



招商局港口控股有限公司

CHINA MERCHANTS PORT HOLDINGS COMPANY LIMITED

Stock Code: 00144

WE CONNECT  
THE WORLD



2021

Environmental, Social  
and Governance Report



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# ABOUT THIS REPORT

This Environmental, Social and Governance Report (the “**Report**”) is the sixth ESG report published by China Merchants Port Holdings Company Limited (the “**Company**” or “**CMPort**”) and its subsidiaries (collectively referred to as the “**Group**” or “**we**”), and is published as a standalone report for the first time. The Report aims to disclose the Group’s management strategies, actions, and achievements in the area of sustainable development in 2021 to various stakeholders in an open and transparent manner, while it also focuses on addressing the concerns of key stakeholders on the Group’s sustainable development. This Report shall be read in conjunction with the section headed “Corporate Governance Report” in the Company’s *2021 Annual Report* for a comprehensive understanding of the Group’s environmental, social and governance (“**ESG**”) performance.

## REPORTING GUIDELINE

This Report was prepared in accordance with the *Environmental, Social and Governance Reporting Guide (2019 Edition)* (the “**ESG Reporting Guide**”) under Appendix 27 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “**Listing Rules**”) issued by The Stock Exchange of Hong Kong Limited (the “**SEHK**”). This Report complies with the mandatory disclosure requirements and the “comply or explain” provisions of the ESG Reporting Guide, and adheres to the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency” as the basis of report preparation.

MATERIALITY	QUANTITATIVE	BALANCE	CONSISTENCY
The Group has determined the importance levels of each sustainable development issue to the Group and its stakeholders through materiality assessment, so as to identify the disclosure focuses of this Report and disclose the process of materiality assessment in detail.	In order to comprehensively evaluate the Group’s ESG performance during the Reporting Period, the Group disclosed applicable quantitative key performance indicators in the ESG Reporting Guide, and listed the standards, methods, assumptions, and calculation references adopted for the quantitative key performance indicators, including the sources of major conversion factors.	The Report discloses 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 this Report are consistent with the previous years, and changes in statistical methods, key performance indicators, and other relevant factors are described in detail.

## REPORTING SCOPE

The Report describes the sustainable development performance of businesses that are financially and operationally significant to the Group and entities that have a significant impact on the Group's ESG performance. The social data performance in the Report covers the Group's overall business scope, while the environmental data performance covers the Group's subsidiaries in port and port-related businesses.<sup>1</sup> Unless otherwise stated, the Reporting Period is from 1 January 2021 to 31 December 2021 (the "Reporting Period"). In order to comprehensively report the Group's sustainable development performance, some content is appropriately traced forward or extended.

## REPORTING STATEMENT

The Board of Directors of the Company (the "Board") has overall responsibility for ESG strategies formulation and related reporting. This Report is published in two languages: Traditional Chinese and English. Should there be any discrepancies in the understanding of the content, the Traditional Chinese version shall prevail.

## ACCESS TO THE REPORT

The electronic version of this Report is published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cmport.com.hk>). If you have any enquiries or valuable suggestions regarding this Report, please feel free to contact us through the following means:

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<sup>1</sup> Ningbo Daxie China Merchants International Terminals Co., Ltd. ("Ningbo Daxie") and Shenzhen Haiqin Engineering Supervision & Management Co., Ltd. ("Haiqin Engineering") were newly added to the scope of environmental data collection.



## ABOUT THE GROUP

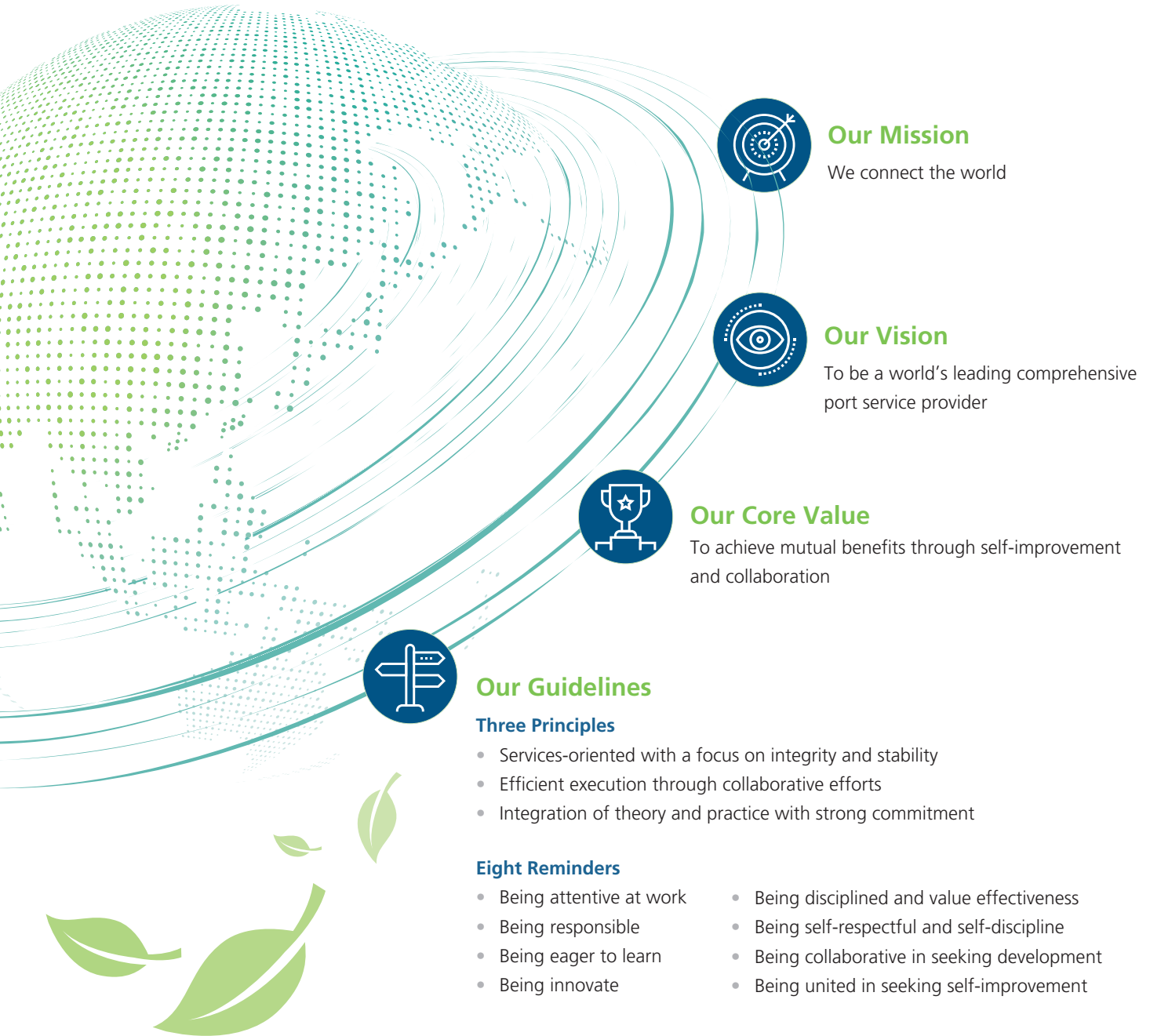
Renowned for its remarkable history as well as strategic vision and foresight, the Group has established an unrivaled position in the ports industry in both the PRC and worldwide. We are the flagship company of China Merchants Group Limited and its subsidiaries (“**CMG Group**”), the longest-standing and the most renowned shipping company in the PRC. The ports and logistics operation of CMG Group had expanded across the PRC as far back as in the 19th century. The Group is now a global leading port developer, investor, and operator, with a comprehensive port network across the hub locations along coastal area of China. The terminals, which the Group became the controlling shareholder of or those the Group has an interest in, are located in hub locations across Shenzhen, Hong Kong, Shanghai, Ningbo, Qingdao, Tianjin, Dalian, Zhangzhou, Zhanjiang, Shantou, and Taiwan, as well as in Asia, Oceania, Europe, Mediterranean Sea, Africa, and Americas, amongst others.

As of the end of 2021, the Group has invested in 42 ports separately located in 25 countries and regions and the container throughput handled during the year amounted to 135.04 million TEUs. The Group has earned itself a reputation across the industry, leveraging on the professional management experience accumulated for years, its self-developed global leading ports operating system and integrated logistics platform for import and export, its extensive maritime logistics support system, the modern and all-rounded integrated logistics solutions it offers, its quality engineering management, and the outstanding and reliable services it provides. The Group’s vision is to become “a world’s leading comprehensive port service provider”. Through the implementation of domestic, overseas and innovation strategies, the Group continues to achieve world-class level on various fronts, including container throughput of global ports, market share, comprehensive port development, operational management capabilities, resource utilisation, labour productivity and brand name, etc.

# SUSTAINABLE DEVELOPMENT MANAGEMENT

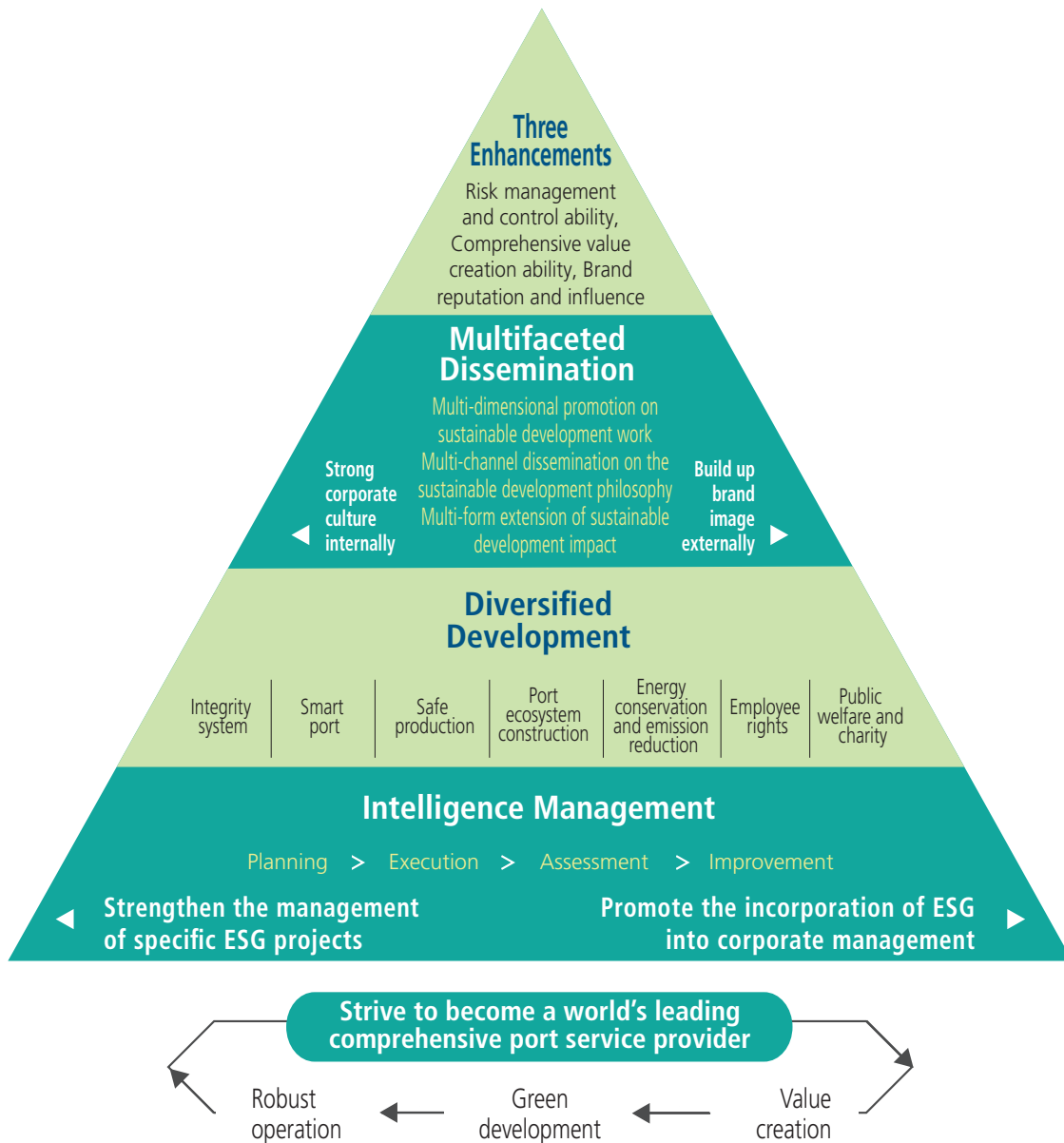
## SUSTAINABLE DEVELOPMENT PHILOSOPHY

Adhering to the principle of sustainable development, the Group establishes its sustainable development concept framework with responsible corporate mission, vision, core values, philosophy, and corporate spirit, strives to achieve value sharing and mutual benefit, as well as promoting a healthy, sustainable, stable and harmonious development of the society.



## SUSTAINABLE DEVELOPMENT MANAGEMENT

With a focus on strengthening the ability to achieve sustainable development, the Group continues to reinforce sustainable development in coordination with business operation policies, while proactively facilitating the integration of sustainable development elements into functional departments' daily work and business processes, and has formed a "mission-oriented" sustainable development promotion model. The Group also actively assumes corporate social responsibility to create integrated values for its stakeholders including shareholders, the government, customers, employees, and business partners, with the aim of promoting sustainable development of both the entity and the society.

