

CHAPTER 3

CHAIRMAN'S MESSAGE

ZHU Tao
*Chairman
of the Board*



Guided by the corporate mission of “Connecting Different Worlds” and its vision of becoming a “global leading port logistics service provider with a customer-oriented focus”, COSCO SHIPPING Ports embraced high-quality and sustainable development in 2024 to advance digital intelligence, green and low-carbon transition on the solid foundation of efficient governance and safety. By prioritising value creation, the Group sought to promote economic, environmental and social development within the port and shipping sector through its own development, contributing to global development.



STRENGTHENING MANAGEMENT AND SOLIDIFYING FOUNDATIONS TO FORGE THE CORE OF EFFICIENT GOVERNANCE

Amid the global shift towards digital intelligence and green and low-carbon development, an efficient corporate governance structure and a robust sustainability management system are crucial for driving high-quality corporate development and ensuring long-term development. The Group has consistently enhanced its corporate governance standards, focusing on risk management, fostering a culture of integrity, and strengthening information security to improve corporate governance effectiveness and solidify the foundation for sustainability initiatives, ensuring a steady progress in transformation and development.

During the year, under the leadership of COSCO SHIPPING Group and the Board, the Group actively enhanced climate governance by clarifying the ESG Committee's oversight responsibilities regarding climate-related work and improving collaborative mechanisms for climate adaptation and response, laying a solid foundation for the Group to enhance climate risk management and resilience building, and to safeguard sustainable development. Meanwhile, the Group established a transparent and robust risk management framework, strengthened compliance management, internal control and risk management systems, and improved governance structures and systems for cybersecurity and data management. By continuously enhancing risk management capabilities across environmental, social, corporate governance and operational dimensions, the Group is better positioned to navigate the complex and dynamic market environment, ensuring its long-term stability and sustainability.

FACILITATING LOW-CARBON TRANSITION AND MOVING TOWARDS GREEN DEVELOPMENT TO ENHANCE THE RESILIENCE FOR HIGH-QUALITY DEVELOPMENT

Guided by global decarbonisation goals, green and low-carbon development is becoming a new driver among ports, shipowners and cargo owners to deepen cooperation, with growing market demand for green port services. To this end, the Group has actively accelerated the pace of green and low-carbon transition using a “dual-track approach” focused on scenario analysis and green and low-carbon port development to enhance competitiveness. On the one hand, the Group conducted scenario analysis to assess the impact of its operations on the climate and the climate impacts on its operations, and enhanced climate resilience through improved contingency plans for extreme weather events and enhanced climate mitigation and adaptation capabilities. On the other hand, the Group advanced green port construction through energy conservation and carbon reduction using the application of renewable energy, resource conservation and efficiency, green and low-carbon infrastructure and technological innovation. This dual focus provides a foundation for the “COSCO SHIPPING Ports solution” for the industry’s green and low-carbon transition.

During the year, the Group led China’s port industry by releasing COSCO SHIPPING Ports’ Green and Low-Carbon Transition and Development Plan. The Group added three distributed photovoltaic projects, achieving a total installed capacity of approximately 12 megawatts of renewable energy and an annual power generation of approximately 11 million kilowatt-hours (“kWh”), corresponding to a reduction of approximately 5,200 tonnes of carbon dioxide equivalent (“CO₂e”). The Group continued to promote port-shipping collaboration by providing high-quality shore power services to shipping companies, connecting 9.59 million kWh of electricity throughout the year and jointly building a green industrial chain with shipping companies. These ongoing efforts have yielded significant progress of the Group’s construction of green and low-carbon ports. Among our subsidiaries, Xiamen Ocean Gate Terminal was awarded the GPAS Green Port title for the third time since 2018; Lianyungang New Oriental Terminal was selected as part of the pilot project of the Near-Zero Carbon Terminal by the Ministry of Transport of China; Nantong Tonghai Terminal successfully completed the loading and unloading operations while simultaneously recharging the world’s largest river-sea direct electric container ship. The Group is transitioning from an active practitioner to a leader in the green and low-carbon initiatives within the port industry.

