

## CHAPTER 7

# GOVERNANCE

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



### Material topics covered:



Corporate  
governance



Business  
ethics



Data privacy  
protection and  
cybersecurity



Economic  
performance\*



Tax

The Group believes that upholding integrity and a win-win philosophy are essential for long-term and stable operations. As its business expands and partnerships deepen, the Group not only strictly complies with all applicable laws and regulations but also upholds commercial integrity and ethical standards. The Group continuously strengthens and improves its governance structure, focusing on precise control of major risks, and standardising business practices to protect the rights and interests of stakeholders and ensure its high-quality development.

\* For details, please refer to Chapter 4 of this report and the 2024 Annual Report of the Company.

## PERFORMANCE HIGHLIGHTS IN 2024

**Corporate Governance** – The Group revised the terms of reference of the ESG Committee to specify that its roles and responsibilities cover matters related to climate change to improve climate governance. To this end, the Group provided sufficient resources to the Board and the ESG Committee, including arranging trainings on sustainability and climate change, to enhance ESG management capabilities and climate risk management capabilities.

**Risk Management** – To enhance climate change adaptation and response capabilities, the Company conducted scenario analysis across its subsidiaries. The ESG Committee discussed the physical and transition risks and opportunities faced by each subsidiary across the short, medium and long-term horizons in high emission and low emission scenarios, laying a solid foundation for the Group to continuously improve its climate resilience.

**Information Disclosure** – In response to the new climate-related provisions in Appendix C2 to the Listing Rules of the SEHK, the Group planned ahead and proactively advanced climate-related assessment and information disclosures, aiming to comply with certain provisions ahead of schedule and maintain high standards of transparency.

**Data Privacy Protection and Cybersecurity** – The Group revised its data protection policies, developed a contingency plan under extreme circumstances, and established the Cybersecurity Committee and the Data Management Committee to further improve its data protection system and safeguard personal data, laying a good foundation for the Group's corporate governance and sustainability.

## MANAGEMENT SYSTEM

For the management approach to each topic, please refer to the section headed "Sustainability – Approach & Frameworks" on the Company's official website.

During the year, Piraeus Terminal held certification to ISO 27001 Information Security Management systems.

## CORPORATE GOVERNANCE

A robust corporate governance framework is the cornerstone for achieving high-quality and sustainable development, as well as a vital tool for enhancing market value management to safeguard the mutual interests of the Group and its stakeholders. The Group adheres to high standards of business and work ethics, fostering an environment based on integrity. By continuously improving risk management and internal control, the Group ensures long-term and stable development of business, strengthens corporate resilience and competitiveness, and demonstrates its influence in the industry.

The Group actively enhances its corporate governance system, upholding the core responsibilities of the Board and management to form a transparent, co-ordinated and balanced governance system. This ensures that the Group operates efficiently and in compliance with all applicable laws. During the year, the Group revised the Rules of Procedures of Board Committees, clarifying the responsibilities of the ESG Committee for climate-related governance and incorporated them into its terms of reference, further improving its corporate governance standards.

During the year, the Group did not make any monetary contributions to any political campaigns, political organisations, lobbyists or lobbying organisations.

## CORPORATE GOVERNANCE STRUCTURE

The General Meeting is the highest decision-making body of the Group, exercising decision-making power over all material matters, protecting shareholder interests, and ensuring that all major decisions fully reflect the will of shareholders and the long-term development needs of the Group. The Board is responsible for implementing General Meeting resolutions, overseeing business operations and performance, leading corporate development strategies and managing resource allocation. The Board consists of seven committees, each with clearly defined terms of reference that specify their authority and responsibilities, enabling them to assist the Board in fulfilling its management and governance functions efficiently.



### Board Independence and Diversity

As at 21 March 2025 (the day on which the Board approved this Report), the Board consisted of eight members, including one executive director, two non-executive directors and five independent non-executive directors. Among them, the independent non-executive directors represented 62.5% of the Board, ensuring robust independent oversight, sufficient checks and balances on the Board and an objective review of the Group's operations and management.

The Audit Committee consists of three independent non-executive directors, while the Remuneration Committee, Nomination Committee, and ESG Committee are predominantly composed of independent non-executive directors, inclusive of their chairpersons. These individuals possess extensive experience in different industries and fields, enabling them to effectively supervise the Group's compliance and providing professional recommendations to the Board.

