



The Ports for ALL

中遠海運港口有限公司

COSCO SHIPPING Ports Limited

ENHANCING SUSTAINABLE GROWTH



Sustainability Report 2018



While continuously expanding our business and enhancing operational efficiency, COSCO SHIPPING Ports views sustainability as the cornerstone of business development. We have established and improved our sustainability strategy to further enhance the operational performance of our terminals business and identify new opportunities for business growth. Striving towards sustainable business practices, we are committed to prioritising the overall and long-term interests of our stakeholders and the communities, and bringing positive changes to the environment and society. This is because we believe that sustainability is key to achieving the strategic development vision of COSCO SHIPPING Ports.

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Access to this Report

This report is published as an electronic PDF, in Chinese and English, and can be downloaded from the COSCO SHIPPING Ports website:

<https://ports.coscoshipping.com/en>

CHAPTER 1

ABOUT THIS REPORT



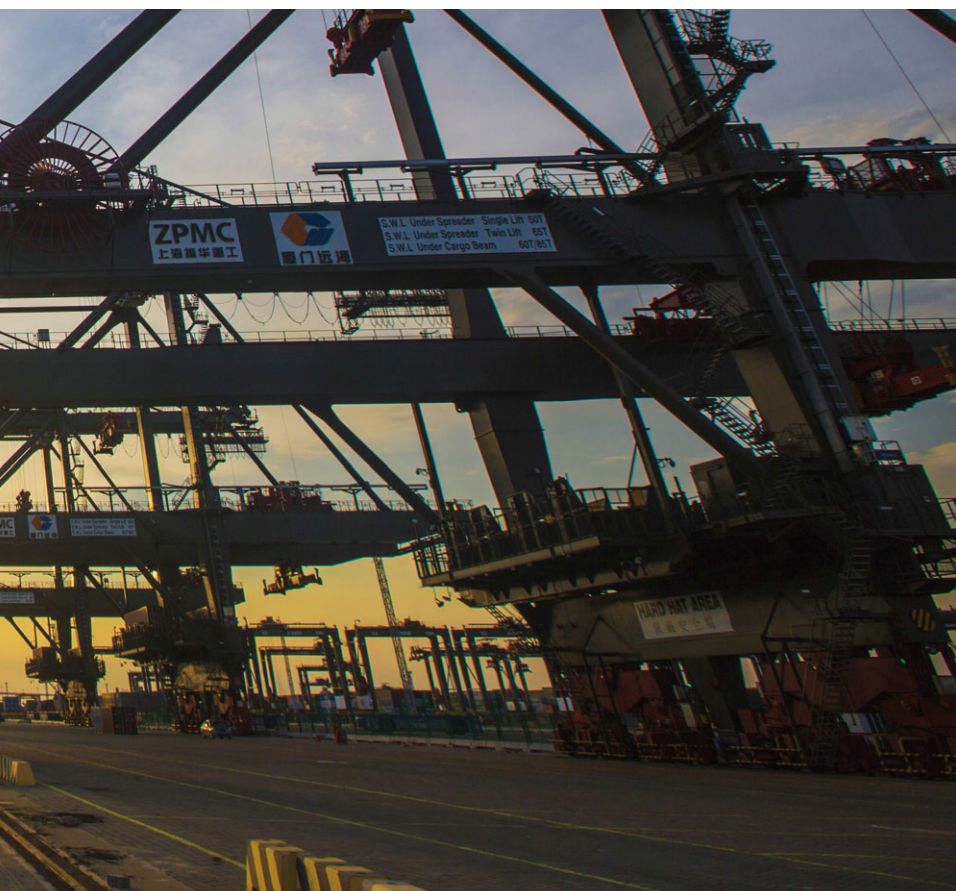
COSCO SHIPPING Ports Limited (“COSCO SHIPPING Ports” or the “Company”) and its 20 subsidiaries, joint ventures and associates (collectively, the “Group” or “We”) actively integrate sustainability into our long-term business strategy, and strive to continually improve our management approach and performance for key environmental, social and governance topics. Through this report, we hope to provide a timely, accurate and comprehensive account of our sustainability progress and respond to the United Nations Sustainable Development Goals (“SDGs”). As we continue to expand our business globally, we wish to establish and maintain strong relationships with our diverse stakeholder base built on mutual trust and support.

REPORTING STANDARD

This report is prepared in accordance with the Core option of the Global Reporting Initiative (“GRI”) Standards, and complies with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REPORTING SCOPE

This report describes the environmental, social and governance performance and progress of the Group for the period from 1 January to 31 December 2018 and provides historical data for comparison, where applicable. The net profits of the 20 terminals covered in the scope of this report contributed approximately 58.2% of the Group’s total profit from its terminal business in 2018.