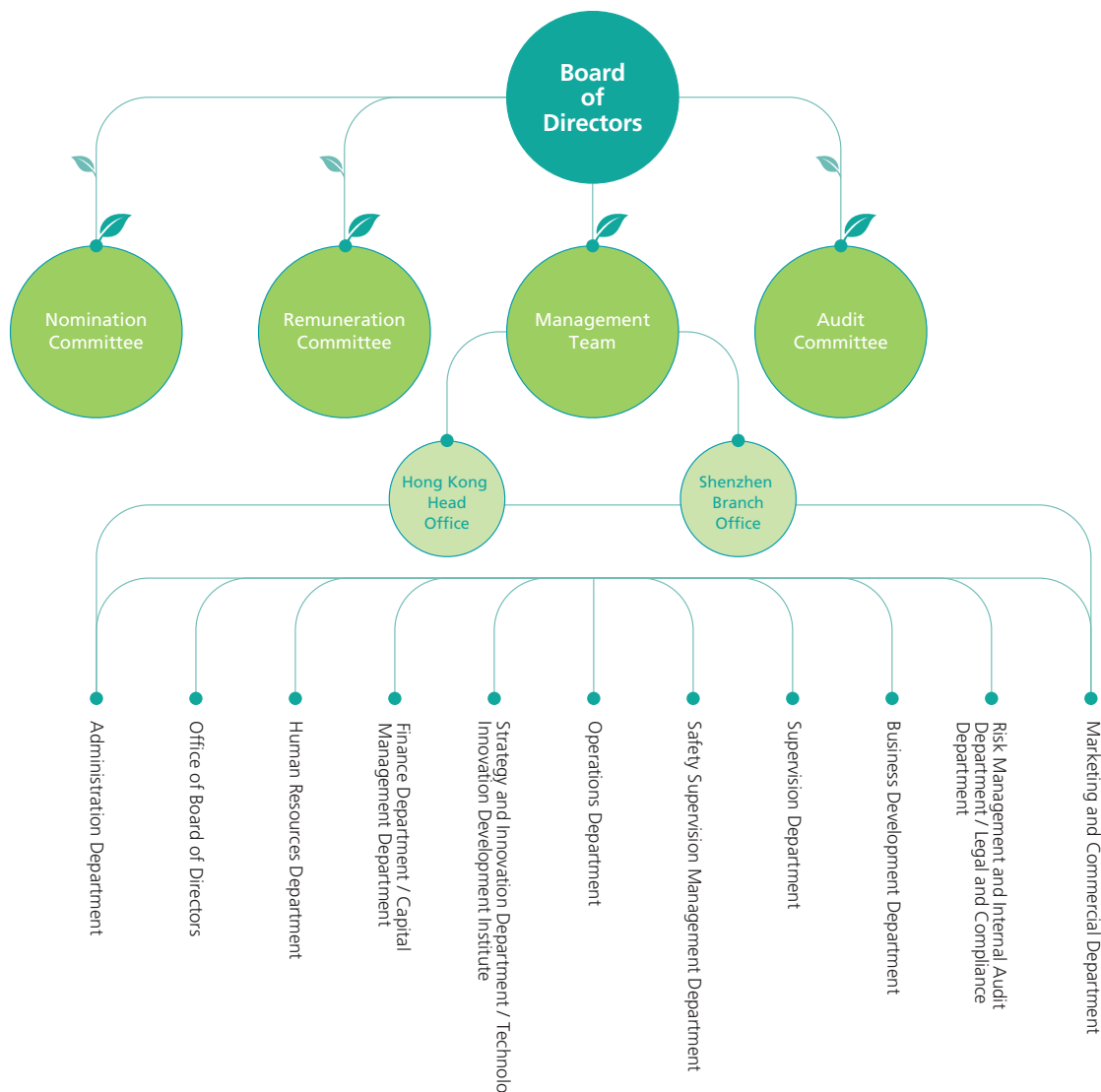




## CORPORATE GOVERNANCE

### Comprehensive Governance Structure

The Group is committed to upholding a robust and high-standard corporate governance, strictly complies with the prevailing laws, regulations, and relevant requirements, and strictly complies with the *Corporate Governance Code* as set out under Appendix 14 of the Listing Rules (“**Corporate Governance Code**”) to maintain the highest ethical standards. The Company has established a standardised, transparent, open, and efficient corporate governance structure and governance rules based on its actual production and operational practices. The duties and authorities regarding various aspects including decision, execution, and supervision are clearly defined, thus forming a mechanism with a highly effective division of responsibilities as well as checks and balances. The Company executes various policies pursuant to the rules and regulations under the supervision of the Board. The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee, each of which has its specific written terms of reference and clearly sets out relevant powers and responsibilities, so as to assist the Board in discharging its duties and strengthen effective management, thereby achieving healthy and sustainable development of the Group as a whole through a professional, standardised and transparent management approach. The Company believes that a diverse governance structure is beneficial to enhancing sustainable development performance and has formulated a *Board Diversity Policy* (《董事會成員多元化政策》). In designing the Boards composition, comprehensive consideration will be given to various aspects such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, etc. The Company will gradually implement the plan of achieving gender diversity of the Board in accordance with the provisions of the *Corporate Governance Code* to continuously enhance the overall effectiveness of sustainable business operations and shareholder value.

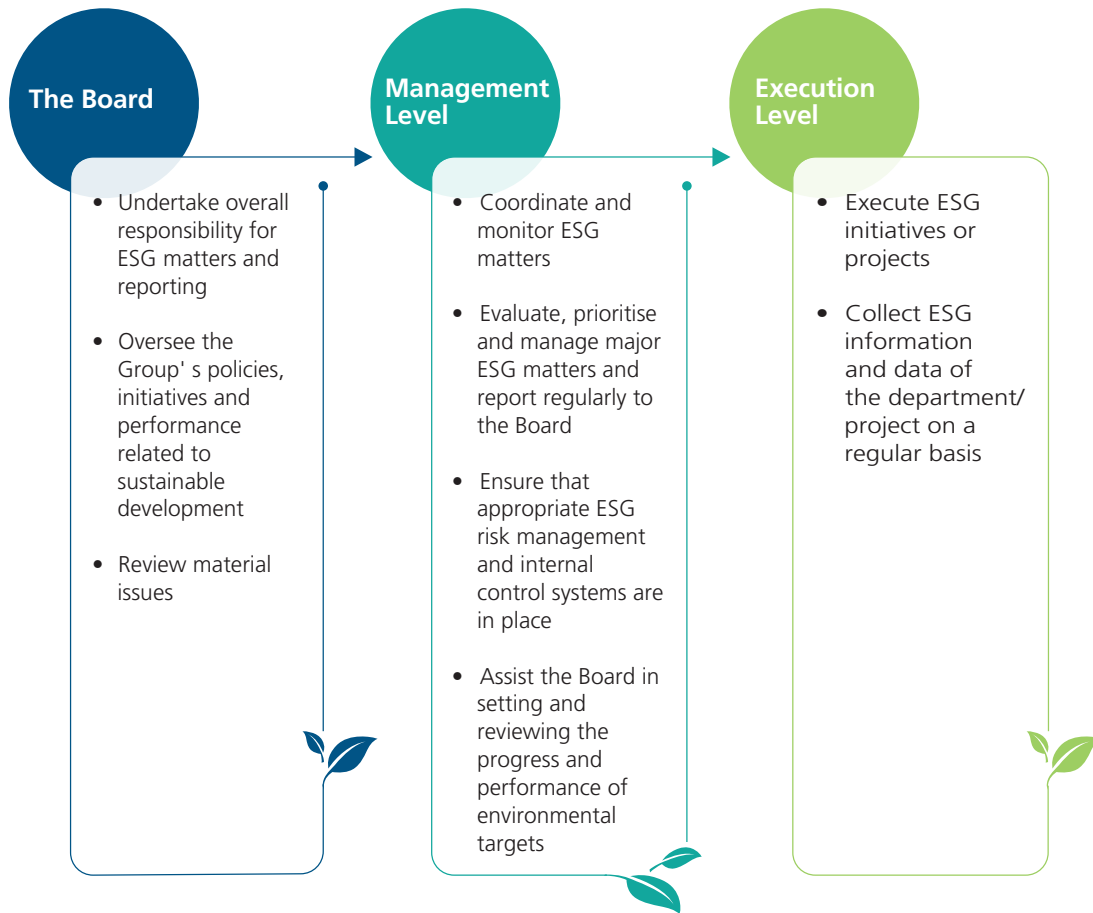


# SUSTAINABLE DEVELOPMENT MANAGEMENT

## ESG Management Structure

The Group firmly believes that robust corporate governance and effective sustainable development management are the important guarantees for a corporate to realise its corporate vision and mission and to achieve business sustainability. The members of the Board are fully committed to their duties, firmly align the direction of corporate development with the prevailing economic and market conditions, and effectively create long-term interests and value for shareholders and stakeholders. (For details of corporate governance, please refer to the section headed "Corporate Governance Report" in the 2021 Annual Report of the Company.)

The Board is responsible for formulating the overall development strategies of the Group and maintaining effective supervision over the management, as well as reviewing and approving the annual ESG report. Under the supervision of the management, the sustainable development duties are jointly carried out by various functional departments and promoted to various subsidiaries for implementation, so as to implement specific tasks and regularly summarise the performance of sustainable development efforts, laying a foundation for the systematic implementation of sustainable development actions in the future.



## RISK MANAGEMENT AND CONTROL

### Corporate Risk Management and Internal Control

A sound risk management and control mechanism is of paramount importance for managing risks and seizing opportunities. The Group has established a comprehensive risk management system in accordance with the *Measures for Risk Management* (《風險管理工作辦法》) and established the elements of efficient implementation of internal control and risk management, including the establishment of a functional system for risk management within the corporate, the formulation of risk management strategies, the implementation of regular material risks assessment, the identification of material risks and the allocation of responsibilities, so that the potential risks in the business environment can be prevented and controlled.

The Group carries out internal control and risk management according to the internal control system and assessment measures. During the Reporting Period, 23 business units of the Group were included in the assessment of risk control system. The scope of internal control assessment of the Group covered its core businesses, which are subjected to regular self-assessment as well as various specific audits on safe production, non-compliant operation and investment, accounting information quality and other aspects based on the progress of major tasks performed. For subsidiaries included in the internal control system, the Group has formulated the “being-covered-every-three-years” internal control system supervision and inspection programme. Significant audit findings on internal control, assessment on risk management, and self-assessment on internal control system are reported regularly to the Audit Committee by the Risk Management and Internal Audit Department / Legal and Compliance Department each year.

### ESG Risk Management

With the basis of the existing risk management and response mechanism, the Group conducted an ESG risk assessment during the Reporting Period. Through performing megatrends analysis, the sustainable development megatrends and potential ESG risks related to the port industry were predicted and shortlisted to establish the ESG risks inventory. After that, the Group further scored the potential ESG risks according to the “severity of impacts of the risks” and “possibility of occurrence of the risks”, and obtained the risk level and risk matrix of ESG risks based on the scoring results, eventually assessed a total of 4 material ESG risks in three aspects, namely the environmental, social and technological aspects. The results of the ESG risk assessment will facilitate the Group to formulate more proactive ESG management strategies to better manage and control the ESG risks.



## SUSTAINABLE DEVELOPMENT MANAGEMENT

The Group has formulated corresponding risk response strategies targeting material ESG risks. Each department implements corresponding risk management and control measures in daily duties to prevent the occurrence of material risk events. Meanwhile, the Group also continuously monitors and controls ESG risks with low-risk levels to ensure long-term and stable business development.

Aspects	Material ESG Risks	Potential Impacts	Risk Management and Control Measures
<b>Environmental</b>	Climate change and extreme weather	Extreme weather caused by climate change may endanger port equipment or other property, affecting business operation. In addition, national regulatory authorities have been strengthening climate-related regulations and legislations, which may require corporates to adjust their business models to adapt to relevant regulatory changes. Failure to adequately address climate issues may pose risks to corporates on multiple fronts, with negative impacts on operations, revenues, business, reputation, etc.	<ul style="list-style-type: none"> <li>Formulated the <i>Administrative Regulations on Energy Conservation and Environmental Protection</i> (《節能環保管理規定》) and the <i>Administrative Measures on Energy Conservation and Environmental Protection Performance Assessment</i> (《節能環保績效考核管理辦法》) to establish and improve the energy conservation and emission reduction management as well as the performance assessment system.</li> <li>Developed and applied new energy conservation technologies and products, including shore-powered supply for vessels, the “oil-to-electricity” technology, the use of clean energy, and the replacement of fuel oil with clean and low-carbon electricity for propulsion.</li> <li>Formulated contingency plans, required subsidiaries to formulate typhoon and flood prevention plans and to adopt measures against adverse weather at terminals.</li> </ul>
<b>Social</b>	Infectious diseases	Some countries or cities have implemented measures to control the outbreak of the pandemic, which directly affects the operation of corporates in the region on one hand, and the supply chain related to corporates on the other hand.	<ul style="list-style-type: none"> <li>Compiled and implemented the <i>Overall Emergency Response Plan</i> (《突發事件總體應急預案》) to comprehensively standardise the procedures for handling public health and other incidents, in order to enhance the emergency prevention and handling capabilities, minimise and prevent casualties and property losses caused by emergencies, and organise the resumption of corporate production activities in a timely manner.</li> <li>Played the role as a port operator in the transportation of supplies for pandemic prevention and control, provided a green path for vessels loading with supplies for pandemic prevention and containment.</li> </ul>





Aspects	Material ESG Risks	Potential Impacts	Risk Management and Control Measures
<b>Social</b>	Shortage of talent pool	In the face of the continuous expansion of overseas projects, a shortage of talent in the talent team may hinder the long-term development of the corporate's global business.	<ul style="list-style-type: none"> <li>Improved human resources management system.</li> <li>Launched management trainee programmes, global manager programmes, youth talent training programmes and other training programmes.</li> <li>Established overseas talent competency standards and conducted talent review, carried out overseas talent fast-track training programmes, and improved the expatriation mechanism and management mechanism.</li> <li>Improved the remuneration and incentive mechanism, established a smart performance system, and strengthened the assessment linkage.</li> </ul>
<b>Technological</b>	Information security and cyber incident	Cyber security incidents may affect the stability of business operations, which may result in business interruptions, and incidents such as customer information leakage may damage the reputation of a corporate, resulting in loss of customer trust and business opportunities, or result in legal proceedings or fines against the corporate.	<ul style="list-style-type: none"> <li>Standardised the confidentiality work procedures and encryption transmission mechanism of business contracts.</li> <li>Classified the confidentiality of customer information and formulated corresponding confidentiality measures.</li> </ul>






## SUSTAINABLE DEVELOPMENT MANAGEMENT

### STAKEHOLDER ENGAGEMENT

The support of stakeholders is an important cornerstone for the Group to achieve its sustainable development goals. The Group has been maintaining good communication with stakeholders through various channels to fully understand their concerns and expectations, and taking into account stakeholders' opinions in the daily operations and decision-making process of the Group, with a view to continuously improving the sustainable development management and performance of the Group.