ENHANCING SUSTAINABILITY MOMENTUM THROUGH INTELLIGENCE-LED AND INNOVATION-DRIVEN APPROACH

Amid slow global economic growth and increasing complexity, severity, and uncertainty in the external environment, the Group is leading the development of new quality productive forces through technological innovation. By strengthening the integration and application of new technologies through digitalisation, informatisation, and automation, the Group is continuously enhancing operational capabilities and efficiency, driving the construction of 5G smart ports, improving economic benefits, and creating sustainable core competitive advantages.

During the year, the Group led the development of the group standard titled Technical Requirements for Port Driverless Container Vehicles. The intelligent container vehicles at Xiamen Ocean Gate Terminal, CSP Wuhan Terminal, Quan Zhou Pacific Terminal and CSP Abu Dhabi Terminal have commenced commercial operation, achieving cost reduction, efficiency enhancement, and green carbon reduction through intelligent deployment. The automated horizontal transport of containers at Wuhan Yangluo International Port was selected for the Ministry of Transport of China’s second batch of the intelligent transportation pilot project, aiming to establish a collaborative operation system for port autonomous driving, terminal operation management systems, and railway automated yard cranes, enabling full-process automation of cargo handling between terminals and rail terminals and higher operating efficiency. The Group also developed CSP Port Digital Twin Integrated Energy Management Platform and an energy efficiency management platform to enable intelligent control and refined management of port energy consumption. In November 2024, CSP Chancay Terminal officially inaugurated, introducing intelligent handling equipment and advanced communication technologies to establish first smart and green port in South America. Building on these achievements, the Group will continue to drive digitalisation and intelligent development, unlocking vitality and opportunities to drive sustainable and high-quality development.

ENSURING A PEOPLE-ORIENTED AND SAFETY-FIRST APPROACH TO STRENGTHEN SAFE PRODUCTION BOTTOM LINE

Safe production is the Group's foundation and the cornerstone for the well-being of employees and contractors, ensuring all units operate steadily. Building on the safety-first approach, the Group prioritises balancing safety and development to achieve a virtuous cycle of high-quality development and high-level safety. The Group ensures secure operational development by strengthening the dual-prevention mechanism, enforcing primary responsibility for safety, improving the management of outsourced labour, and clarifying safety standards for every link across production processes to provide a solid guarantee for business operations and development and ensure a safe production environment around the clock.

During the year, the Group has comprehensively refined its safety production management regulations, clarifying responsibilities of managers and employees at all levels to ensure safe and orderly production. At the same time, the Group continuously supervised its subsidiaries to enhance safety education and training, emergency drills, and the identification and rectification of potential safety hazards, emphasising safety awareness and accountability among employees. These efforts aim to identify and eliminate risks, prevent accidents, and create a safe and harmonious production environment, providing strong support for high-quality development of the Group.

STAYING UNITED TO CREATE VALUE AND SHARE THE RESULTS OF SUSTAINABLE DEVELOPMENT

The Group stays united with upstream and downstream partners and leverages its core capabilities to create value for stakeholders. Through concrete actions, the Group has deepened the concept of sustainability and shared the benefits of its growth. During the year, COSCO SHIPPING Ports was again included in the constituents of FTSE4Good Index Series, the Hang Seng Corporate Sustainability Benchmark Index and the Hang Seng SCHK China Central SOEs ESG Leaders Index, and was awarded the "Best Corporate Governance and ESG Awards 2024 – Special Mention" by the Hong Kong Institute of Certified Public Accountants, reflecting market recognition of the Group's ESG practices and transparency, and underscoring the Group's deepening sustainability efforts.

Looking ahead to 2025, the Group will continue to adhere to the dual drivers of "Global Expansion" and "Lean Operations", while advancing "Integration, Digital Intelligence, Green and Low Carbon" initiatives. The Group will embed sustainability and ESG practices into its development framework, further strengthen corporate governance, green and low-carbon development, and technological innovation, and accelerate the buildup of new quality productive forces. These efforts will drive high-quality development for the Group, as well as the port and shipping industry, fostering mutual benefits and shared success with all stakeholders.



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