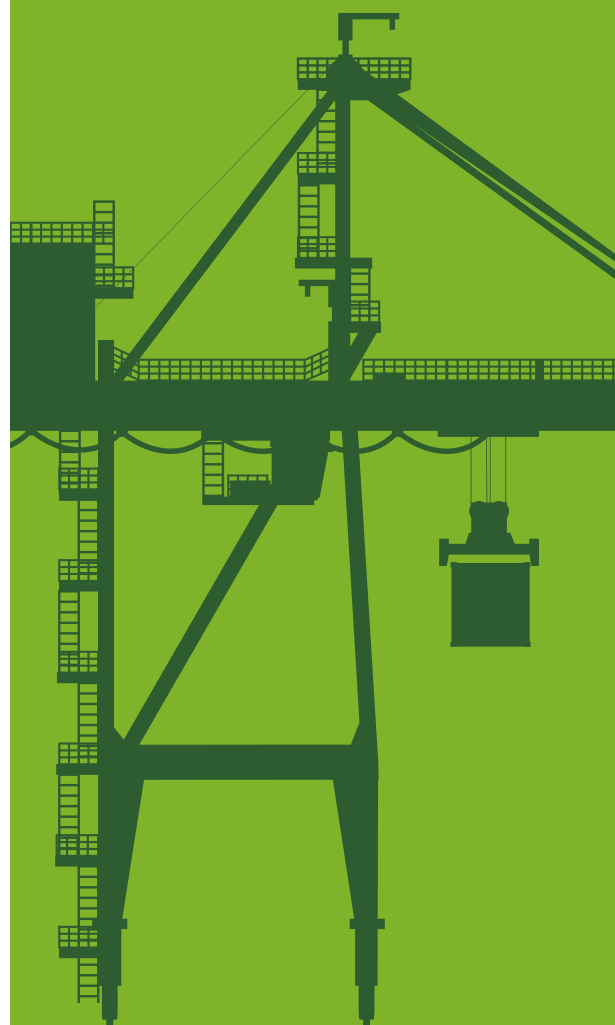
REPORT VERIFICATION

This report has been verified by Hong Kong Quality Assurance Agency ("HKQAA"), an independent third-party agency to ensure the accuracy and reliability of information. Please find the verification statement on page 120.

Contact us

Please feel free to share your comments and suggestions on this report with us. Contact details are as follows:

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CHAPTER 2

CHAIRMAN'S MESSAGE



HUANG Xiaowen
Chairman

As a leading global container terminal operator, sustainability is not only about fulfilling our corporate social responsibility, it is an essential part in strengthening business development and creating long-term value for stakeholders. COSCO SHIPPING Ports has laid a solid foundation for global development and continuous business growth through actively integrating sustainability into our business model with the aims to reduce operational risks, achieve long-term benefits and sharing the resulting benefits with our Group, the society and stakeholders.

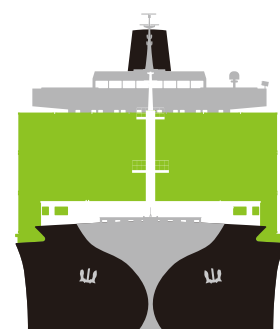
I am pleased to present the Sustainability Report 2018 of COSCO SHIPPING Ports. During the reporting period, despite many challenges along the way, we have pressed on to achieve steady business growth, strengthened our corporate governance and continued to lay the foundation for the Group's sustainable development. We implemented "The Ports for ALL" concept through three strategic directions: developing a global network of terminals, leveraging synergies with COSCO SHIPPING and the OCEAN Alliance, and enhancing efficiency and management of the terminal business. Through building a strong global terminal network, we aim to create a platform that offers mutual benefits to all in the shipping industry, which can propel us to become the most competitive global container terminal operator.



In 2018, the Group continued working towards its five-year development plan and progressively strengthened our existing terminal network. To date, the Group's terminal network along China's coastal areas has been well established. In June 2018, the commencement of trial operation at Nantong Tonghai Terminal further enhanced the competitiveness of the Yangtze River Delta network. We will capture the opportunities from "Yangtze River Economic Belt" and transform Wuhan Terminal and Nantong Tonghai Terminal into the main transit terminal hub in the midstream and downstream of Yangtze River. On an international scale, as the Group's first overseas greenfield subsidiary, the Abu Dhabi Terminal was formally inaugurated in December 2018 and

is expected to officially operate in the third quarter of 2019. We will leverage our unique competitive edge to turn Abu Dhabi Terminal into a major container gateway port and regional hub, as well as a competitive shipping service centre. Meanwhile, we will continue to adhere to our prudent investment strategy and identify quality investment opportunities in Southeast Asia, South America and Africa in order to optimise our global terminal network. We will strive to provide customers with a comprehensive business platform that offers costs reduction, quality service and synergy opportunities.

We implement our sustainability visions and commitment through practical actions. When developing the sustainable development



CHAPTER 2
CHAIRMAN'S MESSAGE

blueprint of the Group, we referred to the United Nations Sustainable Development Goals (SDGs) and mapped against our performance and impacts. The alignment with SDGs allow COSCO SHIPPING Ports to further enhance its sustainability performance and ensure its sustainability management stays relevant to international agenda. We are aware that global warming caused by greenhouse gas emissions poses serious risks to the global economy and environment. We truly believe that by proactively managing climate change

risks and opportunities will not only enable us to contribute to the global emission reduction target and enhance our climate resilience, it will also facilitate our transition towards a more sustainable and low-carbon economy.

Our continuous efforts in working towards a more sustainable business model are recognised by industry peers and our society. We have been selected as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index and awarded the "Best