Stakeholder Group	Communication Channels	Expectations and Appeals	Our Response
 <p><b>Shareholders and investors</b></p>	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>General meetings</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 state-owned 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>
 <p><b>Government and regulatory authorities</b></p>	<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>Compliance 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>Optimise the management of its terminals and actively implement corporate social responsibility</li> </ul>
 <p><b>Customers</b></p>	<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 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>
 <p><b>Partners</b></p>	<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 win-win development</li> </ul>	<ul style="list-style-type: none"> <li>Establish responsible supply chain</li> <li>Seek comprehensive development partnership opportunities</li> </ul>

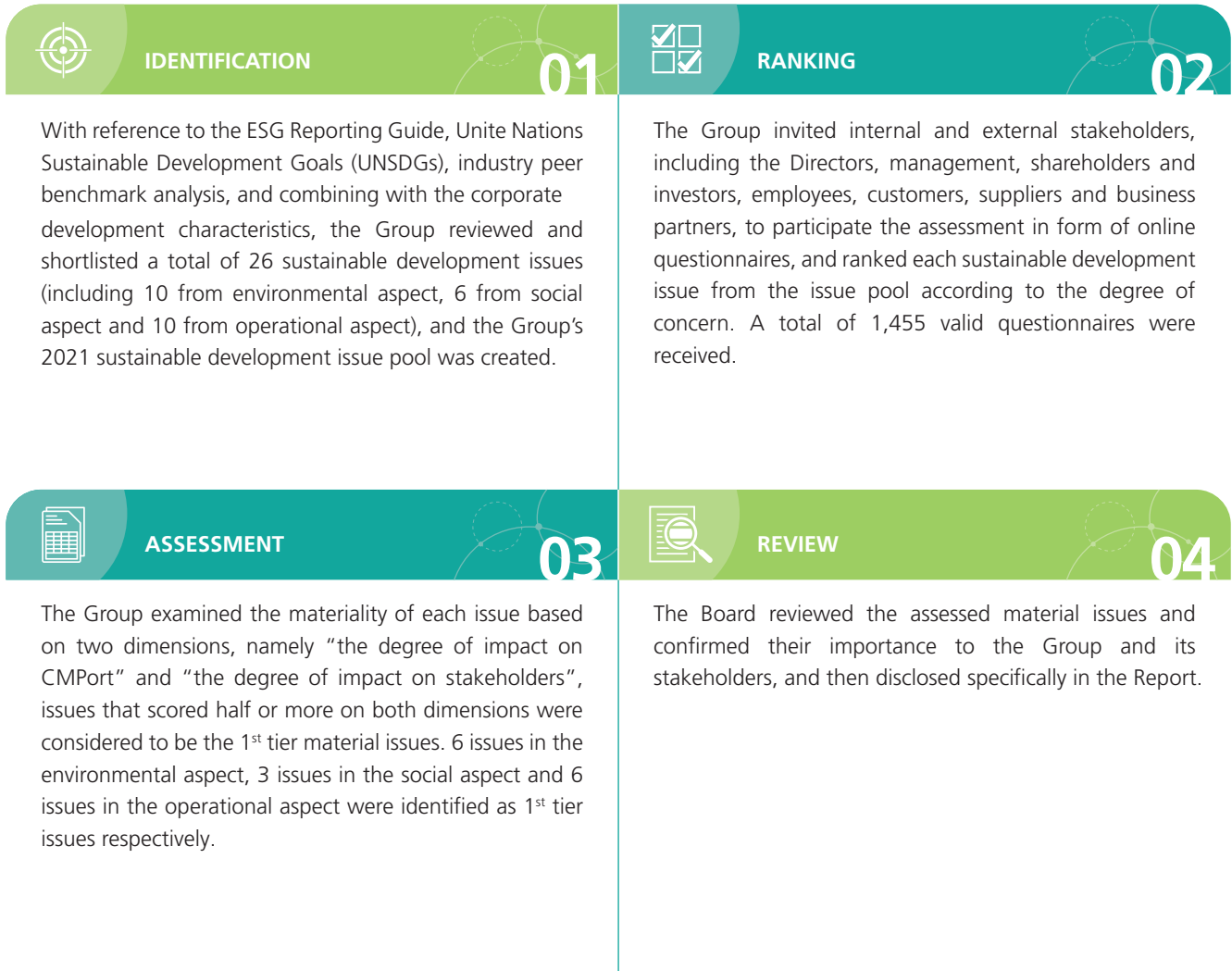
Stakeholder Group	Communication Channels	Expectations and Appeals	Our Response
 <b>Employees</b>	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Standardised training</li> <li>Exchange activities</li> </ul>	<ul style="list-style-type: none"> <li>Secure basic rights</li> <li>A smooth 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, as well as training and employee caring activities</li> <li>Create a safe and healthy working environment</li> </ul>
 <b>Environmental Charitable Organisations</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>



## SUSTAINABLE DEVELOPMENT MANAGEMENT

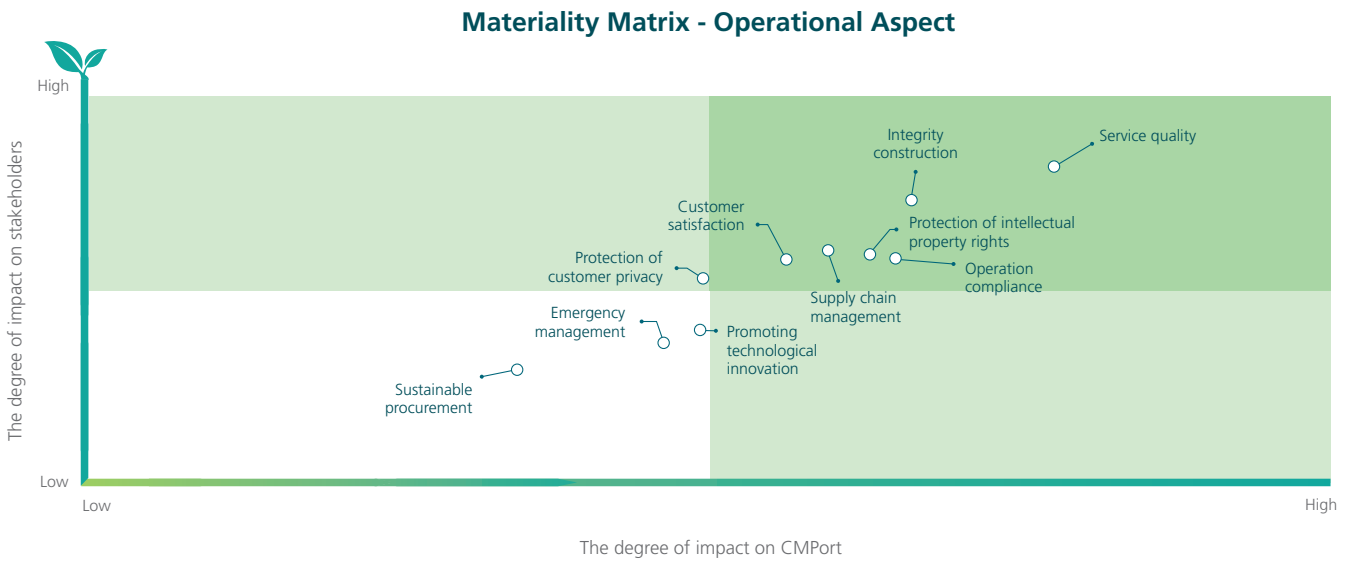
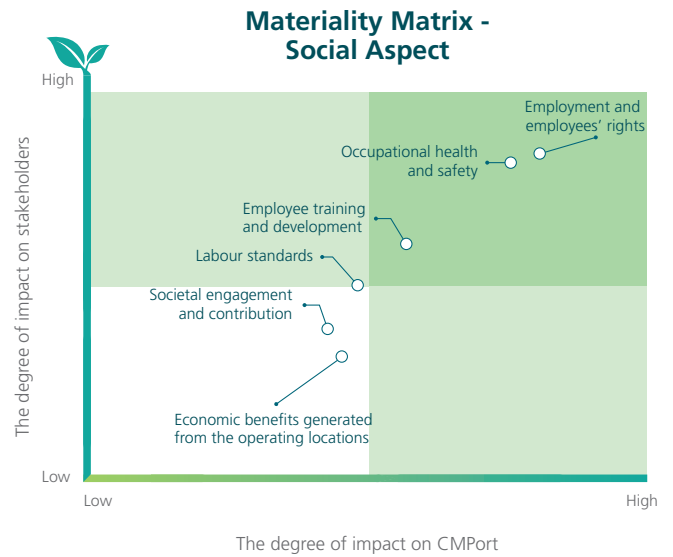
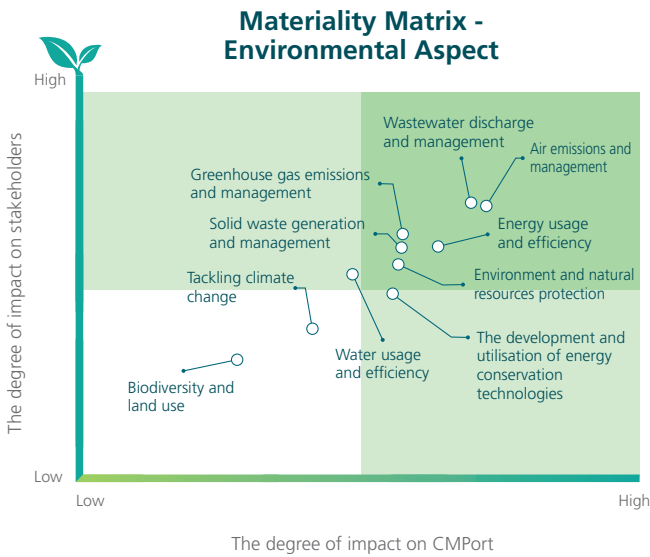
### MATERIALITY ASSESSMENT

In order 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 during the Reporting Period, detailed procedures of which are as follows:





The materiality assessment results are shown in the following diagrams:



## SUSTAINABLE DEVELOPMENT MANAGEMENT

Issues	Environmental Aspect	Social Aspect	Operational Aspect
<p><b>1<sup>st</sup> Tier Issues <sup>2</sup></b>  <b>(Issues distributed in the dark green area of the materiality matrix)</b></p>	<ul style="list-style-type: none"> <li>• Air emissions and management</li> <li>• Wastewater discharge and management</li> <li>• Energy use and efficiency</li> <li>• Greenhouse gas emissions and management</li> <li>• Solid waste generation and management</li> <li>• Environment and natural resources protection</li> </ul>	<ul style="list-style-type: none"> <li>• Employment and employees' rights</li> <li>• Occupational health and safety</li> <li>• Employee training and development</li> </ul>	<ul style="list-style-type: none"> <li>• Service quality</li> <li>• Integrity construction</li> <li>• Operation compliance</li> <li>• Protection of intellectual property rights</li> <li>• Supply chain management</li> <li>• Customer satisfaction</li> </ul>
<p><b>2<sup>nd</sup> Tier Issues <sup>3</sup></b>  <b>(Issues distributed in the pale green area of materiality matrix)</b></p>	<ul style="list-style-type: none"> <li>• The development and utilisation of energy conservation technologies</li> <li>• Water usage and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Labour standards</li> </ul>	<ul style="list-style-type: none"> <li>• Protection of customer privacy</li> </ul>
<p><b>3<sup>rd</sup> Tier Issues <sup>4</sup></b>  <b>(Issues distributed in the white area of materiality matrix)</b></p>	<ul style="list-style-type: none"> <li>• Tackling climate change</li> <li>• Biodiversity and land use</li> </ul>	<ul style="list-style-type: none"> <li>• Societal engagement and contribution</li> <li>• Economic benefits generated from the operating locations</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting technological innovation</li> <li>• Emergency management</li> <li>• Sustainable procurement</li> </ul>

<sup>2</sup> 1<sup>st</sup> Tier Issues: Material Issues, details about strategies and practices are stated in the Report as responses

<sup>3</sup> 2<sup>nd</sup> Tier Issues: Relevant practices are included in the Report as responses

<sup>4</sup> 3<sup>rd</sup> Tier Issues: Ongoing attention



# BUILDING STRONG LINES OF DEFENSE FOR INTEGRITY AND SAFE OPERATION

UNSDGs responded in this section:



## OPERATING WITH INTEGRITY AND COMPLIANCE

The Group regards integrity, honesty, openness, and transparency as the foundation of its business operations, and conscientiously complies with the laws and regulations and the requirements of regulatory authorities of the places where the Group operates, including but not limited to the *Anti-Monopoly Law of the People's Republic of China* (《中華人民共和國反壟斷法》), the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》), the *Company Law of the People's Republic of China* (《中華人民共和國公司法》) and the *Prevention of Bribery Ordinance* (《防止賄賂條例》) of Hong Kong and other laws and regulations that have a significant impact on the Group. The Group also complies with national policies such as the *Guidance on Compliance Management for Central Stated-Owned Enterprises (Trial)* (《中央企業合規管理指引(試行)》) and refers to *World Bank Group Integrity Compliance Guidelines* (《世界銀行合規指南》), OECD Council's *Good Practice Guidance on Internal Controls, Ethics, and Compliance* (《內控、道德與合規最佳實踐指南》) in an effort to maintain compliant operations. During the Reporting Period, the Group was not aware of any incidents of non-compliance with laws and regulations relating to bribery, extortion, fraud, and money laundering.

### Integrity Risk Investigation

The Group has implemented the *Administration Measures on the Prevention and Control of Integrity Risks Points (Trial)* (《廉潔風險防控工作辦法(試行)》) to improve the integrity risk investigation mechanism and conducts integrity risk point investigation in key business processes, links and key positions every year. Based on the forms of risk expression, causes, probability of occurrence, possible hazards and degree of impact, etc., the integrity risks points are evaluated as three risks levels including high, medium, and low, forming an integrity risk management information database, thereby adopting feasible preventive and monitoring measures to effectively prevent corruption behaviours from occurring.

### Anti-corruption Measures Implementation

The Board attaches great importance to business ethics and anti-corruption work and has established the Supervision Department in the head office as a functional department to implement and monitor integrity construction work. In order to continuously improve the level of business integrity and corporate governance, the Group has established a comprehensive anti-corruption system applicable to the Company and its subsidiaries, while associates and joint ventures can make reference to it. The Group has established an accountability mechanism for non-compliance acts through the introduction of the *Implementation Measures for the Accountability of Illegal Operation and Investment* (《違規經營投資責任追究實施辦法》), which specifies the scope of accountability, responsibility identification, handling methods and work procedures, and provides corresponding punishments depending on the severity of the situation, and those suspected of committing crimes shall be transferred to the judicial authorities.

## BUILDING STRONG LINES OF DEFENSE FOR INTEGRITY AND SAFE OPERATION

The Group strictly prevents and controls the risk of corruption and fraud. By formulating policies such as the *Administration Measures on the Compliance of Souvenirs and Hospitality* (《紀念品與接待合規管理辦法》) and the *Administration Measures on the Compliance of Donations and Sponsorships* (《捐贈與贊助合規管理辦法》), employees are prohibited from participating in or assisting in any bribery, corruption and money laundering activities through souvenirs, hospitality, donation, and sponsorship activities so as to strengthen compliance management. Moreover, we adhere to the *Administration Regulations on the Integrity of Employees* (《員工廉潔從業管理規定》) and the *Administration Measures on the Dismissal of Employees with Serious Misconduct (Trial)* (《員工嚴重過失行為辭退管理辦法(試行)》) to regulate the professional conduct of employees.

### Employee Integrity Code of Conduct (including but not limited to)

- Not to interfere or intervene in the acquisition of equipment and facilities, procurement of materials, construction and maintenance of equipment and facilities in violation of the regulations or procedures, for personal benefits or to the detriment of the Company's interests
- Not to use company's business channels, intellectual property rights, commercial secrets and other resources for personal benefits
- Not to use work convenience or company resources to obtain personal benefits or other improper benefits for relatives and other related parties

The Group has formulated the *Administration Measures on Compliance in Business Partnerships* (《商業夥伴合規管理辦法》) to implement compliance risk classification management by conducting credit investigation and compliance investigation on business partners such as suppliers, customers, and investment partners, aiming to supervise and guide business partners to perform their obligations with integrity and eliminate corruption and bribery. The policy also stipulates that subordinate corporates shall organise compliance training for relevant business partners as needed, and require relevant personnel of business partners to participate.

## PRACTICING PROCUREMENT INTEGRITY

In response to the potential risks along the supply chain, the Group stipulates that the Company and its subsidiaries shall require suppliers to sign compliance and integrity agreements or require them to issue specific compliance commitments when signing contracts with suppliers in accordance with the *Administration Measures on Compliance in Business Partnerships* (《商業夥伴合規管理辦法》) and the *Implementation Rules for Supplier Management (Trial)* (《供應商管理實施細則(試行)》), and describes on the compliance management of suppliers, including monitoring and guiding suppliers to fulfill their compliance obligations in anti-corruption, anti-bribery, integrity transactions, compliance with fair competition and anti-monopoly laws, anti-money laundering, etc., to prohibit any forms of financial bribery and banquet invitation received from suppliers or their associated entities and personnel. Suppliers with collusion, bid-rigging or bribery are included in the integrity blacklist to resolutely resist commercial bribery.

