated in a visit and exchange program in the Greater Bay Area, followed by a closing ceremony for the summer internship program in August 2023. During the internship, participants not only acquired specific departmental business knowledge and enhanced their comprehensive workplace skills but also gained a comprehensive understanding of CMG and CMPort’s corporate culture through visits to the CMG History Museum and the 5G green and low-carbon smart port - Mawan Smart Port. This experience helped them develop a clearer understanding of the Group’s future development and market positioning, facilitating their integration into the workplace more effectively.



## CONTRIBUTING TO CHARITY

In compliance with relevant laws in the operating areas, the Group conducts charity activities according to the *Administrative Measures on Compliant Donations and Sponsorship*, ensures smooth donations and helps those in need with material and financial assistance.

Donations to China Merchants Charitable Foundation:	HK\$ 10 million
Investments in overseas public welfare and charity activities:	USD 2.18 million
Number of overseas public welfare and charity activities organized:	77 times
Overseas employees' participants of charity activities in total	569 person-time
Hours of participation in charity activities by overseas employees	6,347 hours

Total investments in  
volunteer projects in  
Mainland China: HK\$

**2.15  
million**

	Unit	2023 <sup>19</sup>	2022	2021
Total number of employees participating in volunteer services	Person	910	1,739	608
Total hours of employee voluntary service	Hours	13,518	23,922	11,250

<sup>19</sup> In 2022, the Group's employee volunteers participated in many public service fighting against the pandemic. After the pandemic, the data of 2023 returned to normal levels.



## Systematic input and assistance

The Group is deeply invested in the field of children’s public welfare. Through in-depth investigation of the challenges facing rural education and field research, we have transcended geographical constraints, upgraded our approaches, and pooled resources to transform initiatives like C Blue growth camps and C Blue summer camps into the professional, high-level, systematic C Blue Rural Education Public Welfare Project. Our goal is to provide rural children across the nation with access to education resources on par with those available in major urban centers, thus leveraging the soft power of education to drive forward rural revitalization efforts.

Over the past nine years, the program has invested a total of RMB7.9 million, relying on the strength of the C Blue employee volunteer team, to provide educational assistance, in-depth care and spiritual enlightenment for nearly 20,000 rural children in 11 schools in 5 cities (counties) in China, constructing and renovating 8 C Blue classrooms, building 2 C Blue amusement parks, setting up 130 C Blue reading corners, painting 22 C Blue cultural walls, and donating more than 18,000 books.

### Case

#### Going out and upgrading local educational resources

The C Blue Rural Education Public Welfare Project of the Group has expanded its reach to four regions across two provinces, introducing innovative methods to enhance rural school teaching conditions, launching C Blue public welfare courses and activities, and other innovative ways. This initiative aims to kindle the flame of knowledge and enlightenment through education. The Project has been launched in Wuhua of Meizhou, Lianping of Heyuan and Xuwen of Zhanjiang in Guangdong Province, and Weining of Guizhou Province. Through the establishment of “C Blue Cloud Classrooms” in local schools and the provision of corresponding online educational courses, volunteers have brought a diverse range of specialized courses including English, French, safety, science, art, and mental health to the local children, giving full play to the joint efforts of the government and enterprises in setting up a platform for the local community.





## Case

### Constructing a systematic C Blue Rural Education Public Welfare Initiative to help children's dreams come true

#### Inviting children to experience port culture

The Group invited 50 children from Shenzhen, Heyuan, Meizhou and Zhanjiang in Guangdong Province and Weining in Guizhou Province, as well as from Russia, Mexico and the US who are studying in Shenzhen, to participate in a five-day C Blue summer camp in Shenzhen. C Blue volunteers accompanied the children to explore the smart port, tour Shenzhen on the sea, and carry out international cultural exchange activities. Through immersive experiential education, the camp broadened the children's horizons, guided them toward positive growth, and fostered friendships while embracing the world together.



## Case

### Helping each other and fulfilling responsibilities in a practical way

In response to the call of Haojiang Government of Shantou to implement the "High-Quality Development Project in Counties, Towns and Villages For Rural Vitalization" of Guangdong, the Group has signed a paired assistance framework agreement with the government under the principle of "government guidance, voluntary cooperation and win-win cooperation". Giving thought to local needs, Shantou Port will provide support for local communities and solve their urgent problems with its tremendous resources.



### Carrying out targeted donations

#### Case

### Supporting the Sri Lanka Tennis Association and wheelchair tennis players

With the support of the China Merchants Charity Foundation (CMF), CICT donated USD 41,600 to the Sri Lanka Tennis Association (SLTA) Wheelchair Tennis Program, marking the ninth consecutive year of support for the country's wheelchair tennis program. In addition to this financial aid, custom-made and professional-grade titanium wheelchairs have been provided to Sri Lankan wheelchair tennis players ranked internationally. Furthermore, CICT has sponsored the refurbishment of 2 international standard hard courts. With this latest donation, CICT's financial support for Sri Lanka Wheelchair Tennis Development Project has now reached a cumulative total of 68 million rupees.



#### Case

### TCP donates to various groups in the Amparo community

TCP donated hygiene kits and food baskets to the elderly home, offering basic hygiene items, food packages and Christmas items to provide nutritional supplements for elderly people. TCP also sponsored a trip for students and teachers from the Amparo community to visit museums and science parks in Curitiba, enriching students' education. In addition, TCP donated food baskets to the staff of its recyclables partner.