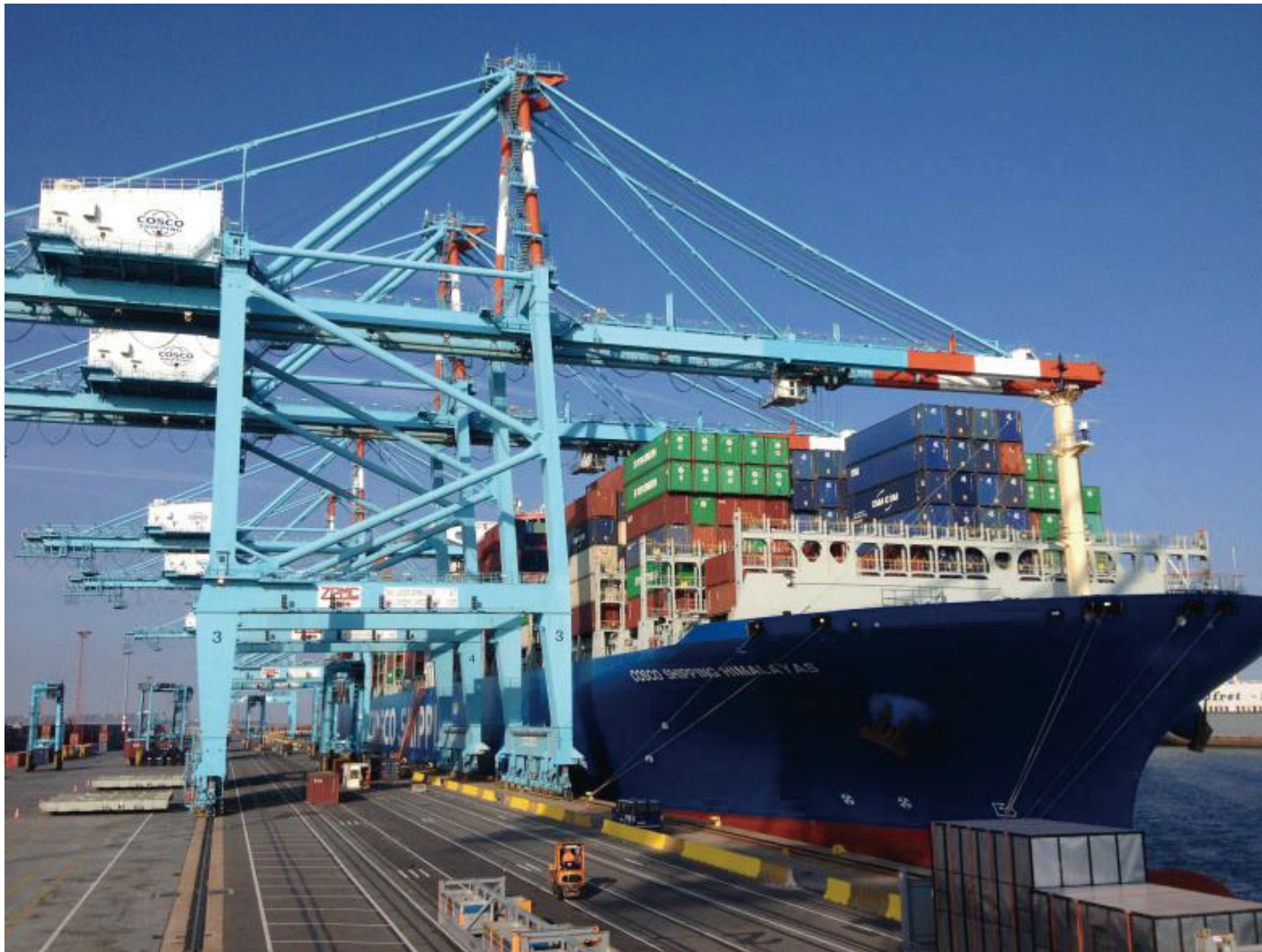
Investor Relations Company” from Corporate Governance Asia magazine for the seventh consecutive year. We also received the “Gold Award in the H-share Companies and Other Mainland Enterprises Category” at the Best Corporate Governance Awards held by the Hong Kong Institute of Certified Public Accountants, and awarded “Gold Award in Environmental, Social Responsibility and Corporate Governance” by The Asset magazine for the second consecutive year. Additionally, we received “Outstanding ESG Award” from the Economic Digest magazine and the “Most Innovative Port Operator” by International Finance magazine.

Looking forward, together with the Board and all stakeholders, we will continue the endeavour to promote sustainable development both within and outside the Group’s operations. As we strive towards our five-year development goals and strengthen our brand presence and influence, we will create long-term value and contribute to the sustainable development of the global ecosystem.



A handwritten signature in black ink, consisting of stylized Chinese characters.

HUANG Xiaowen
Chairman



CHAPTER 3

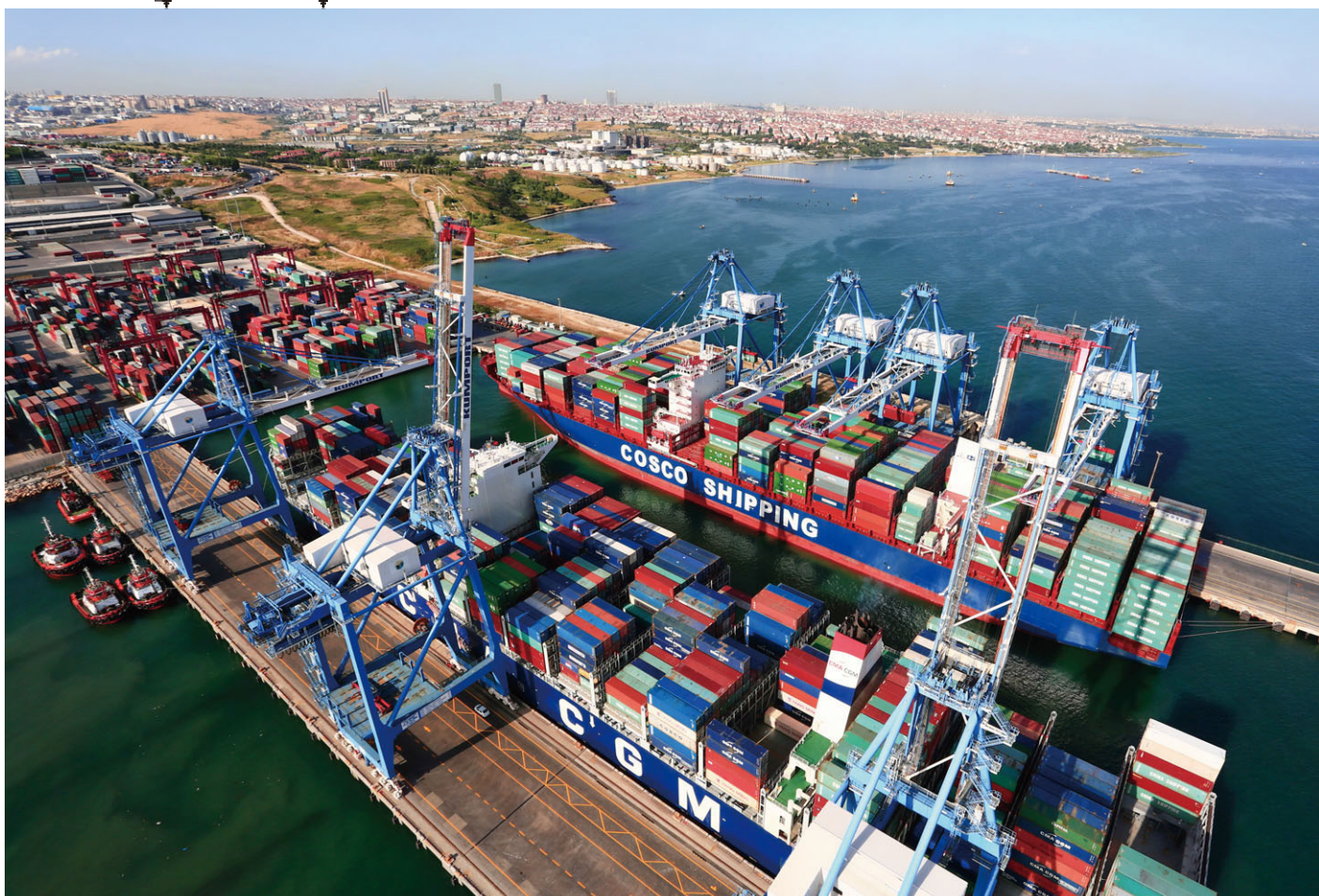
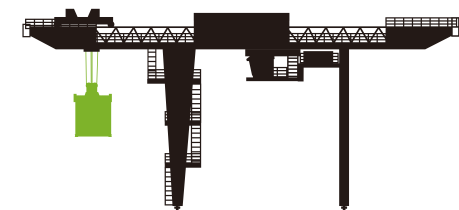
VICE CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE



Upholding our mission to build “The Ports for ALL”, COSCO SHIPPING Ports continues to expand its global business footprint and strives to achieve its five-year strategic plan. By implementing the principles of sustainable development, embedding environmental and social responsibility into our daily operations, and working hand in hand with our stakeholders, we endeavour to become a global industry leader and create long-term value for our society.

2018 was a challenging year for COSCO SHIPPING Ports. Tense trade relations between China and the United States, the rise of protectionism, intensifying geopolitical risks and increasing interest rates all affected the global economic outlook. Despite this however, we maintained stable growth thanks to the strong global economy and increased international trade, throughput contribution from our newly acquired terminals, enhanced coordination with the OCEAN Alliance and support from our parent company, and limited impact from the Sino-US trade war.

We understand that corporate social responsibility has a profound impact on the long-term development of our business. Looking back over the past year, we continued to create value for our customers through expansion of our extensive global terminal



network, and improved integration and synergy across our business. The Group's approach to sustainability centres on five pillars: caring for our people, customers first, green development, win-win cooperation and investing in communities. We integrate sustainability into all aspects of our daily operations through corporate policies and management processes.

CARING FOR OUR PEOPLE

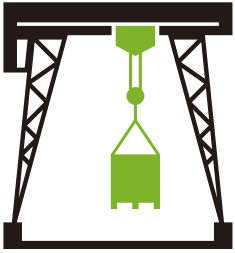
We firmly believe that our employees are essential to the Group's sustainable growth and long-term success. We continue to nurture talent and build a professional, innovative and efficient team. In 2018, we offered a variety of training opportunities to middle and senior management, key members of the Group and our terminal employees, and improved remuneration packages. We also fostered a diverse and safe workplace to improve the overall well-being and sense of belonging of

our people, so that they can grow together with the Group. Additionally, the Group granted share options to key employees and management team members, linking individual performance with the Group's long-term growth to attract and motivate talent.

CUSTOMERS FIRST

COSCO SHIPPING Ports is undergoing rapid globalisation. To meet ever-increasing market demand, we strive to come up with innovative approaches to constantly optimise terminal operations and improve service quality, for example by creating digital and smart terminals, integrating resources and optimising management. By the end of 2018, COSCO SHIPPING Ports operated and managed 283 berths at 36 ports worldwide, with a total designed annual handling capacity of 106 million TEU. The Group has achieved steady growth, with a total increase in throughput of 17.1% year-on-year to 117,365,360 TEU,

CHAPTER 3 VICE CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE



and the total equity throughput increase of 15.8% year-on-year to 37,062,172 TEU. The outstanding performance during the year reflected that the five-year strategic plan is being implemented in an orderly manner to achieve 50% growth in total assets, 60% growth in equity throughput and double net profit by 2021.

GREEN DEVELOPMENT

We continue to invest in building “green ports” by saving energy and reducing waste where possible in our operations. Meanwhile, we encourage employees and stakeholders to support environmental conservation and bolster low-carbon development. In 2018, the Group continued to improve its environmental management system, optimise resource consumption, properly manage effluent and waste, and proactively raise environmental awareness of employees at its headquarters and terminals. Moreover, the Group continues its efforts in safety hazard identification and remediation by formulating a long-term control mechanism for mitigating environmental

risks. We reduce greenhouse gas emissions by introducing clean and energy efficient mobile machinery and vehicles, automation, building shore power systems, and exploring the feasibility of alternative energy and low carbon fuels for operational purposes. We are convinced that “green ports” can successfully minimise environmental impacts while maximising economic growth.

WIN-WIN COOPERATION

The Group drives win-win corporation by incorporating sustainability criteria into our supplier selection and management, and promoting transparent and responsible procurement processes to deepen strategic partnerships with our suppliers. In 2018, we conducted a comprehensive performance review of our suppliers, and established a centralised supplier management system for our headquarters and terminals to oversee supply chain management based on the principles of openness, fairness and transparency. By creating a sustainable supply chain, the Group is able to control costs,



manage risks and leverage synergies. We intend to promote balanced and sustainable growth in terms of economy, environment and society for the shipping industry.

INVESTING IN COMMUNITIES

Ethics and full compliance are of critical importance to the Group, which strives to maintain the highest levels of integrity and transparency. We work closely with our community stakeholders to strengthen communication. We look beyond success for our business alone to understand how we can take advantage of our global network to strengthen the communities and local economies in which we operate. We encourage our terminal companies to utilise their resources and technologies, organise and participate in volunteering and charity work to enhance local investment and contribute to local community. In 2018, we actively participated in charity work, the Group's total community giving was over RMB5 million, including monetary and in-kind donations. We held regular charity events and other social

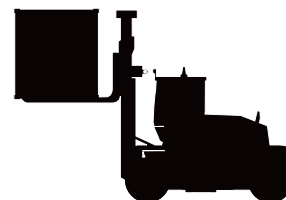


welfare activities across our entire global network to fulfill our commitment of being a responsible corporate citizen.

