

CHAPTER 3

CHAIRMAN'S MESSAGE



In 2023, there have been growing efforts to reach net zero globally, focusing on increasing the application of clean energy and innovative technologies, as well as establishing sustainable green shipping corridors. COSCO SHIPPING Ports attaches great importance to the rights and interests of stakeholders. Under the leadership of the Board, the Company is dedicated to strengthening technological advancement, reinforcing energy-saving and carbon reduction efforts, accelerating green and low-carbon transformation and just transition, steadily promoting the development of smart and green ports, and contributing to the green shipping supply chain.



I am pleased to present the 2023 Sustainability Report of COSCO SHIPPING Ports to review the efforts accomplished by the Company in 2023 in promoting sustainable development.

COSCO SHIPPING Ports, in keeping with the realities and being practical, strictly adheres to corporate governance standards and policy practices, with the aim to strengthen corporate resilience and create long-term value. Under the leadership of the Board, the Company upholds the principles of integrity and win-win cooperation as well as the values of lawful governance and business ethics to establish a comprehensive compliance and operations management system. The Company also persistently strengthens risk control and internal control management, firmly promotes a culture of integrity and builds a corporate ecosystem of honesty and integrity, so as to lay a solid foundation for the sustainable and steady development of the Group.

In July 2023, the Member States of the International Maritime Organization (IMO) adopted the Strategy on Reduction of GHG Emissions from Ships, reaching a consensus on carbon reduction goals. The strategy proposes achieving net zero emissions around 2050, and explicitly requires a reduction of carbon dioxide emissions per transport work, as an average across international shipping, by at least 40% by 2030, compared to 2008. To this end, shipping enterprises are reducing the consumption of traditional fuels, exploring the application of alternative fuels such as methanol, hydrogen, and ammonia, and enhancing the energy efficiency of new vessels. As one of the world's leading economies and an important Council Member of the IMO, China

has made strong commitment to decarbonise. As an important transportation hub, ports and terminals play a vital role in the shipping industry chain, directly influencing the decarbonisation process of the entire industry, and thus the advancement of green ports becomes an imminent necessity. During the year, the Company participated in the “14th Five-Year” Plan scientific research project of COSCO SHIPPING Group, collaborating with Tongji University and Shanghai Maritime University in the “Roadmap for Establishing Green and Low-carbon Port Research” project, which facilitated top-level design research on the transition of green and low-carbon ports, carbon emission inventory and projection model, evaluation indicator system and construction guidelines of green and low-carbon ports. The Company will continue to maintain close communication with shipping enterprises, strive for excellence, align with global green shipping strategy, strengthen relevant supporting services, to facilitate the industry to achieve net zero earlier.

While formulating a long-term decarbonisation plan, the Company is actively expanding the coverage and use of shore power and accelerating carbon reduction. During the year, the Company, along with COSCO SHIPPING Lines and Orient Overseas Container Line Limited, jointly issued the Initiative to Promote the Use of Shore Power by Vessels at Berth, advocating for ports and shipping companies around the world to promote the construction and connection of shore power supply facilities, thus building a green and low-carbon supply chain. The Company’s Subsidiaries in China have achieved full coverage of shore power at container berths, while Xiamen Ocean Gate Terminal and Tianjin Container Terminal have voluntarily participated in the Action Plan for Demonstration and Promotion of the Use of Shore Power on International Container Shipping Services and Cruise Ships at Berth (2023-2025)⁶ to play a leadership role in the regular use of shore power.

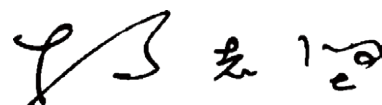
The Company continuously improves its energy mix, incorporating the concept of green development into its daily operation. In 2023, four distributed solar photovoltaic power generation projects have been added to its portfolio from the Company’s Subsidiaries. Together with the existing project at Lianyungang New Oriental Terminal, the Company has reached a total installed capacity of 10 MW. The Company will continue to identify suitable locations to expand such projects and explore other renewable energy applications at the terminals. Additionally, the Company will continue to promote the use of electric driverless container vehicles, upgrading of energy-saving lighting, “diesel-to-electricity conversion” of terminal facilities, and potential energy recovery projects. In 2023, the Company continued to drive energy saving and emissions reduction. The energy consumption intensity of the Subsidiaries recorded a year-on-year decrease of 2.5% to 0.070 GJ per TEU and their greenhouse gas (scope 1 and scope 2) achieved a year-on-year decrease of 0.9% to 7.41 kg of CO₂e per TEU, which continued to lay a foundation for achieving carbon neutrality by 2060.

6 In August 2023, the General Office of the Ministry of Transport of the People’s Republic of China, the Office of the State Grid Corporation of China and the Office of China Southern Power Grid Co., Ltd. jointly issued the Action Plan for Demonstration and Promotion of the Use of Shore Power on International Container Shipping Services and Cruise Ships at Berth (2023-2025).

The Company places great importance on building and developing a talent pool and proactively promotes a just transition during the process of smart and green port development through employee skill training. During the year, the Company continued to strengthen professional training, with a focus on digitalisation as well as smart, green and low-carbon topics. With the emphasis on providing technical management and operational skills training to employees, the Company strived to enhance their capabilities to perform duties and foster strong motivation for sustainable business development.

The Company's perseverance and courage build from the trust and support of its stakeholders. The Company, as always, adheres to the essence of mutual benefit and win-win corporation. Through investment partnership and terminal construction and upgrades, the Company contributes to the local economy and community, driving the collective growth of the shipping industry, ports and integrated logistics industry value chains, as well as to create conditions to accelerate economic vitality, with the aim to achieve both business growth and create social value.

The Company will continue to pursue its goals by making steady progress of improving the standards of management with a more comprehensive corporate governance system, increasing technological innovation to promote the development of smart and green ports, while adhering to the principle of attracting and retaining talents to drive business development and build a solid foundation. The Company strives to fulfill its corporate social responsibility and build harmonious relationships with all stakeholders.



YANG Zhijian
Chairman