

**China Merchants Port Holdings  
Company Limited  
ESG Management Manual**

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## Chapter I General Rules

In order to thoroughly implement the new development concept of innovation, coordination, green, open and sharing, and comply with the requirements of the "14th Five-Year Plan" Environment, Society and Governance (ESG) System Construction and Key Tasks of China Merchants Group, to enhance the understanding and emphasis of environmental, social and governance (hereinafter referred to as "ESG") work throughout the company, to further improve the construction of the ESG system, to promote the implementation of ESG key tasks and the full implementation of the company's "14th Five-Year Plan" and the construction of a world-class comprehensive port service provider, and to make every effort to promote high-quality and sustainable development of the company, this management manual is formulated in accordance with relevant guidelines such as the Work Plan for Improving the Quality of Listed Companies held by State-owned Enterprises and the Work Plan for Environment, Society and Governance (ESG) System Construction and Key Tasks of China Merchants Group issued by the State-owned Assets Supervision and Administration Commission, and in combination with the actual situation of China Merchants Port Holdings Company Limited (hereinafter referred to as the **"Company"** or **"CMPort"** ).

"ESG" in this manual refers to the abbreviation of "Environmental", "Social" and "Governance", which is a new evaluation standard of enterprise sustainable development focusing on enterprise environmental, social and corporate governance performance rather than traditional financial performance. Environment mainly refers to the impact of enterprises on the environment, such as enterprise environmental policy, employees' environmental awareness, production waste discharge measures, etc; Social mainly refers to the impact of enterprises on society, such as occupational health and safety, supply chain management, community development and so on; Governance refers to corporate governance, such as business ethics, board independence and diversity.

The ESG management referred to in this manual mainly includes a closed-loop system of strategic planning, governance process, business integration, internal and external

communication, performance evaluation, capacity building and other aspects, which is the basis for enterprises to effectively promote ESG practice and improve ESG management performance.

For the purpose of this manual, the "Stakeholders" refer to individuals or groups that may be affected by or influence the decisions and activities of the Company, including regulators, governments at all levels, investors, employees, customers, partners, suppliers, creditors, media, non-governmental organizations, and communities.

This manual serves as a guiding document for the Company to promote its ESG work, and its subsidiaries (hereinafter referred to as the "Subsidiaries") should carry out their work in accordance with this manual.

## **Chapter II Mission & Vision**

CMPort is committed to becoming a world-class green intelligent comprehensive service provider and a port industry leader with green and low-carbon, safe and reliable, innovative development and humanistic care as its main purpose. The Company is also committed to promoting sustainable development, continuing to create positive economic, social and environmental values for stakeholders and communities in the locations of global operations, and building a sustainable ecosystem with supply chain colleagues. Based on the mission and vision of sustainable development of the company, the main development direction of ESG is defined as promoting innovative development, promoting safety and reliability, developing green and low-carbon, and strengthening humanistic care. The details are as follows:

- **Innovation and Development:** continuing to promote the construction of green and smart ports, and strengthening cooperation among industries in various fields
- **Safety and Reliability:** ensuring safe operation and production at the company, and providing diversified occupational health and safety protection for employees
- **Green and Low Carbon:** strengthening waste management strategies to reduce emissions and pollution, adopting carbon reduction measures to save energy and reduce consumption, and protect ecological diversity

- **Humanities Concerns:** protecting the human rights and labor rights of employees, creating an equal and diversified employment environment, and promoting talent development

In addition, the Company's ESG work will be guided by the following five principles:

- (I) Serving the mission and vision. ESG strategic planning of the Company should always adapt to the characteristics of its own development and business environment, maintain consistency with the overall strategic planning, and ultimately promote the realization of the Company's overall mission vision.
- (II) Integrating management system. ESG work of the Company should be integrated into corporate management activities such as strategic decision-making, policy formulation and daily operation, and a work mechanism of horizontal coordination and vertical undertaking should be formed.
- (III) Responding to the appeals of the Stakeholders. ESG work of the Company should be based on the demands of the Stakeholders, focus on substantive issues, and aim to respond to the expectations of the Stakeholders.
- (IV) Creating a positive impact. The ESG work of the Company should have a positive impact on the community where it operates and create maximum economic, environmental and social value
- (V) Avoiding negative risks. The Company should actively identify ESG risks that may negatively affect the Company and its stakeholders in its operation and management, and take certain measures to avoid negative effects.