Looking forward to 2019, COSCO SHIPPING Ports will continue to pursue its efforts towards the aforementioned five core sustainability aspects and to create a better future for the market, our community and employees.

ZHANG Wei

Vice Chairman and Managing Director



CHAPTER 4

ABOUT COSCO SHIPPING PORTS



Corporate Overview

COSCO SHIPPING Ports Limited (Stock Code: 1199) is one of the world's leading port operators, with a portfolio covering the five major port regions in Mainland China, Southeast Asia, Middle East, Europe, the Mediterranean. As at 31 December 2018, COSCO SHIPPING Ports operated and managed 283 berths at 36 ports worldwide, of which 192 were for containers, with a total designed annual handling capacity of around 106 million TEU.

COSCO SHIPPING Ports has adopted "The Ports for ALL" as its mission and is committed to building a meaningful network of connected terminals offering benefit from synergies in all aspects of cost, service and coordination, creating a win-win platform across the shipping industry value chain, connecting global routes and becoming truly "the ports for all people".

COSCO SHIPPING Ports' controlling shareholder is COSCO SHIPPING Holdings Co., Ltd. (Stock Code: 1919), whose parent company, China COSCO Shipping Corporation Limited ("COSCO SHIPPING", or, together with its subsidiaries, the "COSCO SHIPPING Group") is the largest integrated shipping enterprise in the world.

CHAPTER 4
ABOUT COSCO SHIPPING PORTSTHE 20 TERMINALS IN THE SCOPE OF THIS REPORT¹

Subsidiaries

China	Shareholdings (%)
1. Quan Zhou Pacific Terminal	82.35
2. Jinjiang Pacific Terminal	80
3. Xiamen Ocean Gate Terminal	70
4. Yangzhou Yuanyang Terminal	55.59
5. Lianyungang New Oriental Terminal	55
6. Jinzhou New Age Terminal	51
7. Zhangjiagang Terminal	51
8. Guangzhou South China Oceangate Terminal ²	39
Overseas	
9. Piraeus Terminal (Greece)	100
10. Zeebrugge Terminal (Belgium)	85

Joint ventures and associates
(collectively, "non-controlling terminals")

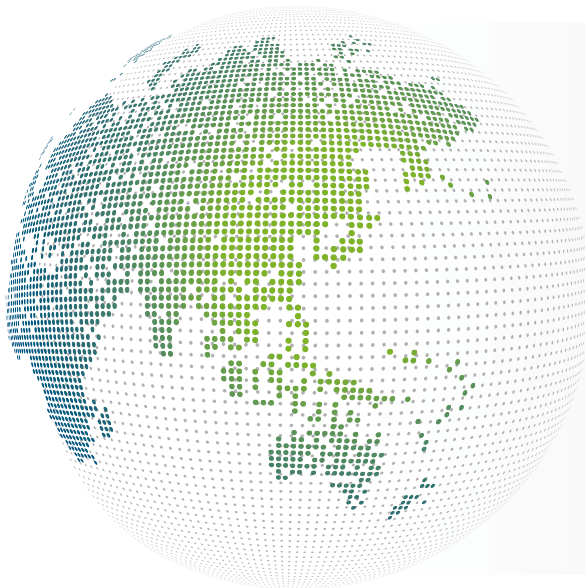
China	Shareholdings (%)
1. Asia Container Terminal	60
2. COSCO-HIT Terminal	50
3. Yingkou New Century Terminal ³	40
4. Shanghai Pudong Terminal	30
5. Shanghai Mingdong Terminal	20
6. Ningbo Yuan Dong Terminal	20
7. Dalian Container Terminal ⁴	19
8. Yantian Terminals ⁵	13.36-14.59
Overseas	
9. COSCO-PSA Terminal (Singapore)	49
10. Kumport Terminal (Turkey)	26

Notes:

- Please find the full names of the terminals on page 122-123.
- Operations of Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal have been under same management since August 2017. We have chosen to disclose sustainability information for Guangzhou South China Oceangate Terminal in this report.
- Yingkou Container Terminal and Yingkou New Century Terminal have merged into one company in May 2017. We have chosen to disclose sustainability information for Yingkou New Century Terminal in this report.
- Upon completion of the merger with Dalian Port Container Terminal Co., Ltd. ("DPCT") and Dalian International Container Terminal Co., Ltd. ("DICT") in October 2017, Dalian Container Terminal remained as the surviving entity. This report covers the sustainability information of Dalian Container Terminal after the merger.
- Including Yantian Terminal Phases I, II & III

CORPORATE VISION

The Group underwent reorganisation in 2016 and set five-year development goals and three strategic directions:



- Develop a global network of terminals
- Leverage synergies with COSCO SHIPPING and the OCEAN Alliance
- Enhance efficiency and management of the terminals business

During the reporting period, we continued to implement these strategies by actively seeking opportunities to invest in overseas terminals and Mainland China port projects, as well as enhancing the efficiency and management of our existing terminals to further increase throughput and profit growth. In May 2018, the Port of Zeebrugge announced a strategic investment of 5% equity interest in Zeebrugge Terminal to deepen cooperation between the Group and the Port of Zeebrugge with an aim to strengthen Zeebrugge Terminal's business and provide enhanced efficiency and quality services to capture the business opportunities around the region. In July 2018, COSCO SHIPPING Ports announced that CMA CGM had acquired a 10% equity interest in Zeebrugge Terminal, establishing a strategic partnership that would strengthen terminal business to maximise synergies between terminals and shipping alliances.

