

CORPORATE SUSTAINABLE DEVELOPMENT



In 2016, the Company set out its five-year strategic planning goals and defined its vision of “The Ports For ALL”. The aim is to accelerate the growth of the terminals business while providing excellent services to customers, and to build sustainable relationships with all corporate stakeholders and communities. Furthermore, management strongly believes in the importance of insisting on the principles of responsible investments to protect the interests of stakeholders and communities. The Company will therefore dedicate its efforts to achieving its strategic goals while at the same time ensuring it continues to act as a good corporate citizen.

Corporate Responsibility

With the support of the large shipping fleet of COSCO SHIPPING group, the Group is seizing the development opportunities brought about by China’s “One Belt, One Road” policy, and implementing a “Going Global” strategy to expand its container terminals network internationally. The existing terminals portfolio, with a total annual operating capacity of 97,245,000 TEU, provides high quality value-added services to customers. On this basis, the Group makes every effort to forge mutually beneficial relationships with its business partners across the supply chain, and to explore development opportunities in the ports and terminals industry. The Group is also committed to joining with all stakeholders in the supply chain, including shareholders, business partners, customers, financial institutions, investors, employees, suppliers and the community as a whole, to develop opportunities

and create value for the sustainable development of the community. In the area of sustainable development, the Group prioritises three areas, namely the environment, talent and the community.

Protecting the Environment

The Group is committed to protecting the environment through optimising its port operations and management. Through developing and implementing advanced environmentally-friendly technologies, the Group strives to improve energy efficiency and reduce the carbon footprint of its terminals. The adoption of energy efficiency policies and measures is encouraged across our businesses. As part of these efforts, the Group has been replacing its high-voltage sodium lamps with LED ones at its controlled terminals since 2014. Additionally, the implementation of “green” lighting at Ningbo Yuan Dong Terminal helped lower the annual energy consumption by 118 million

kWh, which is equivalent to an annual reduction in carbon emissions of 335 tonnes of standard coal equivalent. The Group has also undertaken extensive measures to revamp its terminal operations by promoting the electrification of existing infrastructure to reduce greenhouse gas emissions. For example, our recent electrification of 64 rubber tyred gantry (RTG) at Guangzhou South China Oceangate Terminal contributed to an annual reduction in diesel oil consumption by 4,100 tonnes, which translates into an annual reduction in carbon dioxide emissions of 13,000 tonnes. In addition, our Xiamen Ocean Gate Terminal is adopting a fully-automated operation at some of its berths and yards and has gradually electrified its rubber tyred gantry cranes; these initiatives are slated to reduce carbon dioxide emission through energy saving by 84% as compared to traditional terminal operations. Additionally, the tractor at Zhangjiagang Terminal has been transformed to become aerodynamic powered, in which energy wasted processes such as braking is stored and to be released in starting and acceleration to reduce energy consumption of the engine, thereby reducing fuel consumption. This project is currently under testing phase, with an estimation of 12% additional fuel saving as compared to the performance prior to the initiative.

Caring for Our People

The Group's success would not have been possible without the diligence and commitment of its people. The Group regards its employees as its greatest asset and its corporate values are deeply rooted in a people-oriented culture. At the end of 2016, the Group had 3,372 employees worldwide. As a leading

global container terminal operator, the Group maintains high standard of integrity and ethics and conveys the principles and requirements of anti-corruption to its employees. The Group attracts and secures highly skilled talent through the provision of competitive remuneration. We also encourage and support the continuous learning and development of our employees. In the process of advancing the global terminal strategy, the Group strives to foster an inclusive work environment to encourage communication and mutual understanding to cultivate a harmonious corporate culture. The Group adheres to applicable international and local labour standards and strictly prohibit the use of child and forced labour in its operations.

The Group regards occupational health and safety as primary tasks. It is also committed to enhancing safety management and practices across its operations. Our safety management mechanisms help to identify and mitigate health and safety risks and monitor performance. Our employees are given safety training to raise awareness and are equipped with knowledge concerning safety precautions and reaction measures.

Supporting the Community

The Group takes pride in contributing to the community in the locations where it operates, leveraging its core competencies to contribute through various channels, including staff support, sponsorships and donations. Our community outreach programmes aim to deepen our ties with local communities and have a long-term impact.

Improving the Level of Sustainability Disclosure

The Group will publish its 2016 Sustainability Report in June 2017. Apart from fulfilling the disclosure requirement of regulators in Hong Kong and of the Global Reporting Initiative, the Group also strives to meet the strong expectation of sustainability disclosure among international institutional investors and corporate stakeholders, in order to build a trusting relationship with them. The Group will engage with more stakeholders to gather their views and address their concerns through stakeholder engagement and sustainability reporting. The Group is committed to providing transparency to stakeholders through consistent monitoring, measuring and disclosing its sustainability performance over time. During the reporting period, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to environmental protection, employment and labour practices and operating practices. COSCO SHIPPING Ports believes that the trust created through its commitment to social responsibility is a valuable asset, which can enhance the Company's performance, strengthen management and create value for shareholders.