## **Chapter III Strategic Development Plan and Action Plan**

CMPort will continue to promote the construction of ESG system, improve the level of ESG governance, and commit to fully integrating ESG into operation management and investment. In order to realize the full implementation of the ESG strategy step by step steadily, the Company has formulated the ESG development plan for the next five years based on the current development status of ESG, clarifying the ESG work priorities in each stage, and will promote the implementation of various work items in stages.

**(I) Short-term objectives (2023) : Full integration of ESG into corporate governance**

ESG management system should be preliminarily established in the company. The governance structure covering the Board of Directors of the Company (hereinafter referred to as the “**Board of Directors**”), the Management and the Executive unit, which should be established with clear delineation of ESG responsibilities of each department. ESG management should be integrated with the planning and execution of work in each department, ensuring the implementation of an assessment mechanism in the functional departments at the headquarters where their ESG performance is linked with the KPI.

**(II) Medium-term objectives (2024-2025): Fully integrate ESG into operational management**

At the operational level, ESG work should be consistently implemented to deepen ESG management. International leading cases should be referenced to improve the comprehensive management of ESG, promote the transition of port construction to green and intelligent development, and ensure the implementation of the assessment mechanism where ESG performance is linked with KPI of the Subsidiaries.

**(III) Long-term objectives (2026-2027) : Fully integrate ESG into investment management**

In terms of investment management, ESG principles should be practiced, thus integrating the guiding principle of sustainable development into the Company's investment decision-making process. Before investments are made, factors such as the social and environmental impacts of the project and ESG risks should be taken into account in investment decision-making. After the investment, the ESG performance of the investment project should be continuously monitored and assessed, and efforts should be made to integrate the development performance of ESG investments with the KPI assessment mechanism.

At present, CMPort has issued the "Carbon Peak Carbon Neutral Action Plan" for carbon neutral planning, and will continue to promote the development of various action plans in the future. In addition, the Company will review the implementation progress of the plan regularly and report the completion to the Board of Directors every year.

## **Chapter IV Risks and Opportunities**

Each department should take the initiative to identify and manage ESG risks and opportunities based on its own business functions, including but not limited to major entity risks, transformation risks and opportunities that may be caused to the Company's business operations. In the future, CMPort will gradually establish an ESG risk management mechanism covering all business areas and integrate it into the existing internal control system of comprehensive risk management.

Risk Management and Internal Audit Department of the Company will be responsible for coordinating and guiding all departments and the Subsidiaries to conduct the self-inspection and identification of ESG risks and opportunities. It will assess the sustainability and effectiveness of risk and opportunity identification based on the feedback from various business operation departments, ultimately generate a risk list, and integrate it into the risk management system for consistent monitoring. All departments and the Subsidiaries should take relevant risk prevention and mitigation measures and formulate business transformation strategies based on the results of ESG risk opportunity identification.

## **Chapter V Issues Management**

ESG work should be integrated into the daily business activities of the Company, and all departments should formulate promotion plans and improve promotion mechanisms according to the functional work rules, integrate into the system process, and include the job responsibilities; establish a performance assessment and monitoring mechanism, carry out information disclosure, implement review and optimization, and form a closed-loop management system.

The corporate Environment, Social and Governance (ESG) issues system should consist of ESG integrated governance planning issues and management specific issues.

ESG comprehensive governance planning issues cover six areas, i.e., operational management, information disclosure, external communication, innovative development planning, investment and asset management, and brand building and promotion, and the relevant responsibility departments covered include:

Issues	Leading Departments	Coordinating Departments
Operation Management	Operations Department	Human Resources Department, Risk Management and Internal Audit Department / Legal and Compliance Department, Administration Department
Information Disclosure	Office of Board of Directors *	
External Communication	Office of Board of Directors, Marketing and Commercial Department	
Innovative Development Plan	Office of Board of Directors, Operations Department	Finance Department, Safety Supervision Management Department
Investment and Asset Management	Business Development Department, Finance Department, Asset Management Center	Strategy and Innovation Department, Operations Department
Brand Building and Promotion	Administration Department	

Note: Management performance data for all ESG issues shall be finally summarized in the Office of Board of Directors and disclosed in the annual ESG/ Sustainability Report led by the Office of Board of Directors .