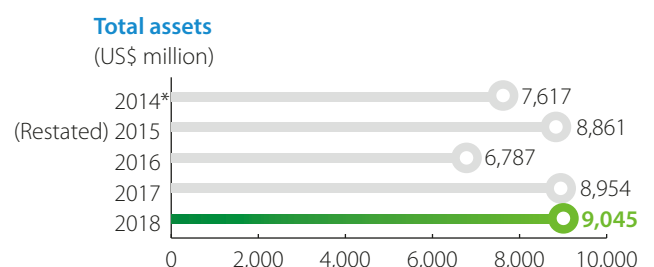
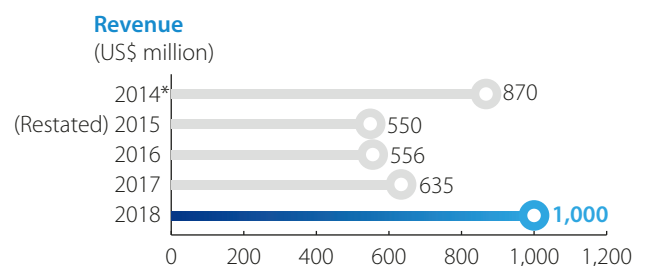
- Terminal network in China and overseas: 15 subsidiaries, 33 non-controlling terminals
- Operates and manages 283 berths at 36 ports worldwide, of which 192 are for containers, with a total designed annual handling capacity of approximately 106 million TEU

The Group has set quantitative targets for achieving its five-year plan. Using 2016 as a baseline, the Group strives to achieve 50% growth in total assets, 60% growth in equity

throughput and a doubling of net profit from continuing operations by 2021. In 2018, the Group benefitted from a strong global economy and increased international trade. Increased calls at our berths from the OCEAN Alliance added to the contributions of our newly acquired ports, and with limited impact from the Sino-US trade war, the Group experienced significant throughput growth.

- COSCO SHIPPING Ports is the world's largest container terminal operator, with market share of 12.2%, based on 2017 total throughput⁶.

2018 PERFORMANCE HIGHLIGHTS



Note:

⁶ Data is sourced from Drewry's "Global Container Terminal Operators Annual Review and Forecast (2018)".

* The financial figures for the year 2014 were extracted from 2015 annual report. No retrospective adjustment for the common control combination in 2016 were made on the financial figures for the year of 2014.

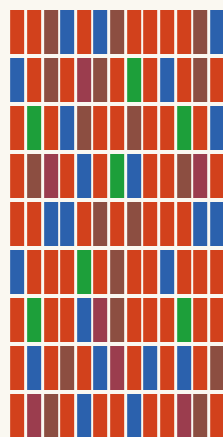
GLOBAL TERMINAL NETWORK

COSCO SHIPPING Ports' terminal portfolio covers the five main port regions in Mainland China, Southeast Asia, Middle East, Europe and the Mediterranean.





In terms of total throughput, COSCO SHIPPING Ports is the largest container port operator, accounting for **12.2%*** of global container throughput.



In terms of equity throughput, COSCO SHIPPING Ports is the fifth largest container port operator, accounting for **4.7%*** of global container throughput.



TOTAL THROUGHPUT
117,365,360 TEU

GLOBAL TERMINAL NETWORK

- Terminal network in China and overseas: 15 subsidiaries and 33 joint ventures and associates
- Operates and manages 283 berths, of which 192 are for containers, with a total designed annual handling capacity of approximately 106 million TEU.

OVERSEAS
TOTAL THROUGHPUT
24,768,234 TEU

	Throughput (TEU)		Throughput (TEU)
Piraeus Terminal	4,409,205	Euromax Terminal	3,054,115
Zeebrugge Terminal	392,484	Kumpport Terminal	1,258,294
CSP Spain Group	3,622,200	Suez Canal Terminal	2,609,978
COSCO-PSA Terminal	3,198,874	Antwerp Terminal	2,230,418
Vado Reefer Terminal	66,565	Seattle Terminal	167,824
		Busan Terminal	3,758,277

Note: * Information from "Global Container Terminal Operators Annual Review and Forecast Annual Report 2018" by Drewry Shipping Consultants Ltd.

CHAPTER 4
ABOUT COSCO SHIPPING PORTS

GREATER CHINA

(MAINLAND CHINA, HONG KONG AND TAIWAN)
TERMINAL NETWORK

Bohai Rim 38,328,815 TEU	
	Throughput (TEU)
QPI	19,320,000
Dalian Container Terminal	9,512,744
Dalian Dagang Terminal	22,047
Tianjin Euroasia Terminal	2,717,331
Tianjin Five Continents Terminal	2,708,817
Yingkou Terminals	2,752,429
Jinzhou New Age Terminal	710,746
Qinhuangdao New Harbour Terminal	584,701

Yangtze River Delta 19,808,646 TEU	
	Throughput (TEU)
Shanghai Pudong Terminal	2,602,151
Shanghai Mingdong Terminal	6,252,083
Ningbo Yuan Dong Terminal	3,060,010
Lianyungang New Oriental Terminal	2,876,355
Zhangjiagang Terminal	761,849
Yangzhou Yuanyang Terminal	500,340
Nanjing Longtan Terminal	2,930,391
Taicang Terminal	561,212
Nantong Tonghai Terminal #	264,255

Note:
* Throughput of Nantong Tonghai Terminal was included since 1 August 2018.