The Group recognises the importance of Board diversity in promoting scientific and effective decision-making and enhancing its overall business performance. To this end, the Group has established the Board Diversity Policy to ensure the Board would not consist solely of members of the same gender and shall have diversified backgrounds and experiences. When considering candidates for directors, the Nomination Committee takes full consideration into the gender, age, skills, cultural background, knowledge, and professional experience of the candidates, aligning them with the Group's business model and specific needs. The final decision is based on the candidates' strengths and the potential contributions to the Board, with the aim of optimising the governance structure and enhancing the competitive advantage of the Group.

<b>1. Designation</b>	Executive Director (1)	Non-executive Director (2)	Independent Non-executive Director (5)
<b>2. Gender</b>	Male (7)	Female (1)	
<b>3. Ethnicity</b>	Chinese (8)		
<b>4. Age group</b>	40-50 (2)	51-60 (2)	Over 60 (4)
<b>5. Length of service (years)</b>	Over 10 (2)	3-10 (3)	Less than 3 (3)
<b>6. Skills, knowledge and professional experience<sup>Note 1</sup></b>	Terminal operation and management (3)	Accounting and financing (4)	Banking (1)
	Law (2)	Management and commercial (1)	Capital market (1)
	Investment and acquisitions (1)	Strategic planning (1)	
<b>7. Academic background</b>	University (8)		

Note 1: Directors may possess multiple skills, knowledge and professional experience.

Note 2: The number in brackets refers to the number of directors under the relevant category.

For details on corporate governance, please refer to the section headed “Corporate Governance Report” in the 2024 Annual Report of the Company.

## ESG GOVERNANCE

### ESG Governance Framework

The Board authorises the ESG Committee to supervise ESG matters of the Group, ensuring the effective implementation of relevant policies and initiatives. The ESG Committee consists of three members: two independent non-executive directors (including the committee chairman), and one Chairman of the Board. This structure ensures independent oversight of ESG initiatives, while enhancing the Group’s execution and performance in this area. Under the Board’s leadership, the ESG Committee is responsible for introducing and advocating leading principles and concepts related to corporate governance, instructing the Public Relations Division in organising and implementing ESG initiatives with the support of all functional departments and subsidiaries, reporting to and providing the Board with professional recommendations to the Board on corporate social responsibility and sustainability strategies.

### ESG Capacity Building

To enhance the Board’s expertise in sustainability, the Group organised ESG trainings for all Board members, covering global ESG development trends and disclosure policies such as the ESG Reporting Guide, the ISSB standards and the CSRD. In addition, professional consultants provided detailed interpretations of the SEHK’s climate-related disclosure requirements to the ESG Committee and management, facilitating discussions on climate change-related topics such as scenario analysis, climate-related financial quantification, and Scope 3 GHG emissions. These efforts aim to enhance awareness of climate change impacts and prepare the Group to address climate challenges effectively.



## ESG Management System

The Group established a series of systems related to risk management, anti-corruption, information security management, energy saving and carbon reduction, ecological and environmental protection, supplier and procurement management, customer service, safe production, human resource management, and information disclosure. These systems are designed to regulate the Group's ESG initiatives, enabling it to fulfil corporate responsibilities and effectively create economic, social and environmental values for the Group's sustainable development. For details on the Group's management and initiatives of each topic, please refer to Chapters 7 to 11 of this report.

## ESG Assessment Mechanism

The Group integrates a series of ESG performance indicators, including safe production, energy saving and emission reduction, and ecological and environmental protection, into its management assessment process, linking annual performance to ESG achievements and results. The Group also includes these indicators in the performance assessments of subsidiary leaders with quantifiable assessment standards, rewards or penalties based on the annual assessment results. By incorporating ESG performance indicators and responsibilities at management, business units, and individual levels, the Group is able to enhance awareness of sustainability among its management personnel and employees.

## RISK MANAGEMENT

During the year, the Group reviewed and enhanced its risk management and internal control systems, issuing revised Compliance Management Measures to clarify behavioural guidelines for the Group's business operations. All employees are required to strictly adhere to national laws and regulations, regulatory provisions, industry standards, international treaties, as well as the requirements set out in the Company's articles of association and internal rules and regulations. During the year, the Group did not encounter any risk incidents.