In addition to the above departments, all departments and the Subsidiaries should actively cooperate with the development and implementation of ESG comprehensive management planning.

The special issues of ESG management encompass various aspects. In terms of environment, they include environmental management, low-carbon energy conservation, and ecological protection. In terms of society, they include safeguarding employee's rights and interests, ensuring workplace safety and occupational health, fostering talent development, protecting customer's rights and interests, and promoting public charity and community development. In terms of governance, they involve corporate governance, business ethics, supply chain management, information security, and risk management. Relevant departments of responsibility include below:



	Issues	Leading Departments	Coordinate Departments
Environment	Environmental management	Safety Supervision Management Department	Operations Department, Administration Department
	Low Carbon and Environmental Protection	Safety Supervision Management Department, Administration Department	Operations Department
	Ecological protection	Safety Supervision Management Department, Administration Department	Operations Department
Social	Protection of Employee Rights and Interests	Human Resources Department	Operations Department
	Work Safety and Occupational Health	Safety Supervision Management Department	Operations Department, Administration Department, Human Resources Department
	Talent development	Human Resources Department	Operations Department, Strategy and Innovation Department
	Customer Rights and Interests Protection	Marketing and Commercial Department	Operations Department
	Public Charity	Administration Department	Operations Department
Governance	Corporate Governance	Office of Board of Directors	Operations Department
	Business Ethics	Supervision Department, Risk Management and Internal Audit Department , Operations Department	Human Resources Department
	Supply Chain Management	Operations Department	Human Resources Department, Risk Management and Internal Audit Department
	Information Security	Strategy and Innovation Department	Risk Management and Internal Audit Department,

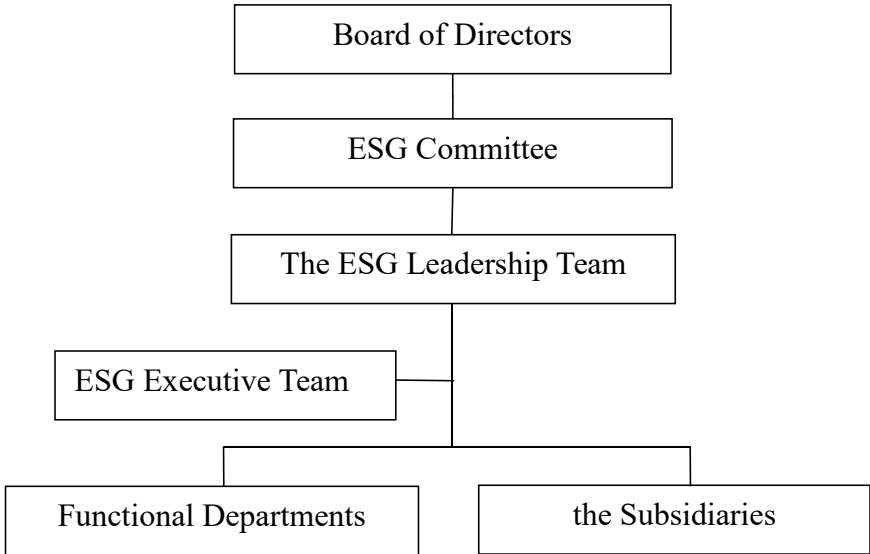
			Human Resources Department, Administration Department
	Risk Management	Risk Management and Internal Audit Department	Safety Supervision Management Department

In addition to the above, all departments and the Subsidiaries should actively cooperate with the implementation of ESG special issues.

The Board of directors may review and adjust the above ESG issues according to the adjustment of the Company's sustainable development strategy direction and the needs of the construction and development of the ESG management system. The above ESG issues will be included in the Company's performance appraisal system after corresponding approval procedures. All departments and the Subsidiaries shall strengthen the organic connection between ESG topic management and existing work management, and timely adjust, update and optimize ESG management according to the changes of the Company's ESG topic system.