## CREATING A CULTURE OF INTEGRITY

### Whistleblowing Mechanism

The Group has established an extensive and open whistleblowing channel and implemented the *Administration Measures on Managing Problematic Clues and Cases* (《問題線索處置及案件管理辦法》) to clearly specify the scope of acceptance and handling procedures, encouraging whistleblowers to report on any organisations' and individuals' illegal and undisciplined misconduct through methods such as phone call, email, fax, letter, WeChat, SMS or interview. The Group improves the information protection mechanism for whistleblowers, accepts anonymous reports but advocates reporting in real names, and strictly implements the confidentiality management of information storage devices to ensure that the personal information of the whistleblowers and the content of the problem clues are kept strictly confidential, prohibiting retaliation against the whistleblowers. Upon receipt of the report, the Supervision Department verifies the problem clues, conducts examinations and investigations for reports that fulfil the case initiation requirements and transfers the suspected non-compliance case to the procuratorate.

### Promoting Anti-corruption Education

The Group carries out anti-corruption education in accordance with the *Administration Regulations on Employee Integrity Education* (《員工廉潔教育管理規定》) by means of training, lectures, warning education visits, etc., covering ethics education, disciplinary practices, legal regulations and rules, and all new employees must receive integrity training. During the Reporting Period, the Group continued to carry out daily integrity education and delivered regulations and case studies on integrity practices, anti-corruption, anti-laundering, etc. through platforms including OA, email, WeChat, etc., to strengthen the integrity and self-discipline awareness of all employees.

### Case Study

#### Anti-corruption Warning Education Conference

On 9 November 2021, the Group held the anti-corruption warning education conference to analyse and share typical anti-corruption cases with directors and employees. A total of 429 people participated in the conference.



## BUILDING STRONG LINES OF DEFENSE FOR INTEGRITY AND SAFE OPERATION

### STRENGTHENING THE SAFETY FOUNDATION

Adhering to the concept of “Safety First, Focusing on Prevention, and Integrated Control”, the Group continuously improves its safety management capabilities, and strictly complies with the laws and regulations related to health and safety issues and remedial methods in the regions where it operates, including the *Production Safety Law of the People’s Republic of China* (《中華人民共和國安全生產法》) and the *Emergency Response Law of the People’s Republic of China* (《中華人民共和國突發事件應對法》). During the Reporting Period, the Group did not receive any incidents of non-compliance with the above laws and regulations that have a significant impact on the Group’s operations.

#### Safety Management and Control System

The Safety Production Management Committee (the “**Safety Committee**”) is composed of the Company’s senior management (including the Chief Executive Officer), persons in charge of the relevant functional departments at the head office, and persons in charge of subsidiaries. The Safety Committee is responsible for the overall management of safety production, and the office of the Safety Committee is responsible for the daily work. The Group has formulated and implemented the *Administration Regulations on Safety Production* (《安全生產管理規定》) applicable to the whole Group, adopting a dynamic cycle of “Plan, Do, Check and Act” (PDCA) to standardise the safety production management process, and defines the safety production responsibility which includes the self-operated production and outsourced production activities involved in the operation within the area that under control of each subsidiary and its controlling unit. The Group also requires each subsidiary to establish management system covering all safety production risks in line with the actual situation and encourages its subsidiaries to obtain certification. The Company and Shekou Container Terminal Co., Ltd (“**Shekou Container Terminal**”) have obtained the ISO 28000 supply chain security management system certification, and Hambantota International Port Group (Private) Limited (“**HIPG**”) has also obtained the ISO 45001 occupational health and safety management system certification.



During the Reporting Period, HIPG successfully obtained the ISO 9001: 2015, ISO 14001: 2015, and ISO 45001: 2018 Integrated Management System Certification issued by the Bureau Veritas, becoming the first port company in Sri Lanka to obtain the certification.

### Safety Performance Assessment

The Group has formulated the *Administration Regulations on Safety Production Performance* (《安全生產績效管理辦法》), and signs the *Safety Production Management Targets Responsibility Letter* (《安全生產管理目標責任書》) with the subsidiaries every year, which specifies the annual safety production management objectives, key tasks of safety production and safety production education and training plans, and conducts annual assessment on the safety production performance of the subsidiaries. The safety performance assessment result of the person in charge of safety production and the subsidiaries are correlated with performance pay and other incentives. Performance scores will be deducted for safety production accidents, while rewards will be given for outstanding safety performance to ensure the effective implementation of safety production targets, striving to eradicate work-related accidents, machinery damage accidents, facility damage accidents, cargo damage accidents, traffic accidents, and fire and explosion accidents.

### Safety Emergency Management

In order to effectively respond to various potential safety accidents, the Group constantly improves the emergency management mechanism by formulating comprehensive emergency plans, specific emergency plans, and on-site handling plans, including *Specific Emergency Plan for Production Safety Incidents* (《生產安全事故專項應急預案》), *Specific Emergency Plan for Typhoon Prevention* (《防颱專項應急預案》) and *Management Plan for Fire Accident Scene* (《火災事故現場處置方案》), and requires each subsidiary to be responsible for the prevention and handling of emergency incidents within its management area.

The Group achieved the following safety production targets during the Reporting Period:



## BUILDING STRONG LINES OF DEFENSE FOR INTEGRITY AND SAFE OPERATION

### SAFEGUARDING SAFETY AND HEALTH

The Group regards the health and safety of employees as the top priority and strictly complies with the laws and regulations that are related to occupational health and safety in the regions where it operates and have significant impacts on the Group, including the *Prevention and Control of Occupational Diseases Law of the People's Republic of China* (《中華人民共和國職業病防治法》), *Technical Specifications for Occupational Health Supervision Surveillance* (《職業健康監護技術規範》) and *Occupational Safety and Health Ordinance* (《職業安全及健康條例》) of Hong Kong, etc. The Group has formulated and implemented the *Occupational Health Management System* (《職業健康管理制度》) to standardise the occupational health management process, strengthened the management of prevention and control of occupational hazards at workplaces, and arranged annual physical examinations and occupational health examinations for employees.

The Group has adopted the following measures in the course of business operation to reduce and prevent the occurrence of safety accidents:

#### Safety production risk management mechanism

- Regularly carry out production safety hazard identification and risk assessment for each production and operation activity, identify various risk factors that affect the production safety and occupational health of employees and risk levels, formulate corresponding management regulations, measures and programmes to prevent production safety accidents and occupational diseases, and establish safety production risk database

#### Safety education and training

- Workers are required to undergo pre-placement qualification checks and pre-placement safety education and training to ensure that they are equipped with adequate knowledge and ability of safety production
- Conduct safety production emergency drills and evaluate the effectiveness of the drills

#### Safety supervision and inspection

- Establish a potential hazard investigation mechanism to analyse and evaluate the identified potential hazards, and formulate management plan base on the evaluation results to prevent accidents
- Organise safety inspections on a regular or irregular basis, and formulate rectification plans for safety hazards identified during inspections in a timely manner

#### Production premises and equipment safety measures

- Provide employees with production facilities and labour protection supplies that meet safety, health and environmental protection standards
- Formulate typhoon and flood prevention plans. Large-scale machinery and equipment used must be wind-resistant and equipped with typhoon protection devices, and typhoon and gust prevention drills are regularly carried out

#### Competence and health management

- Formulate the *Guidelines for Occupational Health Management of Port Employees* (《港口從業人員職業健康管理指南》) through in-depth research and analysis, develop and continuously optimise the health management system for competence and health management to protect the rights and interests of workers' health



During the Reporting Period, the Group carried out a series of safety training, with a total of 311,682 participants. The subsidiaries carried out 2,358 emergency drills, with a total of 32,129 participants.



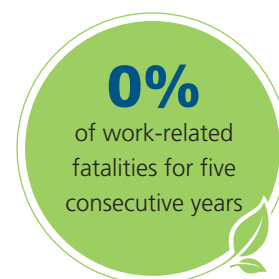
On 1 May 2021, Zhangzhou China Merchants Port Co., Ltd. ("Zhangzhou Port") carried out safety production inspection.



Occupational Health and Safety <sup>5</sup>	Unit	2021	2020
Number of work-related fatalities	person	0	0
Rate of work-related fatalities <sup>6</sup>	per 200,000 hours worked	0	0
Total number of work-related injuries	person	6	6
Rate of work-related injuries <sup>7</sup>	per 200,000 hours worked	0.07	0.07
Lost working days due to work-related injuries	days	81	30
Rate of lost days due to work-related injuries <sup>8</sup>	%	$3.84 \times 10^{-5}$	$1.40 \times 10^{-5}$
Number of occupational disease cases	Case	0	0

During the pandemic, the Group endeavours to prevent and control the outbreak by providing employees with pandemic prevention supplies such as medical masks and sanitisers, and conducting regular and thorough disinfection at terminals and office areas to protect the health of employees. Shantou China Merchants Port Group Co., Ltd. ("Shantou Port") arranged for employees to receive nucleic acid testing and vaccination during the Reporting Period, and also required foreign vessels to give advanced notification and keep records prior to entering the port, so as to strengthen the pandemic prevention and control and ensure the safe operation of the terminal.

#### Key Data:



<sup>5</sup> Statistics are based on the scope of safety production responsibility, including safety production accidents for which the Group has direct responsibility or management responsibility.

<sup>6</sup> The rate of work-related fatalities is calculated as: total number of work-related fatalities/total working hours \* 200,000.

<sup>7</sup> The rate of work-related injuries is calculated as: total number of work-related injuries/total working hours \* 200,000.

<sup>8</sup> Rate of lost days due to work-related injuries is calculated as: total number of lost days due to work-related injury/total number of scheduled work days \* 100%.



# STRIVING FOR EXCELLENCE AND CREATING CUSTOMER VALUE

UNSDGs responded in this section:



## ENHANCING PORT PERFORMANCE AND EFFICIENCY

The Group further promotes the improvement of quality and efficiency, accelerates the digital transformation and upgrading of ports, realising a new development model of port production automation, management intelligence, and service customisation, so as to continuously enhance the Group's competitiveness.

1. The Group has improved the research and development of "CMCore" series products, including the Container Terminal Operation System (CTOS), Bulk Cargo Terminal Operation System (BTOS), Billing Operation System (BOS) and Logistics Park Operation System (LPOS), which are widely used in its subordinate terminals, striving to improve the internal intelligent management of the terminals.
2. The Mawan Smart Port project was officially put into operation, which integrates a total of nine intelligence elements, namely "CMCore", "CM ePort", artificial intelligence technology, application of 5G network, Beidou high-precision positioning system, automation, smart customs, blockchain as well as green and low carbon operation. The operation efficiency of the terminal has been significantly improved compared with the traditional terminal after the intelligent upgrade: on-site workforce decreased by 80%, comprehensive operational efficiency increased by 30%; potential safety risks reduced by 50%; carbon emissions reduced by 90%.
3. The Group promotes the "smart management platform", uses business operation, management, and information technology standardisation as the basis to improve the digital operations and management system of the Group's head office and subsidiaries, enabling intelligent operation management analysis and monitoring, and improving the Group's decision-making and management capabilities.



The Group was awarded the "Best Port Operator - Hong Kong" and the "Best Container Terminal Operator - Hong Kong" by International Finance Magazine

## PROVIDING QUALITY SERVICES

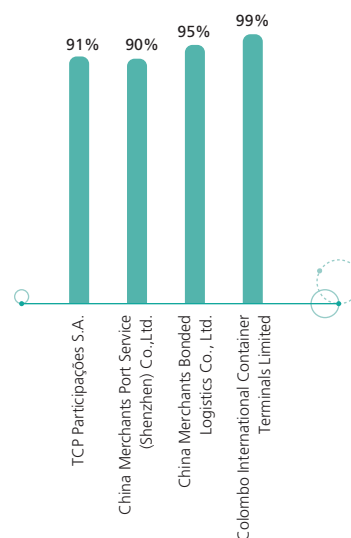
Adhering to the development philosophy of “Customer First”, the Group is dedicated to listening and responding to customer needs, and continues to communicate effectively with customers, striving to provide customers with one-stop, all-round, high-quality and efficient services and create value for customers.

### Maintaining Customer Satisfaction

During the Reporting Period, the Group continued to optimise the “CM ePort” customer service platform to provide customers with 24-hour online customs clearance services, achieving one-stop operations including time reservation, online container collection, online settlement, and electronic data transmission, so as to improve the customer service level of all ports, terminals, and parks. The Group has launched functions such as electronic bills of lading, billing service through contactless facial recognition and paperless goods importation process according to customers’ needs, which substantially reduced the operating costs and increased the logistic efficiency and realised an innovative business model, hence facilitating the enhancement of quality and efficiency for the Group and customers within the port ecosystem, and further promoting trading convenience.

The Group has implemented the *Administration Measures on Business Market* (《市場商務管理辦法》) and improved the customer service improvement mechanism. The Group communicates with customers effectively through regular or irregular meetings and visits in daily work, collects customer feedback through industry exhibitions, customer appreciation meetings, and related industry activities, and takes corresponding actions to resolve problems based on the feedback information, so as to continuously improve service quality and enhance customer satisfaction. The Group also requires the subsidiaries to formulate customer complaint handling processes or measures, record relevant information including the time and content of customer complaints, complaint handling plans and progress, etc., and follow up customer opinions and handle complaints in a timely manner. In case of serious customer complaints, the head office will assist and supervise the subsidiary to rectify in a timely manner. During the Reporting Period, the Group did not receive any significant complaints related to products and services that were escalated to the head office level.

Level of Customer Satisfaction of Certain Subsidiaries in 2021



### Protecting Customer Privacy

The Group attaches great importance to the protection of information security, and has formulated the *Administrative Measures for Business Contracts* (《商務合同管理辦法》) to further standardise the confidentiality work procedures of business contracts such as the borrowing process, the prescribed authority, and the confidential transmission mechanism of business contracts. Designated personnel are responsible for the management of contract files, and dedicated equipment is installed for information confidentiality work. We strictly prohibit unauthorised copying or access to relevant information to resolutely protect customer privacy. In addition, the Group implements confidentiality classification for customer information and formulates corresponding confidentiality measures to clarify the responsibilities and penalties for information leakage to prevent leakage of customer information. The Group also strengthens the education of confidentiality to strengthen employees’ awareness and ability to maintain information confidentiality. The Group rigorously complies with the laws and regulations of the regions where it operates and have a significant impact on the Group relating to advertising, privacy matters and remedial measures in the service provided. During the Reporting Period, there were no non-compliance incidents that have a significant impact on the Group.

## STRIVING FOR EXCELLENCE AND CREATING CUSTOMER VALUE

### PROTECTING INTELLECTUAL PROPERTY RIGHTS

The Group complies with the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》) and other laws and regulations, and has formulated the *Administration Regulations on Intellectual Property Rights* (《知識產權管理規定》) to standardise the management and protection of intellectual property rights such as patents, copyrights, and trademarks. There was no infringement or subjection to infringement of intellectual property rights during the Reporting Period.

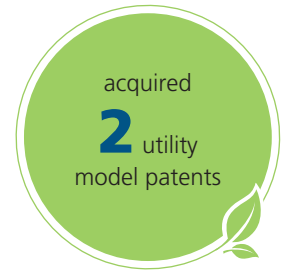
In our daily operations, the Group organises intellectual property compliance training to strengthen the understanding and compliance awareness of all employees on intellectual property rights; implements registration management system for office computers, purchases genuine software, and conducts routine compliance inspections; establishes an infringement investigation mechanism to prevent infringement of third-party copyrights.

In order to achieve responsible promotion and publicity, the Group complies with laws and regulations such as the *Advertising Law of the People's Republic of China* (《中華人民共和國廣告法》). During exhibitions and event promotions, the Group strictly conforms to internal guidelines and processes to carry out exhibition work, in order to ensure compliant and accurate publicity content while actively promoting the brand image.