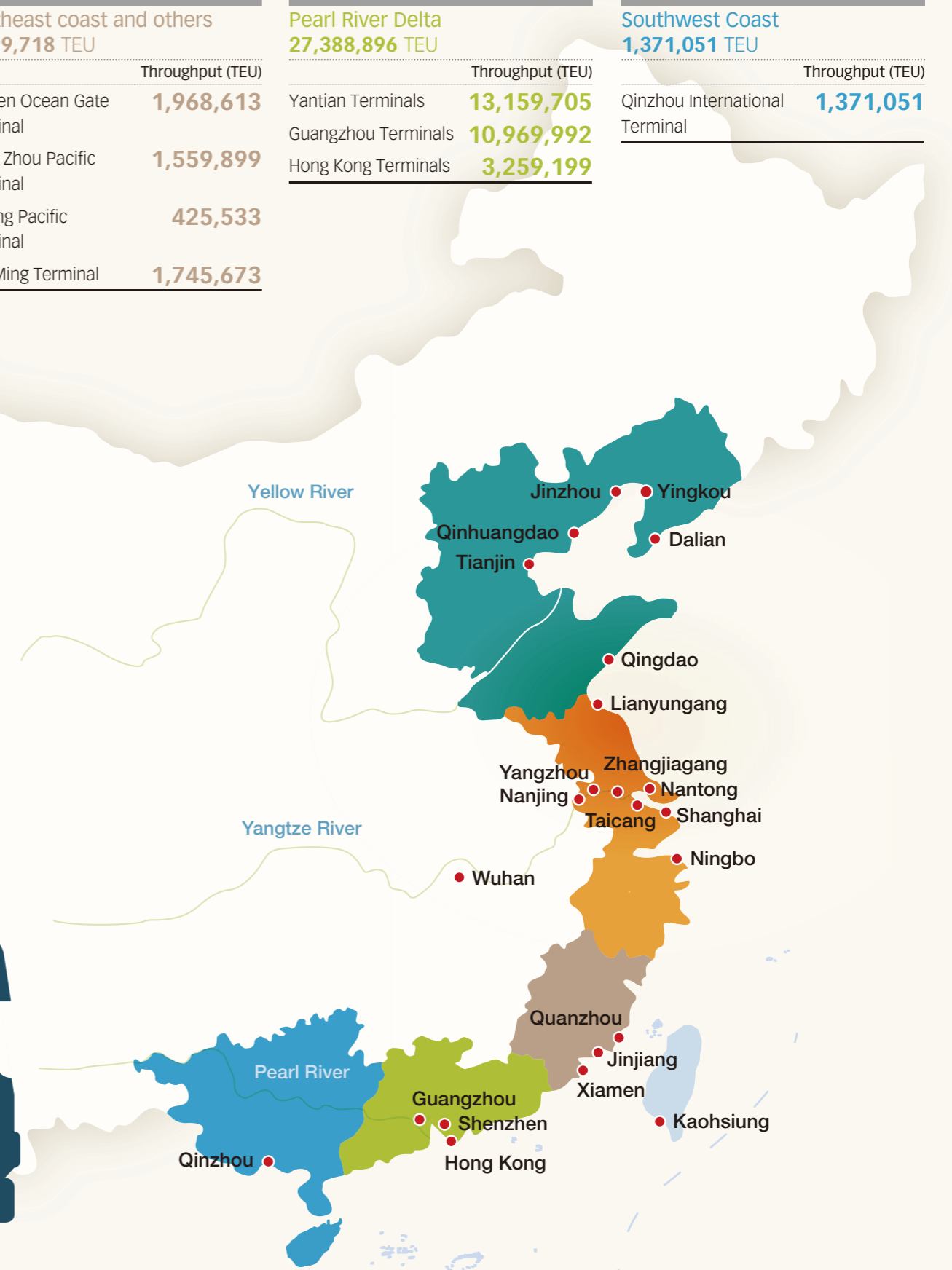
Southeast coast and others 5,699,718 TEU	
	Throughput (TEU)
Xiamen Ocean Gate Terminal	1,968,613
Quan Zhou Pacific Terminal	1,559,899
Jinjiang Pacific Terminal	425,533
Kao Ming Terminal	1,745,673

Pearl River Delta 27,388,896 TEU	
	Throughput (TEU)
Yantian Terminals	13,159,705
Guangzhou Terminals	10,969,992
Hong Kong Terminals	3,259,199

Southwest Coast 1,371,051 TEU	
	Throughput (TEU)
Qinzhou International Terminal	1,371,051

GREATER CHINA
TOTAL THROUGHPUT

92,597,126 TEU



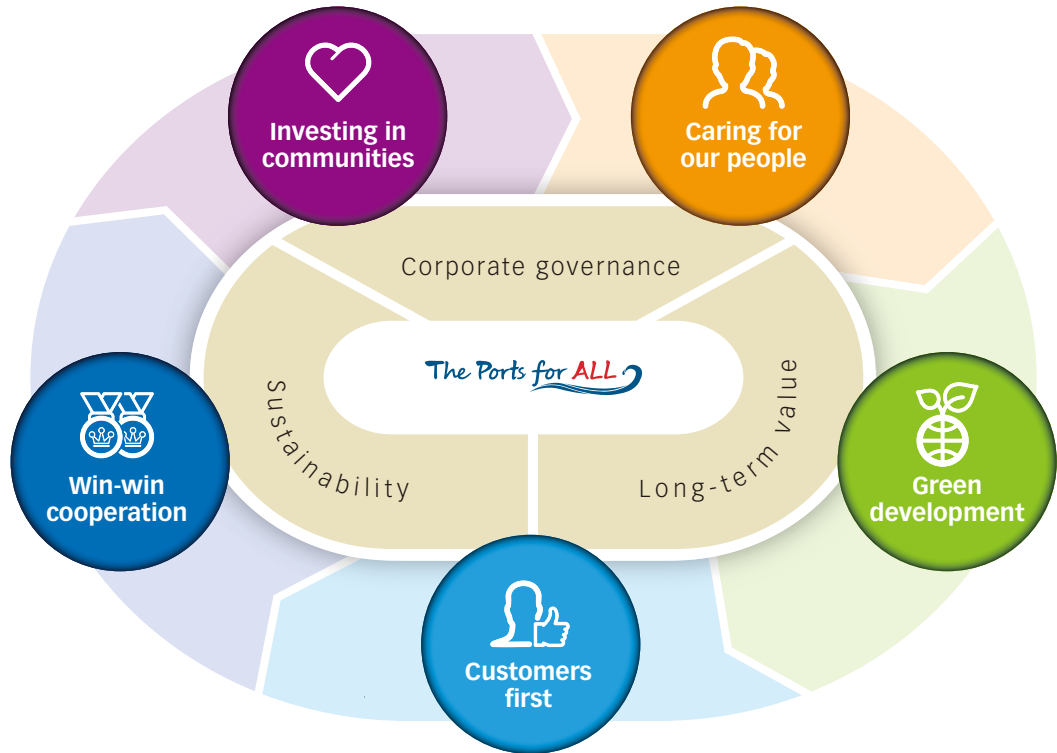
CHAPTER 4 ABOUT COSCO SHIPPING PORTS

OUR APPROACH TO SUSTAINABILITY

Sustainable development is the cornerstone of our business growth. Upholding our mission to build “The Ports for ALL”, we incorporate elements of sustainability into every aspect of our daily operations, decisions and business practices. We endeavour to have a positive impact on the

communities in which we operate, promote environmental and social responsibility along our value chain, and create long-term value for our shareholders, customers, employees, suppliers and society.