## Chapter VI Organizational Structure

The Company has set up a three-level ESG governance structure from the board level, management level and executive level, and has defined relevant work functions at each level to ensure unified leadership, decision-making and implementation of ESG work. The Company's ESG governance structure is as follows:



- (I) **The ESG Committee** is composed of members of the Board of Directors that shall serve as the guiding and decision-making body for the work of the ESG and report to the Board of Directors. The ESG Committee, under the leadership of the Board of Directors, has the following responsibilities:
- a. Review, decide and guide the Company's ESG strategy and action plan
  - b. Ensure other committee work conforms to the ESG governance principles, and consistent with the company ESG development strategy
  - c. Reporting significant ESG matters to the Board of Directors and be accountable to the Board of Directors. Significant ESG matters include climate change, occupational health and safety, business ethics, responsible supply chain, etc.
- (II) **The ESG Leadership Team** is composed of CEO of the Company, the head of functional departments and the heads of the Subsidiaries. As the leading and coordinating body of ESG work, its related responsibilities are clear as follows:
- a. Lead, promote and implement the Company's ESG strategy
  - b. Be responsible for guiding the management and practice of core ESG issues such as climate change, business ethics, occupational health and safety, and responsible supply chains
  - c. Examining the main trends in ESG and summarizing the major risks and opportunities encountered in implementing ESG strategies
  - d. Appraisal business model and architecture of ESG compliance
  - e. Be responsible for the external publicity and communication regarding ESG development, and overseeing the quality and continuity of information disclosure
- (III) **The ESG Executive Team, the Company's Departments and the Subsidiaries** are the main bodies of implementation. Among them, the ESG working group is jointly led by the operation management department, the office of the Board of Directors, and the safety supervision department, and is the main body of the implementation, coordination and promotion of the ESG work. Its related responsibilities are to clarify the management responsibilities related to ESG and promote the implementation of the ESG projects. All

departments of the Company and the Subsidiaries are responsible for coordinating the implementation of the ESG work requirements to ensure the integration of ESG issues with the department business.

## **Chapter VII Division of Work Responsibilities**

According to the existing short and medium-term planning, the following departments of the Company should take the initiative to assume the responsibility of supervision and promotion of ESG management. Specific job responsibilities are as follows:

### **(I) Operations Department**

- a. Responsible for formulating ESG development planning and lead each department as a whole to promote the implementation of the ESG work fall to the ground and continuous optimization
- b. Responsible for establishment of control enterprise annual KPI performance appraisal work
- c. Guide the Subsidiaries in ESG risk identification evaluation and control
- d. Responsible for the procurement, supplier in ESG considerations, supervision and management work to promote the sustainable development of the supply chain system
- e. Support and guide the implementation of other ESG work

### **(II) Office of Board of Directors**

- a. Assist ESG management system, the implementation of the system and the revision of the internal control and participate in the Company
- b. Responsible for the organization as a whole ESG disclosure and rating agencies, investors, board level communication work, including the information channels such as the annual report, website maintenance, investors, communication, etc
- c. Be responsible for ensuring that the composition of the Board of Directors and special committees meets regulatory compliance requirements, and the requirements of rating agencies for diversification and independence

### **(III) Strategy and Innovation Department**

- a. Carry on the special strategic research of ESG related key issues

- b. Responsible for driving ESG related innovation strategy and project, including the special capital investment, project investment, innovation work system consummation and so on
- c. Responsible for promoting and managing of the information security management of the Company and the Subsidiaries, include security and defense system construction, system construction, training, project learning, etc

**(IV) Business Development Department**

- a. Promoting ESG investment philosophy and the current management system of the investment decisions

**(V) Finance Department(Capital Management Department)**

- a. Promoting ESG concepts and financial management system integration
- b. Advancing green and sustainable financial management

**(VI) Asset Management Center**

- a. Promoting the integration of ESG principles with real estate resource management system
- b. Improving real estate resource ownership procedures, and promoting the compliance and efficient utilization of real estate resources

**(VII) Administration Department**

- a. Responsible for the guidance of charity work and poverty alleviation projects for the Company and the Subsidiaries as a whole
- b. Responsible for media relations level of ESG communication and public opinion monitoring work
- c. Responsible for integrating ESG into corporate culture system construction and external brand promotion
- d. Organizing and implementing the public welfare projects and volunteer activities.
- e. Be responsible for the green, low-carbon, and resource-saving development in the office environment