### PROMOTING SUSTAINABLE SUPPLY CHAIN

The Group is committed to building a relationship of mutual trust and win-win cooperation with suppliers, and has formulated regulations such as the *Administration Measures on Engineering and Equipment Tenders* (《工程與設備招標管理辦法》), the *Administration Measures on Goods and Services Tenders* (《貨物與服務招標管理辦法》) and the *Implementation Rules for Supplier Management (Trial)* (《供應商管理實施細則(試行)》). The Group establishes standards for the classification and grading, evaluation and incentive, supplier withdrawal and other processes of all suppliers, and continuously improves the supplier management system and procurement process.

### During the Reporting Period, the Group



## Improving Supplier Management

The Group makes full use of the trading platform to perform procurement activities, and implements categorised and classified management of suppliers, pursuant to which suppliers are classified into four classes, namely A, B, C, and D. Classes A, B, C, and D represent “Excellent Supplier”, “Good Supplier”, “Average Supplier” and “Disqualified Supplier”, respectively. The supplier management departments at all levels conduct dynamic assessments and reviews on suppliers with contractual activities during the evaluation period every year, and evaluate or adjust the rating of suppliers based on the assessment results, so as to minimise the environmental and social risks in the supply chain.

- **Supplier qualification verification:** During the tendering process, the procurement units may conduct information and on-site verification on the supplier’s qualification, credit background, production and operation site conditions, and performance on compliance and obligations (including the provision of qualified products and services, production safety, environmental protection, legal employment, tax payment in accordance with the law, fair and honest transactions, etc.).
- **Supplier evaluation:** In order to encourage responsible suppliers, the Group evaluates suppliers in terms of their comprehensive corporate strength, transaction behaviour, the performance of contract and other aspects. Under the same conditions, procurement units may give priority to inviting Grade A suppliers to participate in the tendering/procurement projects within their competence.
- **Supplier communication:** The Group interacts with original equipment manufacturer (OEM) suppliers, distributors, and project contractors on a regular basis through various channels such as mails, phone conversations, and interviews

In case of corrupt practices, information leakage, dishonesty, deficiencies in product or service qualities, falsification of materials or identities of the suppliers, the Group undertakes measures such as suspension, cancellation, and permanent disqualification of suppliers according to the severity and harm of the circumstances, thus ensuring the products and services provided by the selected suppliers meet the Group’s environmental and social standards.

Number of Suppliers <sup>9</sup>	Unit	2021
<b>Total</b>	Number	3,433
<b>By Geographical Region</b>		
Mainland China	Number	3,138
Hong Kong, Macau, Taiwan, other countries and regions	Number	295
Number of suppliers rated	Number	2,579
Number of disqualified suppliers eliminated	Number	3

## Constructing a Green Port Supply Chain

The Group is committed to promoting green supply chain management, requires suppliers to strictly conduct civilised and environmentally friendly construction in projects without valid complaints, and encourages suppliers to effectively implement various measures to prevent pollution at construction sites in order to ensure a favourable environment at construction sites. The Group also incorporates sustainable development requirements into the entire procurement process of the head office and subsidiaries, including supplier certification, product selection, procurement performance, supplier withdrawal, etc., and encourages the procurement of environmental protection equipment as a priority (such as LED energy-saving lamps, electric forklifts, etc.) to motivate suppliers to fulfill their environmental protection responsibilities.

<sup>9</sup> The number of suppliers does not include the data of Guangdong Yide Port Limited (“Guangdong Yide Port”), Colombo International Container Terminal Limited. (“CICT”) and Lomé Container Terminal S.A. (“LCT”), which will be further disclosed in the future.

# CARING FOR OUR EMPLOYEES AND JOINING HANDS FOR EXCELLENCE

UNSDGs responded in this section:



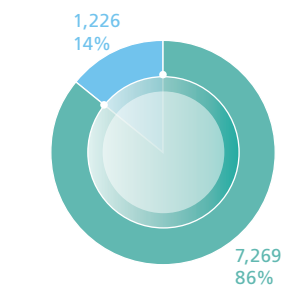
## PROTECTING EMPLOYEES' RIGHTS

The Group firmly believes that the contribution of employees is the key to the success of a corporate. Therefore, we adhere to the philosophy of "People-oriented, Talent-first", continuously optimise the human resources management system, provide employees with career development opportunities, and strive to create an equal and harmonious working environment with great development potentials for employees.

The Group strictly complies with the laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, prevention of child labour or forced labour in the regions where it operates, including the *Labour Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》) and the *Employment Ordinance* (《僱傭條例》) of Hong Kong. During the Reporting Period, the Group did not receive any incidents of non-compliance related to the above aspects.

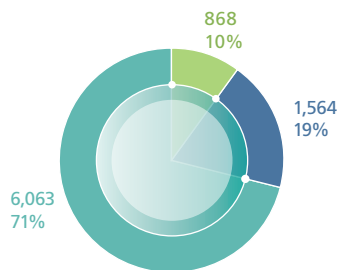
During the Reporting Period, the total number of employees of the Group was 8,495. The specific data is as follows:

**Total number of employees by gender (persons)**



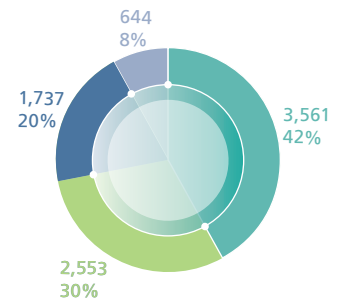
■ Male  
■ Female

**Total number of employees by employee category (persons)**



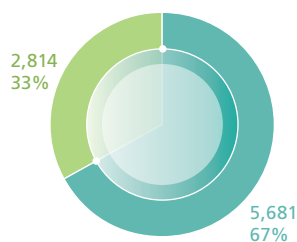
■ Operation and management talents  
■ Talents with professional skills  
■ Skilled talents

**Total number of employees by age group (persons)**



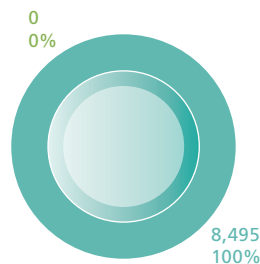
■ Aged 35 and below  
■ Aged 46-54  
■ Aged 55 and above

**Total number of employees by geographical region (persons)**



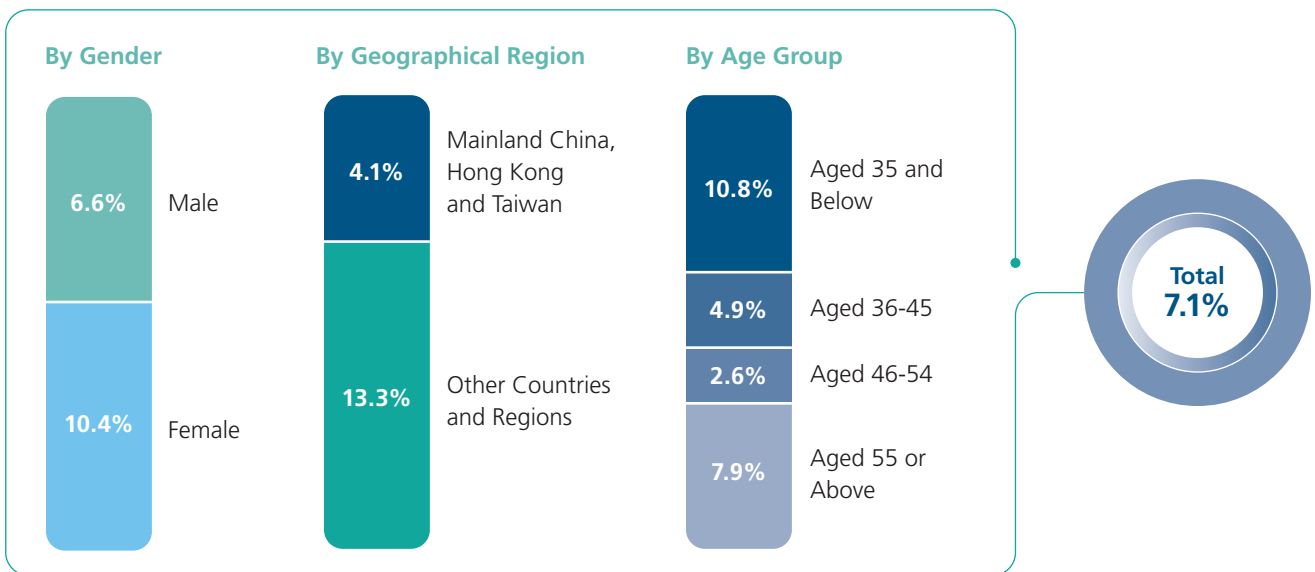
■ Mainland China, Hong Kong and Taiwan  
■ Other countries and regions

**Total number of employees by employment type (persons)**



■ Full-time  
■ Part-time

### Employee Turnover Rate (2021)<sup>10</sup>



### Employment Management

The Group adheres to the recruitment principles of “Legal and Regulatory Compliance”, “Fairness, Impartiality and Openness” and “Matching People and Positions”, continuously improves the recruitment information channel management, recruitment procedures, induction and probation management, and talent pool management, and has formulated the *Administration Regulations on Employee Management* (《員工管理規定》) to ensure that the talent selection process and standards are standardised and transparent. During the recruitment process, the Group only assesses the comprehensive quality, work ability, and experience of the candidates, and forbids any discrimination on the grounds of gender, age, nationality, race, physical condition, religious belief, marital status and other factors. The Group encourages the localisation and diversification of talents and recruits talents globally through multiple channels such as online media, headhunting, and job fairs to guarantee high-quality and productive human resources for the Group’s international business development.

In addition, the Group implements the termination process in strict compliance with relevant laws and regulations and the internal policies, stipulates the basis, standards, and procedures for termination of employment contracts or labour contracts in the event of serious misconduct of employees, thereby prohibiting unfair or unjust dismissals and effectively protecting the legitimate rights and interests of employees.

<sup>10</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%.

## CARING FOR OUR EMPLOYEES AND JOINING HANDS FOR EXCELLENCE

### Labour Standards

The Group resolutely prohibits the employment of child labour and any form of forced labour. We state in the *Administration Regulations on Employee Management* (《員工管理規定》) that candidates should be at least 18 years old, and verify the identity documents of candidates during the recruitment process to ensure employment compliance; and state that the employment contracts or labour contracts should be signed between the Group and the new employee on the date of new employment to clarify the employment relationship. In case of any non-compliance with the employment conditions, the Group shall terminate the employment relationship with the parties involved.

### Working Hours and Rest Periods

In order to ensure reasonable and sufficient rest time for employees, the Group encourages employees to efficiently complete their work within the prescribed working hours. The Group has formulated the *Administrative Measures on Employee Attendance and Holiday* (《員工考勤及假期管理辦法》) to regulate the working hours of employees, including a five-day work system and a standardised working time of 40 hours per week in the office. Employees who apply for overtime work under special circumstances are granted overtime pay or compensatory leave upon approval by the department head and the Human Resources Department. Apart from statutory holidays, employees are also entitled to paid annual leave, sick leave, personal leave, maternity leave, marriage leave, funeral leave and other holidays.

### Performance Management and Promotion

The Group has established a comprehensive talent assessment and evaluation mechanism and an equal promotion mechanism. In accordance with the *Measures on Employee Performance Appraisal* (《員工績效考核辦法》), the Group conducts regular performance appraisal on employees covering work performance, ability and attitude, and the appraisal results are applied for bonus distribution, salary scales and rank promotion and demotion. Besides, in order to broaden the space for career development of employees and satisfy the career development needs of different employees, the Group has set up two career paths comprising of management and professional positions for our employees at the head office.

### Remuneration and Benefits

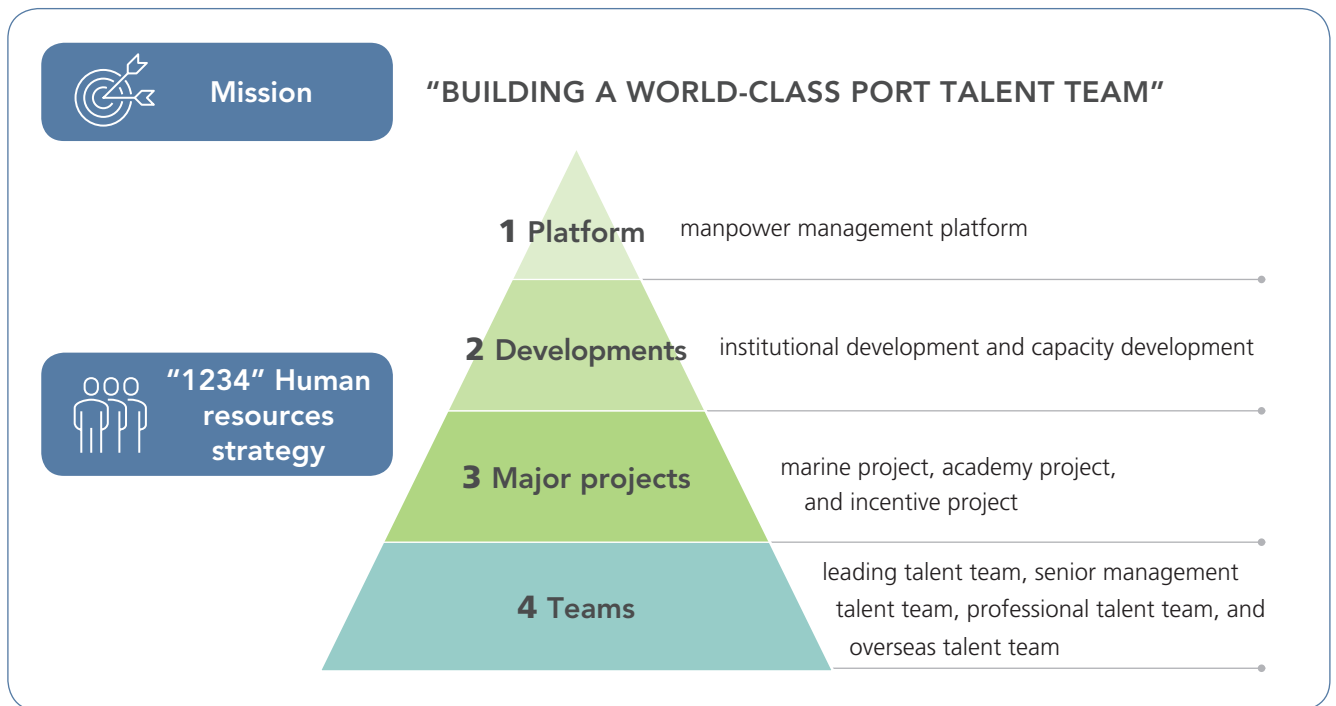
In order to motivate and retain outstanding employees, the Group has established a comprehensive remuneration and welfare system and implemented the *Administration Measures on Employee Remuneration and Benefit* (《員工薪酬及福利管理辦法》). The Group reviews the remuneration system and employees' remuneration level annually with reference to the trend of market remuneration changes. At the same time, the Group improves the performance appraisal and incentive mechanism and provides some employees with opportunities to adjust their remuneration according to the annual performance appraisal results, with the aim to provide employees with a competitive remuneration package. On the basis of strict implementation on the social insurance mechanism in the regions where the Group operates, the Group endeavours to provide employees with extensive welfare protection, including paid annual leave system, regular health check-ups, corporate annuity plan and other welfare benefits.

#### Key Data:





## SUPPORTING EMPLOYEES GROWTH



In order to improve the employee training system, the Group has formulated policies such as the *Administration Regulations on Employee Continuing Education* (《員工繼續教育管理規定》), the *Administration Regulations on Employee Training* (《員工培訓管理規定》), and the *Administration Regulations on New Employee Training* (《新員工培訓管理辦法》) to systematically promote the construction of talent team, create the core competitiveness of the corporate, and provide effective support for the realisation of the Group's strategic objectives. In addition, the Group has formulated the *Administration Measures for Internal Training Instructors* (《內部培訓講師管理辦法》) and *Administration Measures for Internal Courses* (《內部課程管理辦法》) to clearly specify the selection, assessment and incentives of internal trainer and standardise the management of internal training courses, so as to effectively improve the quality of training and the learning effectiveness of employees.



CARING FOR OUR EMPLOYEES AND JOINING HANDS FOR EXCELLENCE

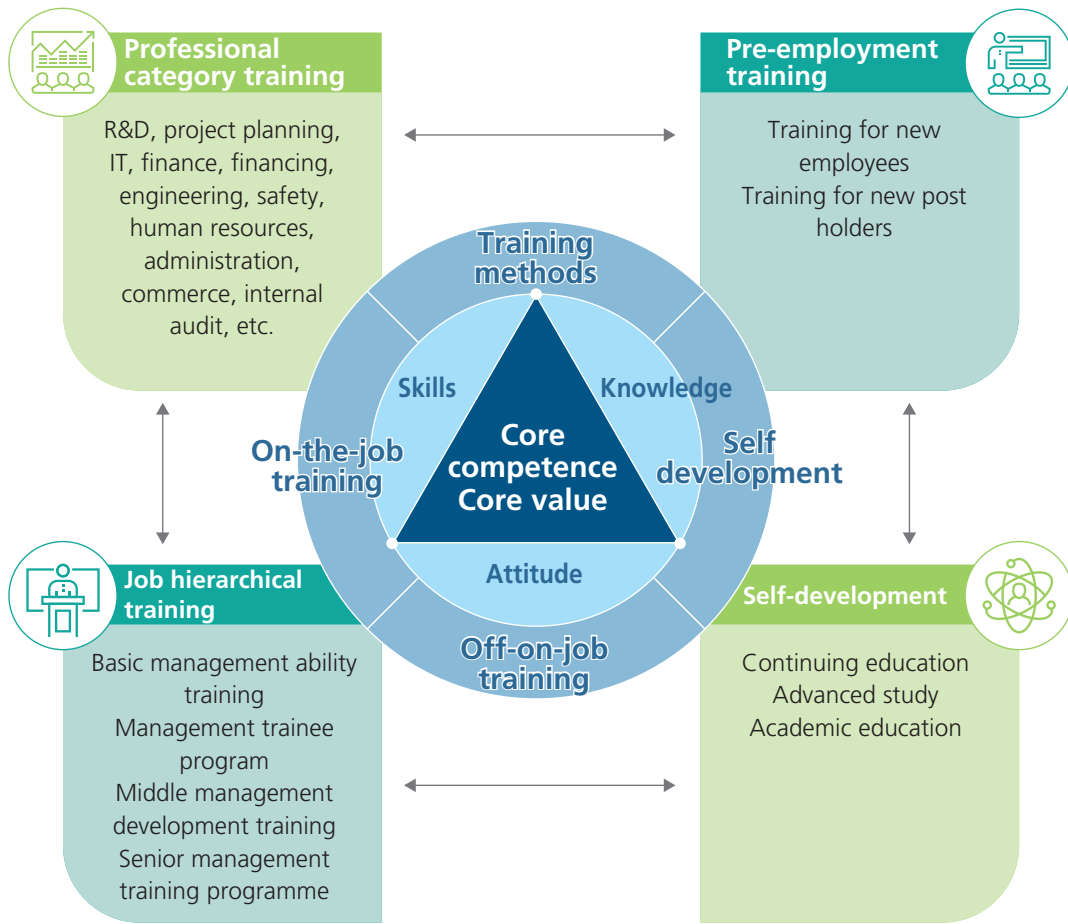


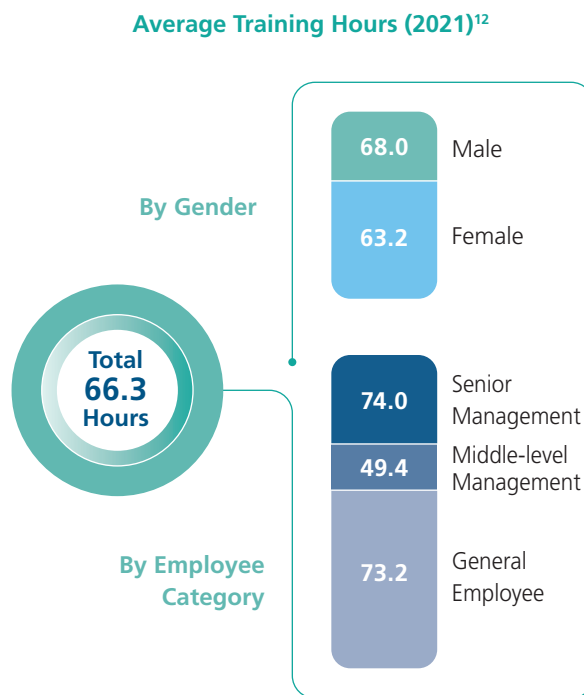
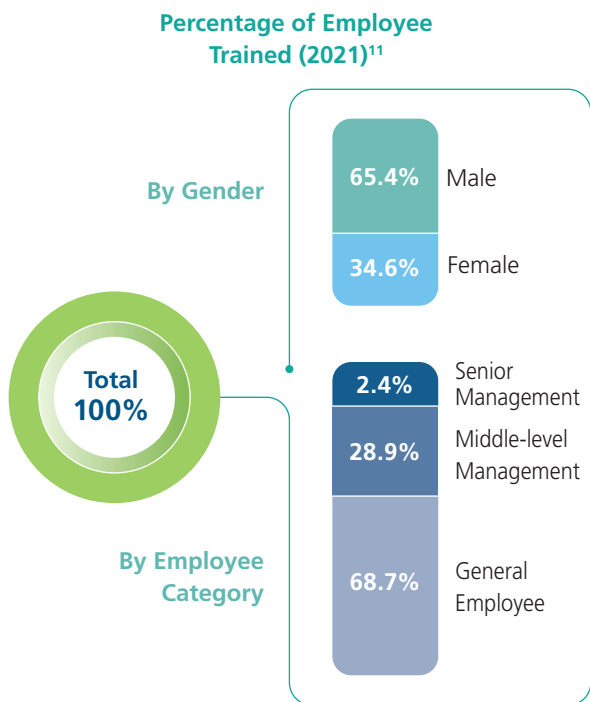
Figure: Training system structural diagram

The Group has formulated an annual training plan while actively planning and implementing various talent development programmes, and provided diversified training for employees at different levels and business categories by combining both online and offline modes. The intelligent personnel management platform (“HR-Max”) was put into full operation this year, providing employees with a flexible learning channel.

During the Reporting Period



The training data of employees is as follows (only covers employees of the Group's head office):



2021 Training Programme for Young Leaders



Internal trainer training

<sup>11</sup> The percentage of employees trained is calculated as: the number of employees received training in the specific category/the total number of employees received training \* 100%.

<sup>12</sup> The average training hours of employees is calculated as: total training hours of employees in the specific category/total number of employees in the specific category.

Case Study

### 2021 Hong Kong Youth Internship Programme

During June to August 2021, the Group participated in the “Hong Kong Youth Local Internship Programme” launched by the Kowloon Federation of Associations of Hong Kong, provided internship opportunities for 21 undergraduate students from local universities in Hong Kong, and organised a series of visits and training activities to enhance their understanding of the company’s operations and the port and shipping industry, laying a solid foundation for their future career development.



Visit to Modern Terminals



Speeches by industry representative

Case Study

### Hai Si Elite Training Programme (The 3<sup>rd</sup> term)

In May 2021, the Group successfully organised the “Hai Si Elite Training Programme (The 3<sup>rd</sup> term)”, a 3-month programme covering business English, overseas business etiquette, the “Belt and Road” policy, international management courses, etc., to continuously strengthen the development of overseas talent pool.



53 elites participated in the programme



Experience sharing by foreign entrepreneurs

## CREATING A HARMONIOUS PORT TOGETHER

### Employee Care Measures

The Group advocates the work-life balance for its employees, helps them relieve their work pressure through organising a variety of cultural and sports activities as well as team-building activities such as badminton competitions, basketball competitions, swimming activities, and book reading sessions, and at the same time creates a united, caring and positive atmosphere to enhance employees' sense of belonging and happiness. The subsidiaries also organised a series of "Corporate Day" activities with unique characteristics to enhance solidarity and further promote the corporate culture.

The Group pays close attention to the needs of employees and ensures their health and well-being. The Group not only provides employees with services such as remote medical treatment and knowledge sharing on pandemic prevention through the "HR-Max" health platform, but also carries out the Employee Assistance Programme (EAP) and develops the "Home of Employees" to care for the physical and mental health of employees. Besides, the Group sent gifts to grassroots and front-line employees during festivals and provided medical resources assistance to overseas employees to express its care for employees with practical actions.



Haiqin Engineering held flower arrangement activities to celebrate Women's Day



China Merchants International Terminals (Qingdao) Co., Ltd. held a walking event to celebrate the "Corporate Day"



The union badminton team won the championship in the badminton team competition

## CARING FOR OUR EMPLOYEES AND JOINING HANDS FOR EXCELLENCE

### Communication Channels

The Group is committed to maintaining stable and harmonious labour relationships, continuously improving the construction of employee representative councils, labour unions and other mass organisations. The Group enhances communication between employees and the management through various channels, including e-mail, employee opinion mailbox, face-to-face meeting, labour union, etc., striving to protect employees' right to know, to participate and to supervise, and encouraging employees to participate in the Group's operation and management. The representatives of labour union signed collective labour contracts with the Group to safeguard the legitimate rights and interests of both the corporate and the employees in terms of labour contracts, labour remuneration, leave, insurance and welfare, safety and training.



On 10 May 2021, we held a forum for young employees to express their opinions

### Key Data:



# CONNECTING WITH SOCIETY AND SHAPING THE BLUE DREAM TOGETHER

UNSDGs responded in this section:



## CONTRIBUTING TO PUBLIC WELFARE

As a responsible corporate citizen, the Group always upholds the concept of collaboration with mutual benefits. The Group takes the initiative to establish a mutually supportive and trusting relationship with the communities where it operates in the course of steady business development, and continues to give back to the local communities by expanding into public welfare areas such as infrastructure construction, talent training, childcare, education and medical assistance. In accordance with the relevant requirements of China Merchants Charitable Foundation, the Group carries out charitable donations in accordance with the *Administration Measures on the Compliance of Donations and Sponsorships* (《捐贈與贊助合規管理辦法》) and other policies to strengthen the management of external donations and ensure their smooth operation.

The Group actively fulfils its corporate social responsibility by building up the “C-Blue” public welfare brand, carrying out a series of public welfare projects under the brand in China and overseas, actively integrating into the culture of the regions where it operates, and continuously expanding its influences in the field of public welfare. Since its establishment in 2019, the “C-Blue” volunteer team has been promoting public welfare and charity work, bringing positive energy to the society, and achieving the public welfare objective of “not only providing resources, but also enabling self-sufficiency”.

### Case Study

#### “C-Blue” Children’s Care Programme

Since 2020, the Group has been comprehensively upgrading the “C-Blue” Children’s Care Programme to further expand its target demographic from left-behind children to children and their family members in poor rural areas. The implementation of the programme has been expanded from broadening exposure, parent-child activities to spiritual inspiration, growth education and family relationship, with the objective of improving the physical and mental health as well as the education and growth of poor rural children.

In May 2021, we successfully hosted a Student Growth Camp under the theme “Growing with Love and Companion of CMPort” (招有愛、伴成長), organising museum visits, workshops, film watching session and other activities for teachers and students in Weining County, Guizhou Province.

In December 2021, we once again organised a Children’s Development Camp under the theme “Volunteering Blue, Accompanying Children” (志願藍、伴童行). We revisited a primary school in Qiling Town, Wuhua County, donated education equipment and books to local left-behind children, provided a variety of courses, and built recreational facilities, as a way to share knowledge and express love and care for them.



Students boarded the “Greater Bay Area No. 1” cruise and embarked on a science tour of the marine industry



Students and volunteers jointly released balloons to symbolise the takeoff of their dreams

**Case Study**  
**"C-Blue" Training Programme**

With the corporate mission of "We Connect the World", the Group successfully held the 9<sup>th</sup> Edition of the "Shaping Blue Dreams Together — 21<sup>st</sup> Century C-Blue Training Programme" for global transportation industry young talents this year. The programme provided two-week-long sustainable transportation training courses as well as exchange and discussion opportunities for approximately 80 foreign students from 34 countries, thus helping to create a professional platform for young talents in the port and maritime industry from countries along the "Belt and Road" to exchange ideas, and contributing industry expertise to the global development of sustainable transportation.



Graduation ceremony of the 9<sup>th</sup> C-Blue Training Programme

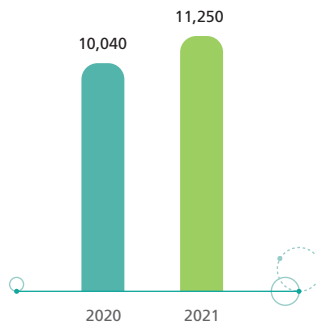
**Case Study**  
**"China Merchants Silk Road Hope Village" Programme**

The Group cares for the underprivileged in the communities where it operates and continues to push forward the "China Merchants Silk Road Love Village" project in Sri Lanka. In April 2021, CICT and HIPG jointly launched the construction of the second "Hope Village" in Hambantota District, with plans to construct various community facilities, thereby improving the living conditions of local residents.

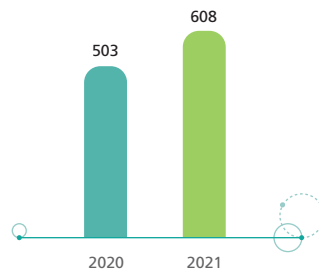
**CARRYING OUT VOLUNTEER SERVICES**

The Group spares no effort to understand and meet the needs of vulnerable groups, and organises its employee as volunteers to carry out charitable activities within communities, striving to bring positive impact to the society. Under the guidance and support of the China Merchants Charitable Foundation, the volunteer team has carried out a number of volunteer service projects in recent years, and joined hands with people from all walks of life to bring positive impacts to the communities where it operates.

Total hours of employee voluntary service hours (hours)



Total number of employees participating in volunteer services (persons)





The Group supports the prevention and control of the COVID-19 pandemic in its overseas project locations by donating pandemic prevention supplies and equipment to Sri Lanka, as well as providing financial assistance for the construction of quarantine centres and nucleic acid testing laboratories within local communities to help fight the pandemic. In addition, the Group conducted the “Ramadan charity donation campaign” in Djibouti and distributed household essentials to 300 families to help alleviate the living pressures of local impoverished groups.