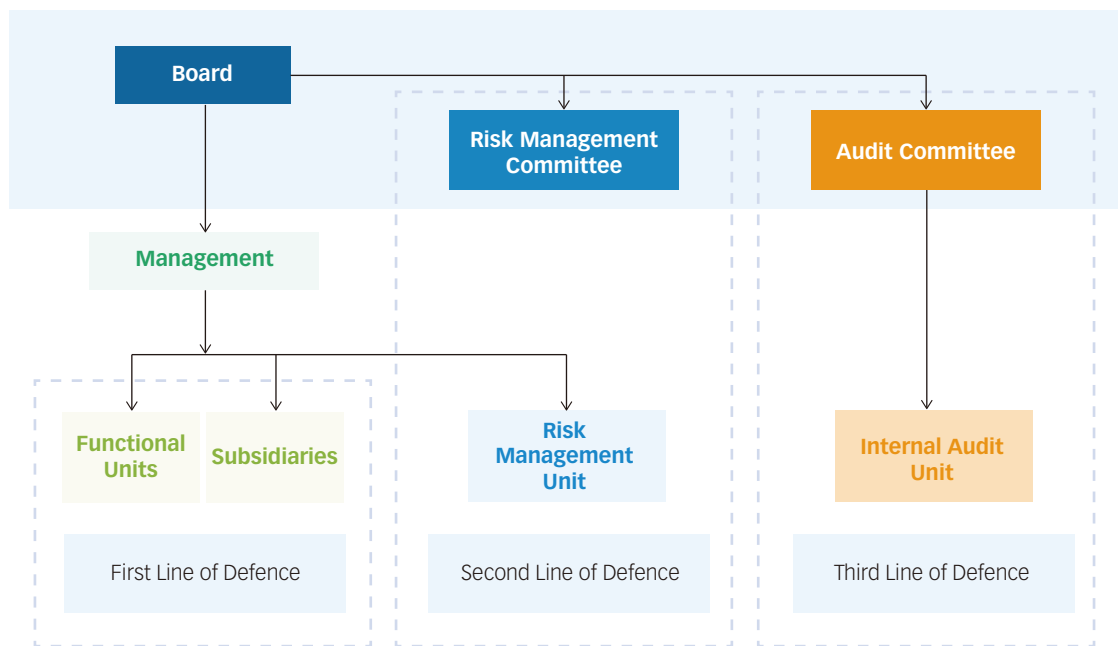
The Group developed a "three lines of defence" risk management and internal control system based on the current regulatory environment, risk assessment and response strategies to effectively identify, analyse and address potential risks in its business. The Group also developed a comprehensive risk management framework which covers five dimensions, including corporate strategy, market, finance, legal and operations, with reference to national and internationally recognised guidelines<sup>4</sup>. The Board, Risk Management Committee, Audit Committee, management, Legal & Compliance Division, Audit & Supervision Division, other functional departments and the subsidiaries jointly form the Group's risk management and internal control structure. Each entity fulfils its responsibilities in decision-making, execution, and supervision, creating a scientifically structured and collaborative mechanism to ensure the effectiveness of the risk management and internal control system.

The Group has incorporated climate-related risks into its risk management process in accordance with the new climate-related disclosure requirements set out in the ESG Reporting Guide of the SEHK, enhancing sustainable development and climate disclosure. For details on the climate-related risk management process, please refer to Chapter 8 of this report.

<sup>4</sup> Including the COSO Framework established by the Committee of Sponsoring Organisations of the Treadway Commission of the United States of America, the "General Risk Management Guidelines for State-owned Enterprises" issued by the State-owned Assets Supervision and Administration Commission of the State Council, the "Basic Norms of Internal Control for Enterprises" and complementary guidelines issued by the Ministry of Finance and four other ministries and commissions of the People's Republic of China, and the guide on internal control and risk management issued by the Hong Kong Institute of Certified Public Accountants.

During the year, the Group organised all functional departments, its subsidiaries and external experts to carry out internal control evaluation and risk assessments to scientifically and comprehensively assess major risks of the Group based on likelihood and impact, prioritising risk management and formulating response strategies. The risk assessment was conducted through interviews and questionnaires, covering risks relating to the macroeconomy, business compliance, economic situation and policies, as well as ESG topics on energy, labour, information system and data security, extreme weather, safe production, environmental protection, and human resources.