Case

**Taking over international aid food export business and practicing humanitarian spirit**

In May 2023, the closure of Port Sudan due to heightened geopolitical tensions disrupted the planned transfer of 10,000 tons of sorghum donated by the World Food Program (WFP) to South Sudan via Port Sudan. As PDSA (the associate Company of Group) in Djibouti has been fully recognized by WFP for its professional and efficient shipping services, WFP once again cooperated with PDSA. The food aid was transported from PDSA Djibouti to the intended destination, expediting assistance to the displaced population in South Sudan. This not only increased PDSA's regional distribution business volume but also provided an opportunity for PDSA to assist international relief organizations in accelerating cargo turnover, thereby deeply engaging in and coordinating humanitarian relief efforts.







Aspects	Indicators	Indicator Content	Disclosure	Location/Remarks
<b>ENVIRONMENTAL</b>				
<b>A1: Emissions</b>	General Disclosure	(a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes	√	Tackling Climate Change Strictly Controlling External Discharge
	A1.1	The types of emissions and respective emission data	√	Strictly Controlling External Discharge
	A1.2	Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility)	√	Tackling Climate Change
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility).	√	Strictly Controlling External Discharge
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility).	√	Strictly Controlling External Discharge
	A1.5	A description of emission target(s) set and steps taken to achieve them.	√	Improving environmental management Tackling Climate Change Strictly Controlling External Discharge
	A1.6	A description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	√	Strictly Controlling External





Aspects	Indicators	Indicator Content	Disclosure	Location/Remarks
<b>ENVIRONMENTAL</b>				
<b>A2: Resource Utilization</b>	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	√	Ensuring Efficient Resource Utilization
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and density (e.g. per unit of production volume, per facility).	√	Ensuring Efficient Resource Utilization
	A2.2	Water consumption in total and density (e.g. per unit of production volume, per facility).	√	Ensuring Efficient Resource Utilization
	A2.3	A description of energy use efficiency target(s) set and steps taken to achieve them.	√	Ensuring Efficient Resource Utilization
	A2.4	A description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	√	Ensuring Efficient Resource Utilization
	A2.5	Total packaging material used for finishing products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to principal business	
<b>A3: Environment and Natural Resources</b>	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resource	√	Building Eco-Ports
	A3.1	A description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	√	Building Eco-Ports
<b>A4: Climate Change</b>	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	√	Tackling Climate Change
	A4.1	A description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	√	Tackling Climate Change





Aspects	Indicators	Indicator Content	Disclosure	Location/Remarks
<b>SOCIAL</b>				
<b>B1 : Employment</b>	General Disclosure	(a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	√	Employee Rights and Benefits
	B1.1	Total workforce by gender, employment type, age group and geographical region.	√	Employment Management
	B1.2	Employee turnover rate by gender, age group and geographical region	√	Employment Management
<b>B2 : Health and Safety</b>	General Disclosure	(a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	√	Improving safety management Strengthening Safety Protection Promoting occupational health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	√	Improving safety management
	B2.2	Lost days due to work injury	√	Improving safety management
	B2.3	A description of occupational health and safety measures adopted, and how they are implemented and monitored.	√	Improving safety management Strengthening Safety Protection Promoting occupational health
<b>B3 : Development and Training</b>	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. A description of training activities.	√	Supporting employee development
	B3.1	Percentage of employees trained by gender and employee category (e.g. senior management, middle management).	√	Supporting employee development
	B3.2	Average training hours completed per employee by gender and employee category.	√	Supporting employee development





Aspects	Indicators	Indicator Content	Disclosure	Location/Remarks
<b>SOCIAL</b>				
<b>B4 : Labor Standards</b>	General Disclosure	(a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	√	Employee Rights and Benefits
	B4.1	A description of measures to review employment practices to avoid child and forced labor.	√	Employee Rights and Benefits
	B4.2	A description of steps taken to eliminate such practices when discovered	√	Employee Rights and Benefits
<b>B5 : Supply Chain Management</b>	General Disclosur	Policies on managing environmental and social risks of the supply chain.	√	Sustainable Supplier Management
	B5.1	Number of suppliers by geographical region.	√	Sustainable Supplier Management
	B5.2	A description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	√	Sustainable Supplier Management
	B5.3	A description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	√	Sustainable Supplier Management
	B5.4	A description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	√	Sustainable Supplier Management







Aspects	Indicators	Indicator Content	Disclosure	Location/Remarks
<b>SOCIAL</b>				
<b>B6 : Product Responsibility</b>	General Disclosure	(a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	√	Responsible Products and Services
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to principal business	
	B6.2	Number of products and service related complaints received and how they are dealt with.	√	Responsible Products and Services
	B6.3	A description of practices relating to observing and protecting intellectual property rights.	√	Safeguarding Data Security
	B6.4	A description of quality assurance process and recall procedures.	Not applicable to principal business	
	B6.5	A description of consumer data protection and privacy policies, and how they are implemented and monitored	√	Safeguarding Data Security
<b>B7: Anti- Corruption</b>	General Disclosure	(a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	√	Compliance and Business Ethics
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	√	Compliance and Business Ethics
	B7.2	A description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	√	Compliance and Business Ethics
	B7.3	A description of anti corruption training provided to directors and employees	√	Compliance and Business Ethics





Aspects	Indicators	Indicator Content	Disclosure	Location/Remarks
<b>SOCIAL</b>				
<b>B8: Community Investment</b>	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	√	Driving Community Development
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	√	Driving Community Development
	B8.2	Resources contributed (e.g. money or time) to the focus area	√	Driving Community Development Contributing to Charity





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