**Key Data:**



Shantou Port and Shantou Guang'ao School co-hosted the "School-Corporate Joint Development" event



The signing ceremony of the "Ramadan Charity Donation Campaign"

# ACHIEVING GREEN DEVELOPMENT AND CONSTRUCTING ECOLOGICAL PORTS

UNSDGs responded in this section:



## ENVIRONMENTAL MANAGEMENT STRATEGY

The Group endeavours to implement the vision of building a green and ecological port, strictly observes relevant laws and regulations on environmental protection, and is committed to reducing the impact of business operations on the environment and natural resources. With “Energy Conservation and Efficiency Enhancement” as the development goal and “Technological Innovation” as the driving force, the Group promotes green and low-carbon development from various aspects such as environmental management system and policies, energy conservation and emission reduction projects, and ecological conservation measures.

### Management System

The Group has established an energy conservation, emission reduction, and environmental management system to integrate the philosophy and practice of green ecological development throughout the entire project lifecycle, strengthen the management of green production and operation, and has formulated the *Administration Regulations on Energy Conservation Environmental Protection* (《節能環保管理規定》) to clarify the work content and mechanism of comprehensive supervision and management of energy conservation and environmental protection. Meanwhile, the Group encourages its subsidiaries to formulate programmes and regulatory policies for energy conservation and environmental protection. Moreover, the Group implements energy conservation management through innovative operation models, supervision of high energy consumption areas, regular energy conservation promotion, and integration into daily work. In addition, the Group has implemented the *Administration Measures on Energy Conservation and Environmental Protection Performance Assessment* (《節能環保績效考核管理辦法》), incorporated energy conservation and environmental protection indicators into the annual assessment scope of subsidiaries, and signed the *Energy Conservation and Environmental Protection Management Targets Responsibility Letter* (《節能環保管理目標責任書》) with subsidiaries to eliminate major environmental pollution incidents.

Energy Conservation, Emission Reduction, and Environmental Management System			
Vision	<i>To become an environmentally friendly port company</i>		
Strategies	Planning for energy conservation and emission reduction	Establishing technical indicators for energy conservation and emission reduction	Implementing the statistic monitoring system for energy conservation and emission reduction
Organisational system	<i>Management Level</i>	<i>Organisational Level</i>	<i>Implementation Level</i>
	Head office of the Group is responsible for formulating environmental protection principles, planning systems, evaluation methods and standards.	Environmental groups or organisational institutions for energy conservation and environmental protection were established by the Group to make plans for energy conservation and emission reduction, whereas such plans are included in daily operational management and control mechanisms.	All subsidiaries deploy management personnel with energy conservation and emission reduction capabilities to execute the relevant work, draw up statistics, analysis and carry out monitoring and inspection.
Security System	<ul style="list-style-type: none"> <li>Environmental performance is linked to annual appraisal</li> <li>A comprehensive monitoring and information reporting system for energy conservation and emission reduction was built</li> </ul>		

The Group's main businesses are terminal operations and bonded logistics operations, which have environmental impacts mainly from electricity consumption, water consumption, emissions from vehicles and machinery, and waste generated from operations. In order to implement the environmental protection approach of "Energy Conservation and Emission Reduction, Low Carbon and Environmental Protection" and sustainable development efforts, and reduce the negative impacts on the environment, the Group has set targets about air pollutants and greenhouse gas emissions, energy use efficiency, water use efficiency and waste reduction in 2020, and has adopted corresponding environmental protection measures during the Reporting Period. All action plans for the targets have been progressively implemented.

Aspects	Environmental Targets	Action Plans
Emissions	Reduce air pollutants and greenhouse gas emissions	<ul style="list-style-type: none"> <li>Continue to expand the application of new energy conservation technologies and products</li> <li>Increase the proportion of electric machinery usage</li> <li>Increase investment in dust removal equipment and facilities and purchase qualified dust removal devices</li> <li>Regularly inspect the outfall of dust removal equipment to ensure the efficient operation</li> <li>Increase investment in sprinklers, and refine the usage and management of water spraying facilities to suppress dust</li> <li>Conduct regular on-site inspection of terminal operations, inspect the operation process of operating vehicles and mobile machinery</li> <li>Encourage energy substitution and diversification, reduce the use of fossil fuels, and increase the use of low-sulphur fuels</li> </ul>
	Further improve the pollution prevention and control system	<ul style="list-style-type: none"> <li>Formulate pollutant emission reduction plans and keep track of the progress of plans</li> <li>Regularly organise environmental risk identification and assessment through evaluation agencies, and execute hierarchical management of identified risks to ensure that the risks are under control</li> </ul>
Waste Reduction	Reduce the production of solid waste	<ul style="list-style-type: none"> <li>Ensure the classification, transportation, storage, disposal and transfer of each type of solid waste are in compliance with laws and regulations</li> <li>Develop solid waste management files to increase the recycling rate of waste equipment</li> <li>Reduce the amount of hazardous waste produced and entrust qualified professional waste management organisations for proper treatment</li> </ul>
Energy use efficiency	Reduce energy consumption	<ul style="list-style-type: none"> <li>Advocate green office and encourage employees to save office electricity and reduce paper use</li> <li>Use clean energy, run trials and gradually promote liquefied natural gas (LNG) trailers or pure electric trailers</li> </ul>
Water use efficiency	Reduce water usage	<ul style="list-style-type: none"> <li>Use various water spraying and dust suppression equipment as required</li> <li>Utilise alternative water sources</li> <li>Build water storage facilities to recycle freshwater and reduce freshwater consumption</li> <li>Increase sewage treatment investment, install sewage treatment facilities, strengthen monitoring and management during the processes, and achieve sewage recycling and reuse while up to standard</li> </ul>

## ACHIEVING GREEN DEVELOPMENT AND CONSTRUCTING ECOLOGICAL PORTS

### TACKLING CLIMATE CHANGE

The Group is well aware of the close relationship between climate change and the Group's operations. The Group actively responds to the national strategy of "Carbon Peak" and "Carbon Neutral", and has taken part in the construction of dual-carbon demonstration projects and carbon verification and compliance, as well as continuing to strengthen the climate risk assessment and management to identify the impacts of major climate risks on port loading and unloading stage, transportation stage, marketing or ordering stage, so as to implement specific countermeasures.

Risks	Potential Impact Analysis	Measures Adopted in 2021
<b>Physical Risks</b>		
<b>Increase in the severity of typhoons</b>	<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>Consolidate and allocate terminal resources to continuously follow up on customers' call demand and berthing arrangements under extreme weather conditions</li> </ul>
<b>Increase in severity of flooding</b>	<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>
<b>Increase in severity of other extreme weather incidents</b>	<ul style="list-style-type: none"> <li>Significant losses to the port's production and operation, assets, and 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 typhoons; suspend on-site operation under extreme weather; add operation lines according to the plan after the typhoon is lifted to improve the operation efficiency and shorten the time of vessels in the port</li> </ul>

Risks	Potential Impact Analysis	Measures Adopted in 2021
<b>Physical Risks</b>		
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 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>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; increase yard height</li> </ul>
<b>Transition Risks</b>		
Increase the greenhouse gas emissions pricing	<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>Continuously manage and control the progress of energy conservation and environmental protection, and practice the concept of green development in the process of project planning and design, operation and service, so as to avoid ecological pollution caused by emissions as much as possible</li> </ul>
Requirements and supervision for current products and services	<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>Formulate and improve internal policies of pollution prevention and control</li> </ul>
Litigation for violations of environmental regulations	<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>Strengthen the monitoring and control of various pollution sources</li> <li>Strictly comply with the environmental laws, regulations, and industry standards of the regions where we operate</li> </ul>
Higher costs of substituting the existing products and services with low-emission options	<ul style="list-style-type: none"> <li>Increase in operating costs</li> </ul>	<ul style="list-style-type: none"> <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>

## ACHIEVING GREEN DEVELOPMENT AND CONSTRUCTING ECOLOGICAL PORTS

Risks	Potential Impact Analysis	Measures Adopted in 2021
<b>Transition Risks</b>		
<b>Failed investment in new technology and front-end cost of transition to low-emission technology</b>	<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>Continuously strengthen legal capacity, investigate key issues of ecological protection, and increase relevant facilities and equipment</li> </ul>
<b>Changing customer behaviour</b>	<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>
<b>Uncertainty in the market signals</b>	<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>
<b>Increase in cost of raw materials</b>	<ul style="list-style-type: none"> <li>Changes in fuel prices and increase 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>
<b>Stakeholders' increasing concern with negative feedback</b>	<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 optimise 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>



## PROTECTING THE ECOLOGICAL ENVIRONMENT

The Group places great emphasis on the protection of natural resources and ecological diversity and minimises the impact of its operation on the surrounding communities and marine ecology. The Group has formulated a comprehensive environmental management system in accordance with international standards and encouraged subsidiaries to carry out environmental system certification work while providing guidance and support at the same time. The Company, Shekou Container Terminal, Mawan Storage Company Limited (“**Mawan Storage**”), Zhangzhou Terminal, TCP, and HIPG have obtained ISO 14001 environmental management system certification, accounting for 30% of operations. In particular, Mawan Storage is also carrying out ISO50001 energy management system certification. In order to prevent severe environmental incidents and to protect and improve the ecological environment, the Group has clearly set out the requirements which are applicable to the entire group and can be implemented by associates and joint ventures as reference in the *Administrative Regulations on Energy Conservation and Environmental Protection* (《節能環保管理規定》):

- Each new construction, reconstruction, and expansion project shall meet the national environmental protection standards and conduct environmental impact assessment on the construction projects that produce environmental impact in accordance with the law
- Pollution prevention and control facilities must be inspected and accepted by the government environmental protection department before being put into production or use
- Carry out risk control, emergency preparation, emergency response, and recovery work for environmental emergencies, formulate contingency plans for environmental incidents, and conduct regular training and emergency drills

### Emergency Management of Environmental Incident

The subsidiaries have formulated contingency plans for environmental emergencies as required by the *Administration Regulations on Energy Conservation and Environmental Protection* (《節能環保管理規定》), such as the *Emergency Plan for Vessel-Induced Pollution to the Marine Environment* (《船舶污染海洋事故應急預案》), the *Emergency Plan for Oil Spill Incidents* (《溢油事故應急預案》) and *Emergency Plan for Land Environment* (《陸域環境應急預案》), and gradually improved the warning, handling procedures and recovery mechanism for environmental incidents such as oil spills and leakage of hazardous chemical.

Meanwhile, the Group has strengthened the supervision of the construction and operation process, such as setting up anti-pollution barriers around the construction sites, prohibiting the direct discharge of construction wastewater and garbage into the sea, and allocating oil spill emergency cleaning materials such as oil fences and oil mats at the terminal to prevent pollution to the land and marine ecology.

## ACHIEVING GREEN DEVELOPMENT AND CONSTRUCTING ECOLOGICAL PORTS

### Environmental Impact Assessment

The terminals of the Group conduct environmental impact assessment before project construction, undertaking environmental impact investigation and analysis in respect of water, ecology, sound, solid waste, and atmosphere, as well as public opinion survey and analysis, to identify potential environmental and social impacts and formulate mitigation measures; avoid the spawning period of major aquatic economic organisms during project construction to protect the reproduction of natural organisms; ecological compensation measures have been taken after the construction period of the project, such as the implementation of restocking and release of marine environment fishery resources by Shantou Port, the implementation of 24 regular environmental and social monitoring and actions by TCP, etc., to effectively protect biodiversity.

During the Reporting Period, the reconstruction project of the berth of Haixing Terminal in Shenzhen's Mawan Port Zone completed the marine ecological monitoring investigation. The investigation was conducted on chlorophyll a and primary productivity, phytoplankton, zooplankton, benthos organisms, and nekton at 3 survey stations in the ecological environment to accurately assess the impact of the project on the marine ecology.

### Ecological Protection Programme

The Group is committed to building a green and ecological port that is symbiotic with nature and actively explores different ways to reduce or eliminate the environmental impact of its business in the long run.

#### Case Study

#### Adopting Ecological Compensation Measures

From 2012 to 2021, LCT implemented a coastal turtle monitoring and protection programme in Togo to mitigate the impact of the construction and operation of port terminals on the local marine ecosystem. LCT also assisted in the implementation and monitoring of the local mangrove restoration programme at Zalivé, where approximately 14,239 mangroves were planted.



## Case Study

### Establishment of "Human-Elephant Peace Fund"

With the support of the China Merchants Charitable Foundation, HIPG invested US\$ 50,000 to establish the "Human-Elephant Peace Fund", which will be jointly used by the Secretariat of Hambantota District and the Department of Wildlife Protection of Sri Lanka to optimise the ecological environment of Hambantota area and provide strong support for optimising the green and ecological development of Hambantota.



The Group organised tree planting activities in Hambantota Port



Ningbo Daxie planted vegetation on the slope of the road leading to the terminal

## ACHIEVING GREEN DEVELOPMENT AND CONSTRUCTING ECOLOGICAL PORTS

Furthermore, the Group advocates bringing the concept of environmental protection to daily operations, continues to organise diverse types of energy conservation and environmental protection activities, and encourages employees to participate in multiple green charity events to jointly build a green ecological port.



The Group mobilise employees to participate in the "International Marine Clean-up Day" national beach clean-up charity event

## PRACTICING GREEN OPERATION

### Refining Emission Management

The Group strictly abides by the laws and regulations related to environmental protection in the regions where it operates, including but not limited to the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), the *Environmental Impact Assessment Law of the People's Republic of China* (《中華人民共和國環境影響評價法》), the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* (《中華人民共和國固體廢物污染環境防治法》), the *Law of the People's Republic of China on the Prevention and Control of Water Pollution* (《中華人民共和國水污染防治法》), the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* (《中華人民共和國大氣污染防治法》), and the *Energy Conservation Law of the People's Republic of China* (《中華人民共和國節約能源法》). During the Reporting Period, there was no non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

The Group continues to 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 in the course of corporate's operation as much as possible. The Group regularly inspects and controls various pollution sources to meet local emission standards.

Emissions	Management Measures
<b>Air Pollutants</b>	<ul style="list-style-type: none"> <li>Carry out energy conservation and technological transformation through "substitution of fuel-powered equipment with electricity-powered equipment" (or "<b>oil-to-electricity</b>") and use clean energy such as LNG</li> <li>Install sprayer, dust removal tower, remote sprayer, dust-proof mesh cloth and other equipment to prevent dust produced from operations</li> <li>Reduce the idling time of machinery and equipment to save fuel and reduce emissions</li> </ul>
<b>General solid waste</b>	<ul style="list-style-type: none"> <li>Entrust qualified units to collect and handle wastes, recycle materials such as waste steel ropes, waste steel, and cardboard, and transfer other wastes to local legal dumpsites for disposal</li> </ul>
<b>Hazardous waste</b>	<ul style="list-style-type: none"> <li>Collect and store hazardous wastes in accordance with the requirements applied where the operations locate and entrust units with qualifications of handling relevant hazardous wastes for disposal</li> <li>Improve the hazardous waste management system and strengthen the monitoring and management of the hazardous waste treatment process</li> </ul>
<b>Wastewater</b>	<ul style="list-style-type: none"> <li>Construct sewage collection and treatment facilities to treat wastewater, and discharge or recycle only when meeting relevant standards</li> <li>Strengthen daily cleaning of sewage pipes</li> </ul>
<b>Noise</b>	<ul style="list-style-type: none"> <li>Undertake pollution control at the sources of noise, such as the equipment procurement and production process design, to ensure the compliance with relevant legal and regulatory requirements</li> <li>Minimise noise generation during operation (e.g. reduce driving speed, control sirens, etc.)</li> <li>Strengthen the repair and maintenance of various vehicles and machinery</li> </ul>



## ACHIEVING GREEN DEVELOPMENT AND CONSTRUCTING ECOLOGICAL PORTS

During the Reporting Period, the Group continued to expand the application of new conversation technologies and products, prioritised the use of environmentally friendly and efficient equipment, replaced fuels with clean and low-carbon electricity for propulsion, which effectively improved energy efficiency and reduced fuel consumption, as well as reducing exhaust gas and greenhouse gas emissions, ultimately achieving low-carbon transformation.