## RISK MANAGEMENT STRUCTURE



## RISK MANAGEMENT PROCEDURES



For details of the risk management system and risk assessment, please refer to the section headed "Corporate Governance Report – Risk Management and Internal Control" in the 2024 Annual Report of the Company.

## BUSINESS ETHICS

The Group regards business ethics and integrity as the foundation of business success, adheres to high standards of ethics and compliance, conducts business operations with a responsible attitude to protect the rights and interests of stakeholders and establish a good corporate reputation.

### INTEGRITY AND ANTI-CORRUPTION

The Group upholds high standards of business ethics and integrity and has a zero-tolerance approach towards suspected corruption, fraud and other misconduct. To this end, the Group has formulated the Anti-corruption Policy to ensure all employees strictly comply with applicable laws and regulations and to minimise improper conduct. The anti-corruption principles and regulations in the Company's Employee Handbook prohibits employees from using the Company's name or their positions to seek personal gains and emphasises that employees must abide by ethical standards and professional conduct, upholding the core values of compliance, integrity, and lawfulness.

To strengthen a culture of integrity and corporate ethics, the Group regularly arranges anti-corruption trainings and requires all subsidiaries to carry out anti-corruption education programmes. During the year, all directors of the Company completed anti-corruption training which included a series of training materials on anti-corruption produced by the Independent Commission Against Corruption of Hong Kong. A total of 4,943 employees participated in different forms of anti-corruption trainings, which included education on the prevention of bribery and conflict of interest, broadcast of videos on corruption prevention, learning the Governance and Internal Control Anti-Corruption Guide for Non-Governmental Organisation and filling in self-study questionnaires, to enhance the awareness of business integrity of all employees.

In 2024, the Group did not receive any reports or complaints on bribery and corruption.

### WHISTLEBLOWING AND PROTECTION OF WHISTLEBLOWERS

The Group has formulated the Whistleblowing Policy, which details the Group's process of receiving and investigating reported issues. It offers formal reporting channels to all members of the Company and business partners, including customers and suppliers. This policy ensures the confidentiality of channels, safeguarding the privacy and safety of whistleblowers, and prohibits any form of retaliation against them.

### ANTI-TRUST AND ANTI-UNFAIR COMPETITION

The Group has formulated the Anti-trust Compliance Guide and the Overseas Mergers and Acquisitions Legal Guide to strengthen anti-trust management, ensure compliance, and promote fair market competition, supporting the sustainability of the port industry.

## DATA PRIVACY PROTECTION AND CYBERSECURITY

### GOVERNANCE STRUCTURE

Data privacy protection and cybersecurity are top priorities for the Group to achieve good corporate governance and sustainability in the context of digital transformation. The Group has established a robust governance structure to form a solid data security network to ensure that personal information privacy is appropriately protected and handled. During the year, the Group established the Data Management Committee, composed of the Company's management, dedicated departments and heads of various functional departments, to formulate strategic objectives and decide material issues related to data governance, and to review matters related to data management. The Data Joint Working Group and the Data Management Office have been set up under the Data Management Committee to regulate and standardise the use of data to continuously enhance data management and realise data asset value, thereby improving the level of digital management.

To enhance cybersecurity initiatives and regulate cybersecurity management for stronger protection, the Group established the Cybersecurity Committee during the year, led by management, dedicated departments and heads of various functional departments, to coordinate and lead cybersecurity initiatives and formulate cybersecurity objectives, approach and policies. The Cybersecurity Committee Office, set up under the Cybersecurity Committee, is responsible for managing cybersecurity risks, contingency plans and responses, as well as the implementation of cybersecurity initiatives across the Group, to provide comprehensive support and guarantee for business operations.

In 2024, no cases of data breaches or cybersecurity incidents occurred.

### **CONSTRUCTION OF POLICIES AND SYSTEMS**

The Group prioritises information security and privacy protection, and strives to create a robust and stable environment for information protection to safeguard the data security of both the Group and its customers. To this end, the Group conducted a comprehensive review of its cybersecurity policies and issued the Data Management Measures (Interim), Regulations and Procedures for Data Standard Management (Interim), and Contingency Plan under Extreme Situations to further improve the data protection system, strengthen data and personal information safeguards, and strengthen emergency response capabilities.