**(VIII) Risk Management and Internal Audit Department(Legal and Compliance Department)**

- a. Be responsible for identifying and assessing ESG risks, and formulating mitigation measures to manage the risks
- b. Responsible for integrating ESG risk identification, assessment and control into the overall risk management system and risk management of invested projects
- c. Be responsible for auditing the activities related to business ethics
- d. Be responsible for conducting third-party audits/verification/certification of the compliance system
- e. Be responsible for coordinating the management and protection of the Company's intellectual property

**(IX) Human Resources Department**

- a. Responsible for establishing all-rounded ESG performance management system and performance management
- b. Responsible for the construction and planning of the Company's human resource management system
- c. Integrate ESG strategic planning with the Company's HR planning and annual plans
- d. Responsible for the improvement of employees' rights and interests protection system and system construction
- e. Protect employees' occupational health from the aspect of physical and mental health
- f. Be responsible for improving the Company's comprehensive training system and work mechanism
- g. Promote the integration of ESG into the existing training management system and projects
- h. Assist each department to organize special training on ESG related topics

**(X) Safety Supervision Management Department (Emergency Management Department)**

- a. Supervise and guide the Subsidiaries (ports and terminals) to improve the safety production management system
- b. Responsible for ensuring the occupational health of employees and contractors of the Subsidiaries (ports and terminals) from the level of production safety
- c. Be responsible for encouraging the Subsidiaries (ports and terminals) to employ advanced technical means to ensure safety

- d. Supervise and guide the Subsidiaries (ports and terminals) to improve the environmental management system
- e. Promote and guide the identification, assessment and control of environmental risks of the Subsidiaries (ports and terminals)
- f. Be responsible for supervising the Subsidiaries (ports and terminals) to practice biodiversity conservation

**(XI) Supervision Department**

- a. Responsible for establishing and improving the Company's business ethics supervision and management system
- b. Responsible for the establishment and improvement of staff report response and whistleblower protection mechanism
- c. Be responsible for establishing a specialized anti-corruption system.

**(XII) Marketing and Commercial Department**

- a. Responsible for ESG communication at customer relationship level
- b. Responsible for assisting and guiding the Subsidiaries to improve the rights and interests protection system of customers

## **Chapter VIII Internal Working Mechanism**

**(I) Reporting Mechanism**

The ESG Committee meets once a year. Listen to the report of ESG's work results and work plan; Review the progress and performance of ESG targets; Approve the annual ESG report. The ESG Leadership Team meets twice a year. Listen to the ESG work results and work planning report of each department; Review existing ESG policies and arrange for policy updates; To commend outstanding departments/subsidiary companies, outstanding ESG demonstration cases, outstanding ESG work projects and outstanding individuals.

**(II) Assessment Mechanism**

Assessment standards are set according to the division of work responsibilities, and it is carried out at two levels: annual and tenure. The formulation of annual assessment

indicators is based on the setting of annual ESG strategic planning; Tenure assessment criteria is set based on ESG's long-term strategic planning. The criteria are set as follows:

- Project indicators have specific quantitative requirements of quantitative completion degree accounting coefficient, coefficient is not more than 1, multiplied by the weight for a single score.
- Research reports, planning documents, work programs and signed agreements will be scored by the performance team through comprehensive evaluation.
- The qualitative indicators form the work plan and define the key milestones. The performance team evaluates the completion degree of milestones and calculates the coefficient according to the completion degree of milestones. The individual score is multiplied by the weight.

The assessment will be carried out by the Operations Department. The assessment results will be reported in the ESG Working Team meeting and will be used as the basis for outstanding departments/the Subsidiaries, outstanding ESG demonstration cases, outstanding ESG work projects and outstanding individuals commendation.

## **Chapter IX External Practice and Communication**

### **(I) Information Disclosure**

The Company writes and releases ESG reports every year, and the Board of Directors Office takes the lead to coordinate the data collection and report compilation of all departments and the Subsidiaries. All departments and the Subsidiaries shall collect and submit report materials as required, and ensure the accuracy of the information. The preparation of the report shall follow the requirements of the regulatory authorities, strictly refer to the latest standards issued by domestic and foreign authorities, and keep consistent with the release time of the Company's financial annual report.