- Shore-powered supply for vessels:** Shore-powered supply for vessels refers to the use of land power supply for power rather than using generating units in vessels during the docking period, which can reduce the use of fuel oil. In 2021, the Shantou Port Guang'ao shore-powered supply project was officially put into operation, which not only meets the power demand of various electrical equipment of vessels, but also reduces the air emissions during berthing.
- "Oil-to-electricity" technologies:** With reference to the successful cases of "oil-to-electricity" technological transformation of equipment such as gantry cranes and reach stackers by Zhangzhou Port, CICT and Guangdong Yide Port, other subordinate terminals have successively built more efficient power-driven machinery to replace traditional diesel-powered machinery. During the Reporting Period, the Group completed the "oil-to-electricity" transformation of 8 bridge cranes.



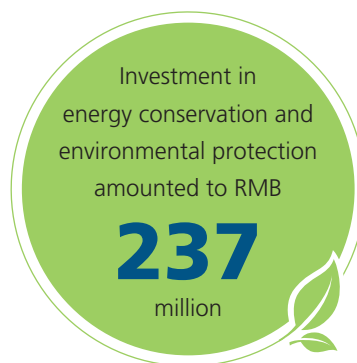
Shekou Container Terminal has completed the construction of 3 sets of shore-powered supply systems and it is expected to reduce emissions of 365 tons of carbon dioxide, 4.6 tons of sulphur dioxide, and 4.57 tons of nitrogen oxides by each berth annually.



The photovoltaic power generation project (Phase I) of Xia Men Bay China Merchants Terminals Co., Ltd. was completed and put into operation during the Reporting Period.

- Clean energy:** In line with the requirements of the regulatory authorities, subsidiaries gradually phase out energy-intensive and emission-intensive facilities, and prioritise the use of environmentally friendly equipment, including the purchase of reach stacker with higher emission standards, the adoption of electric forklifts to replace traditional fuel forklifts, the trial use of "hydrogen" fuel trailers, and gradually explore the application of renewable energy in the parks and port areas.

### Key Data:



Air Emissions <sup>13,14</sup>	Unit	2021	2020
Nitrogen oxides (NO <sub>x</sub> ) emissions	Tonnes	167.70	215.13
Sulphur oxides (SO <sub>x</sub> ) emissions	Tonnes	0.20	0.21
Carbon monoxide (CO) emissions	Tonnes	120.05	162.18

GHG Emissions	Unit	2021	2020
Scope 1 emissions <sup>15,16</sup>	Tonnes CO <sub>2</sub> e	61,898.33	53,880.49
Scope 2 emissions <sup>17</sup>	Tonnes CO <sub>2</sub> e	156,075.32	118,786.16
Total GHG emissions	Tonnes CO <sub>2</sub> e	217,973.65	172,666.65
GHG emission intensity	Tonnes CO <sub>2</sub> e/TEU	1.06 × 10 <sup>-2</sup>	1.09 × 10 <sup>-2</sup>

Wastewater Discharge	Unit	2021	2020
Wastewater discharged	Tonnes	296,130.00	438,868.00
Wastewater treated up to standards for reuse	Tonnes	63,191.00	23,215.00

<sup>13</sup> The air pollutant emissions are generated from the use of vehicles and machinery. The calculation methods and relevant emission factors are referenced from the *First National Pollution Source Census Industrial Pollutant Emission Coefficient* (《第一次全國污染源普查工業污染物排放系數手冊》), *Technical Guide for the Development of Air Pollutant Emission Inventories for Road Motor Vehicles (Trial)* (《道路機動車大氣污染物排放清單編制技術指南(試行)》) and *Technical Guidance on the Development of Air Pollutant Emission Inventories for Non-road Mobile Sources (Trial)* (《非道路移動污染源大氣污染物排放清單編制技術指南(試行)》) published by the Ministry of Ecology and Environment of the People's Republic of China and 2019 EMEP/EEA Air Pollutant Emission Inventory Guidebook (《2019年EMEP/EEA大氣污染物排放清單指南》) published by European Environmental Agency.

<sup>14</sup> The air pollutant emission statistics do not include the vehicle and machinery emission data of Ningbo Daxie and Hambantota Port, and the machinery emission data of LCT and TCP, which will be further disclosed in the future. In addition, natural gas vehicles in Shekou Container Terminal are excluded due to limitations in calculation method.

<sup>15</sup> The greenhouse gases are generated from the direct greenhouse gas emissions from the fuels consumption of the vehicles and machinery, and the calculation methods and relevant emission factors are referenced from the *Guidelines for Calculation Method and Reporting Guidance on GHG Emissions for Other Industrial Enterprises (Trial)* (《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》) and the *Guidelines for Calculation Method and Reporting Guidance on GHG Emissions for On-road Transportation Enterprises (Trial)* (《陸上交通運輸企業溫室氣體排放核算方法與報告指南(試行)》) issued by the National Development and Reform Commission of the PRC, and the *Appendix 2: Reporting guidance on Environmental KPIs* published by the SEHK.

<sup>16</sup> Greenhouse gas emissions do not include data from Hambantota Port, and relevant data will be further disclosed in the future.

<sup>17</sup> The greenhouse gases are generated from the indirect greenhouse gas emissions from purchased electricity, and the calculation methods and relevant emission factors are referenced from the *Guidelines for Calculation Method and Reporting Guidance on GHG Emissions for Power Generation Facilities (2021 Revision) (Draft for Comments)* (《企業溫室氣體排放核算方法與報告指南發電設施(2021年修訂版)》(徵求意見稿)) published by the Ministry of Ecology and Environment of the People's Republic of China, the *Sustainability Report 2020* published by CLP Holdings Limited and the Emission Factors from Cross-Sector Tools published by GHG Protocol.

## ACHIEVING GREEN DEVELOPMENT AND CONSTRUCTING ECOLOGICAL PORTS

<b>Hazardous Waste</b>			
	Unit	2021	2020
Waste battery generated	Tonnes	10.39	10.27
Waste battery generation intensity	Tonnes/TEU	$5.03 \times 10^{-7}$	$6.48 \times 10^{-7}$
Waste sludge and oil residue generated	Tonnes	222.63	50.04
Waste sludge and oil residue generation intensity	Tonnes/TEU	$1.08 \times 10^{-5}$	$3.15 \times 10^{-6}$
Waste mineral oil generated	Tonnes	269.50	203.59
Waste mineral oil generation intensity	Tonnes/TEU	$1.31 \times 10^{-5}$	$1.28 \times 10^{-5}$
Oily wastewater generated	Tonnes	2,329.64	4,988.85
Oily wastewater generation intensity	Tonnes/TEU	$1.13 \times 10^{-4}$	$3.14 \times 10^{-4}$
<b>Non-hazardous Waste</b>			
	Unit	2021	2020
Scrap metal generated	Tonnes	2,104.39	990.25
Scrap metal generation intensity	Tonnes/TEU	$1.02 \times 10^{-4}$	$6.24 \times 10^{-5}$
Production waste generated	Tonnes	6,610.44	17,082.47
Production waste generation intensity	Tonnes/TEU	$3.42 \times 10^{-4}$	$1.08 \times 10^{-3}$
Waste tire generated <sup>18</sup>	Tonnes	166.69	308.44
Waste tire generation intensity	Tonnes/TEU	$8.07 \times 10^{-6}$	$1.94 \times 10^{-5}$
Scrap steel rope generated	Tonnes	1,077.60	1,219.03
Scrap steel rope generation intensity	Tonnes/TEU	$5.22 \times 10^{-5}$	$7.68 \times 10^{-5}$
Waste office consumables generated	Tonnes	45.78	104.43
Waste office consumables generation intensity	Tonnes/TEU	$2.22 \times 10^{-6}$	$6.58 \times 10^{-6}$

<sup>18</sup> A total of 831 used tires were generated at Shekou Container Terminal and Mawan Storage, with no statistics on weight.

## Improving Resource Efficiency

In terms of improving energy efficiency, the Group has reduced office consumables, improved resource utilisation rate, and achieved efficient production and operation through continuous development of automation systems and paperless customs clearance. Several terminals operated by the Group has retrofitted the lighting of LED energy-saving lamps in the yards and office buildings, with a total of 409 LED lamps being replaced during the Reporting Period, thus effectively reducing the energy consumption. The Group has also promoted green office, fully integrated the green concepts into daily office operation, and posted posters and signs of "Saving Water" to encourage employees to save electricity, water, and paper in the office.

In terms of improving water efficiency, the subordinate terminals have continued to improve the wastewater collection and treatment facilities, improved the wastewater collection capacity and treatment capacity, so as to recycle wastewater more effectively; increased the use of water-efficient equipment to reduce the water consumption for equipment washing; monitored the use of a large amount of water during operations. During the Reporting Period, the state of Parana in Brazil was facing a severe water shortage crisis. In order to better manage the strained water resources, TCP has adopted water-saving measures to reduce freshwater consumption. The Group has no difficulties in sourcing water that is fit for the purpose in other operating locations.

Use of Resources <sup>19</sup>	Unit	2021	2020
<b>Water resources</b>			
<b>Total water consumption</b>	m <sup>3</sup>	2,709,038.26	2,001,654.00
<b>Total water consumption intensity</b>	m <sup>3</sup> /TEU	0.13	0.13
<b>Direct Energy</b>			
<b>Total petrol consumption</b>	MWh	1,941.53	1,612.70
<b>Petrol consumption intensity</b>	MWh/TEU	$9.40 \times 10^{-5}$	$1.02 \times 10^{-4}$
<b>Total amount of diesel consumption</b>	MWh	239,724.52	195,774.79
<b>Diesel consumption intensity</b>	MWh/TEU	$4.18 \times 10^{-2}$	$1.23 \times 10^{-2}$
<b>Total natural gas consumption</b>	MWh	2,306.07	3,453.04
<b>Natural gas consumption intensity</b>	MWh/TEU	$1.12 \times 10^{-4}$	$2.18 \times 10^{-4}$
<b>Indirect Energy</b>			
<b>Total purchased electricity</b>	MWh	355,670.15	263,788.81
<b>Purchased electricity consumption intensity</b>	MWh/TEU	$1.72 \times 10^{-2}$	$1.66 \times 10^{-2}$

<sup>19</sup> The calculation method of energy use intensity and relevant emission factors are referenced from the *Technical Note: Conversion of fuel data to MWh* published by the Carbon Disclosure Project (CDP).

# APPENDIX: INDEX OF THE ESG REPORTING GUIDE

Mandatory Disclosure Requirements	Disclosure	Location/Remarks
<b>Governance Structure</b>	A statement from the Board containing: (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.	Sustainable Development Management
<b>Reporting Principles</b>	A description of, or an explanation on, the application of the Reporting Principles (materiality, quantitative, consistency) in the preparation of the ESG report.	About This Report
<b>Reporting Scope</b>	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report



Aspects	Indicators	Indicator Content	Disclosure	Location/Remarks
<b>ENVIRONMENTAL</b>				
<b>A1: EMISSION</b>	General Disclosure	Information on: (a) the policies; and (b) 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 waste.	√	Practicing Green Operation
	A1.1	The types of emissions and respective emissions data.	√	Practicing Green Operation
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	√	Practicing Green Operation
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate intensity (e.g. per unit of production volume, per facility).	√	Practicing Green Operation
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	√	Practicing Green Operation
	A1.5	Description of emission target(s) set and steps taken to achieve them.	√	Environmental Management Strategy
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	√	Environmental Management Strategy Practicing Green Operation

## APPENDIX: INDEX OF THE ESG REPORTING GUIDE

Aspects	Indicators	Indicator Content	Disclosure	Location/Remarks
<b>ENVIRONMENTAL</b>				
<b>A2: Use of Resources</b>	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	√	Practicing Green Operation
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	√	Practicing Green Operation
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	√	Practicing Green Operation
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	√	Environmental Management Strategy
	A2.4	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.	√	Environmental Management Strategy Practicing Green Operation
	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: The Environment and Natural Resources</b>	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	√	Protecting the Ecological Environment
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	√	Protecting the Ecological Environment
<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	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>SOCIETY</b>				
<b>B1: Employment</b>	General Disclosure	Information on: (a) the policies; and (b) 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.	√	Protecting Employees' Rights
	B1.1	Total workforce by gender, employment type, age group and geographical region.	√	Protecting Employees' Rights
	B1.2	Employee turnover rate by gender, age group and geographical region.	√	Protecting Employees' Rights
<b>B2: Health and Safety</b>	General Disclosure	Information on: (a) the policies; and (b) 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.	√	Safeguarding Safety and Health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	√	Safeguarding Safety and Health
	B2.2	Lost days due to work injury.	√	Safeguarding Safety and Health
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	√	Safeguarding Safety and Health

## APPENDIX: INDEX OF THE ESG REPORTING GUIDE

Aspects	Indicators	Indicator Content	Disclosure	Location/Remarks
<b>SOCIETY</b>				
<b>B3: Development and Training</b>	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	√	Supporting Employees Growth
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	√	Supporting Employees Growth
	B3.2	The average training hours completed per employee by gender and employee category.	√	Supporting Employees Growth
<b>B4: Labor Standards</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	√	Protecting Employees' Rights
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	√	Protecting Employees' Rights
	B4.2	Description of steps taken to eliminate such practices when discovered.	√	Protecting Employees' Rights
<b>B5: Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	√	Promoting Sustainable Supply Chain
	B5.1	Number of suppliers by geographical region.	√	Promoting Sustainable Supply Chain
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	√	Promoting Sustainable Supply Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	√	Promoting Sustainable Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	√	Promoting Sustainable Supply Chain

Aspects	Indicators	Indicator Content	Disclosure	Location/Remarks
<b>SOCIETY</b>				
<b>B6: Product Responsibility</b>	General Disclosure	Information on: (a) the policies; and (b) 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.	√	Providing Quality Services Strengthening the Safety Foundation (Information related to labelling and health and safety of products are not applicable to principal business)
	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.	√	Providing Quality Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	√	Protecting Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.		Not applicable to principal business
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	√	Providing Quality Services



## APPENDIX: INDEX OF THE ESG REPORTING GUIDE

Aspects	Indicators	Indicator Content	Disclosure	Location/Remarks
<b>SOCIETY</b>				
<b>B7: ANTI-CORRUPTION</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	√	Operation with integrity and compliance
	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.	√	Operating with Integrity and Compliance
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	√	Operating with Integrity and Compliance
	B7.3	Description of anti-corruption training provided to directors and employees	√	Operating with Integrity and Compliance
<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	√	Contributing to Public Welfare
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	√	Contributing to Public Welfare
	B8.2	Resources contributed (e.g. money or time) to the focus area	√	Carrying out Volunteer Services



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