In response to the privacy protection requirements of various regions, including the Data Security Law and Personal Information Protection Law of China, as well as the General Data Protection Regulation of the European Union, cross-border data flows, cybersecurity emergency response mechanism, access rights management, and data monitoring and early warning mechanism related to compliance risks are standardised and guided in the Data Management Measures (Interim). Regular reviews and risk assessments on the process of data handling promotes lifecycle management of privacy data. By revising policies and systems, the Group's data management processes are enhanced, effectively preventing cyberattacks, illegal intrusions, disruptions, destruction, and misuse of data, ensuring network stability, data integrity and confidentiality, thereby enhancing digital management and laying a solid foundation for high-quality corporate development.

To better fulfil privacy compliance requirements related to privacy protection in different countries, the Group initiated a data compliance consultation project during the year and engaged experts in personal data and privacy protection, to continuously review and improve the Group's personal data and privacy management regulations. A data compliance officer was appointed to identify and advise on potential risks, implement timely reviews, establishing a closed-loop compliance management system. The consultation project aims to ensure that while the Group advances its digital transformation, the personal data and privacy involved are effectively protected, thereby strengthening data security.

### **SECURITY ENHANCEMENT**

In terms of digital management, the Group is committed to accelerating digital transformation. A "1+1+3+N" data middleware, which is established by building one port data middleware foundation, forming one data governance system, constructing three major port data management pillars, and supporting multiple port data applications, is implemented and operated on the Group's intelligent data integration platform, achieving automatic data collection, aggregation, integration, and value analysis, significantly enhancing the efficiency of data governance. During the year, the intelligent data integration platform was connected to the systems of most subsidiaries in China, processing large volumes of data efficiently and speedily on a daily basis, providing a solid foundation for subsequent business innovation and intelligent decision-making.

During the year, the Group continued to drive the subsidiaries in China to comprehensively adopt security systems. Through regular testing and scanning, security vulnerabilities were identified and addressed to effectively prevent virus and intrusion attacks. Additionally, the Group regularly rectified and addressed cybersecurity vulnerabilities to prevent potential risks in system security, ensuring that the information of the Group and its customers is properly protected.



## TRAINING, EDUCATION AND EMERGENCY DRILLS

To raise the awareness and response capabilities of all employees regarding privacy protection and cybersecurity, the Group regularly conducts cybersecurity trainings and educational campaigns which impart the latest security knowledge and practical skills. Additionally, the Group organises the subsidiaries to develop contingency plans tailored to their specific circumstances and conduct regular drills to continuously improve the Group's cybersecurity emergency response and management system, strengthening the barrier against cyber risk. The Group also carries out annual cybersecurity drills, and completed exercises focused on ransomware prevention and data recovery during the year.

### CASE

#### Nantong Tonghai Terminal completed an emergency drill for business system support not in place

During the year, Nantong Tonghai Terminal conducted an emergency drill to simulate a scenario where business support system was unavailable. Before the drill, Nantong Tonghai Terminal developed a detailed drill plan and formed a leading group to specify the division of responsibilities. After the emergency drill started, the relevant departments quickly switched to manual operation mode in accordance with the plan. Through the concerted efforts of all departments, the terminal was able to resume normal operations in a short period of time. This emergency drill effectively enhanced employees' ability to handle accidents and their communication and cooperation skills.



*Detailed planning for the emergency drill*



*Simulated on-site troubleshooting of information malfunctions*



## CASE

### Lianyungang New Oriental Terminal carried out cybersecurity training

In July 2024, Lianyungang New Oriental Terminal organised a cybersecurity training, focusing on cybersecurity basics, password security strategies and phishing email prevention techniques, and real-world case studies. This initiative aimed to enhance employees' cybersecurity awareness and protection capabilities, facilitating the development of a strong cybersecurity defence system. In the future, the terminal will carry out regular cybersecurity trainings and education to cope with the ever-changing cybersecurity threats and safeguard corporate information assets.



## TAX

The Group strictly adheres to national tax laws and regulations, ensuring timely tax filing and payments. To enhance tax compliance, the Group has formulated the Tax Management Measures, outlining tax management procedures and responsibilities to standardise key processes such as tax declaration, planning and file management, eliminating risks of tax evasion and avoidance. During the year, the Group strictly followed all applicable tax law requirements, completing tax declarations and payments legally, compliantly, and in a timely manner.

In 2024, no financial or tax-related illegal or non-compliant incidents were reported.