### **(II) Communication with Stakeholders**

The Company will use its official website as the communication channel of the Company's ESG concept and practice, regularly enrich the column content, and timely report the practice and data trends, to demonstrate the Company's sustainable



development commitment and ESG work results to the Stakeholders. In addition, the Company will also take the initiative to communicate with stakeholders on the Company's ESG management through investor meetings, customer satisfaction questionnaires, various exhibitions and other forms, and listen to feedback.

### **(III) Community Impact**

The Company always adheres to the concept of integration and win-win. In the process of steady business development, the Company takes the initiative to establish a relationship of mutual support and trust with the community where it operates, and continues to expand into public welfare fields such as infrastructure construction, talent training, children care, education and medical assistance, so as to give back to the local community. By understanding and meeting the needs of vulnerable groups, the Company will organize staff volunteers to carry out community public welfare activities, and strive to bring a positive impact on society.

## Appendix 1: MSCI Transportation Infrastructure Industry Rating Criteria

Environment			
Biodiversity & Land Use	(Have specific) policy covers provisions for the sustainable management of natural resources and raw materials		
	(With a clear policy) to minimize disruption from operations		
	(Clear policy guidance requires that) it is going to restore ecological habitats and disturbed lands.		
	Whether to restore or repair the disturbed area through continuous operation		
	Whether there is a plan to protect the natural ecosystem		
	Whether the company will conduct a biodiversity impact assessment before settling down in the new district		
Social			
Health and Safety	(Evidence of) an accredited certification system		
	Whether health and safety strategy and performance are managed by the Sustainable Development Council, Health and Safety Working Group or Risk Officer		
	Whether the health and safety policy applies to the whole group		
	Whether health and safety policies apply to contractors		
	Whether goals are set to improve health and safety performance		
	Performance against peer health and safety indicators		
Corporate Governance			
Board of Directors	Salary	Ownership	and Accounting

		Control	
Audit supervision	Pay supervision	Election of directors	Audit independence
Board effectiveness	Non-executive director remuneration	Ownership structure	
Board independence	Pay performance adjustment	Stockholders' equity	
Board leadership			
Board skills and diversity			
Corporate Behavior			
Business Ethics		Tax Transparency	
Business ethics policy and practice		Tax transparency	
Business moral hazard and controversy			

## Appendix 2: CSA Rating Issue Setting

The ten principles of the UN Global Compact are drawn from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on environment and Development, and the UN Convention Against Corruption.

Dimension	Issue
<b>Economic Dimension</b>	Transparency Reporting
	Corporate Governance
	Materiality
	Risk and Crisis Management
	Business Ethics
	Policy Influence
	Supply Chain Management
	Information Security/Cybersecurity and System Availability
<b>Environmental Dimension</b>	Environmental Policy and Management Systems
	Emissions
	Resource Efficiency and Circularity
	Waste
	Water
	Climate Strategy
	Biodiversity
<b>Social Dimension</b>	Labor Practice Indicators
	Human Rights
	Human Capital Development
	Talent Attraction and Retention ..
	Occupational Health and Safety
	Customer Relationship Management
	Privacy Protection

	Stakeholder Participation
	Talent Planning and analysis

**Appendix 3: IFRS® Sustainability Disclosure Standard**

On June 26, 2023, the International Sustainability Standards Board (ISSB) officially issued IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, signifying a new era of standards for disclosure of sustainable development information. Both standards will officially come into effect on January 1, 2024. IFRS S1 requires entities to disclose the following core content, unless otherwise required or except in exceptional circumstances: governance, strategies, risk management, metrics and targets.

- Governance——Monitor and manage sustainability-related risks and opportunities in the governance processes, cotrols and procedures.
- Strategy——Manage sustainability -related risks and opportunities.
- Risk Management——Identify, assess, prioritise and monitor the process of sustainability-related risks and opportunities.
- Metrics and Targets——Monitor and manage the performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.

**Appendix 4: United Nations Sustainable Development Goals**



# SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD