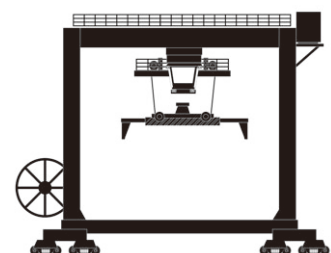




Our sustainability efforts centre around the following five key areas:

- **Caring for our people**
(please find details in Chapter 6)
Providing a healthy, safe, inclusive and diverse work environment to attract and cultivate talents for our sustained growth.
- **Customers first**
(please find details in Chapter 7)
Improving operational efficiency, offering high-quality customer services, and building our global terminal network and our brand to deliver the greatest value to our customers.
- **Green development**
(please find details in Chapter 8)
Investing in building “green ports”, minimising the environmental impacts of our operations, and encouraging environmentally friendly behaviour among employees, suppliers and the public to promote green and low-carbon development.

- **Win-win cooperation**
(please find details in Chapter 9)
Incorporating sustainability criteria into our supplier selection and management, and deepening our strategic partnerships with suppliers to enable value chain enhancement.
- **Investing in Communities**
(Please find details in Chapter 10)
Applying ethics to our business practice, ensuring operational compliance, and promoting inclusive development of the communities where we operate to foster a favourable business environment.



CHAPTER 4 ABOUT COSCO SHIPPING PORTS

STRATEGIES ALIGNED WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The Group understands that to fully promote sustainability within the business, it is necessary to look at the global context. The Group supports the United Nations SDGs and has identified how these global sustainability challenges relate to our business. In doing so, we look to see how we our industry can support global efforts to address these major challenges.

We identified the following SDGs and integrate them into our daily operations:

SDG

The Group's initiatives



Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

The Group values the education and training of our staff. Its terminals provide learning and educational opportunities for employees and communities, according to the needs of the business and local community.

At the employee level, the Group launched a Management Trainee Programme in 2018 to train a group of young talented graduates to become future leaders of the Company or industry expert. In addition, the "Middle and Senior Management Professional Training Course" jointly organised by the Group and Hutchison Port Holdings Limited ("Hutchison Ports"), and the "Middle and Senior Management Leadership Training Camp" held in Shanghai, helped middle and senior management employees expand their vision, enhance leadership skills and inspire new operational thinking processes.

At the community level, the Group's terminals provide support depending on their unique needs. Examples include the "Xiamen Youth Transportation Learning Activities", hosted by **Xiamen Ocean Gate Terminal**; the **Dalian Container Terminal** donated clothes and books to students in remote areas; and **Yantian Terminals** hosts both a summer camp for the Hope School of Dahai Village in Yunnan, and organises internship programmes for college students to help them gain operational and management experience at their terminal.



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

With rapid globalisation, the Group continues to seek opportunities to invest terminals overseas and in Mainland China, and aims to improve the operational efficiencies and management of existing terminals to promote economic growth.

In the face of fierce competition and a rapidly changing business landscape, the excellent performance and hard work of our employees is indispensable. The Group's workforce focuses on diversity, equality and respect for human rights. We provide employees with competitive remuneration and benefits, adequate training with opportunities for career growth, and a healthy and safe working environment. This ensures that every employee can develop together with the Group.

SDG



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

The Group's initiatives

The Group continues to drive innovation to achieve sustainable infrastructure and operations. This includes the creation of digital and smart terminals, strengthening strategic partnerships that provide comprehensive solutions along the supply chain, and promoting infrastructure for "green ports" development. These measures can lead us to enhance operational efficiencies, while achieving environmental and economic benefits.

During the year, the Group formed a partnership with Navis, the world's leading container terminal operating system service provider. Through this partnership, we are identifying potential ways to apply various technologies, such as artificial intelligence to enhance operational efficiencies. To speed up customs, the **Yangzhou Yuanyang Terminal** introduced a non-invasive container inspection system; meanwhile, the **Quan Zhou Pacific Terminal** developed an online material procurement platform to achieve a more efficient and reliable procurement process. The Group's terminals are actively implementing various measures to promote "green ports" and manage possible impacts and disasters caused by climate change. For more information, please refer to "Goal 13" below.



Goal 13: Take urgent action to address climate change and its impact

The Group is actively promoting "green ports" to benefit both the environment and business. This is done through continuous management of energy consumption, greenhouse gas ("GHG") emissions and air pollution, while also adapting to the changes and impacts that climate change may bring to the Group's businesses and regions in which they operate.

Each of our terminals is committed to improving efficiencies through various measures, including regular emergency drills, periodic reviews to identify and prevent risks, adopting greener technologies such as electrified rubber-tyred gantry cranes ("ERTGs"), establishing shore power for vessels berthing at our terminals, and introducing cleaner and more fuel-efficient equipment to reduce emissions.



Goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development

The Group has established long-term strategic partnerships with members of our supply chain to maintain and strengthen its position in the global shipping industry. In the context of the "Belt and Road" initiative, we are committed to promoting balanced and sustainable growth in terms of the economic, environmental and social aspects of the whole supply chain through cost control, risk prevention and management, and creating synergies from the Group's global terminal network.

CHAPTER 4
ABOUT COSCO SHIPPING PORTS

AWARDS AND HONOURS

COSCO SHIPPING Ports:

- Selected as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index since 2012



Hang Seng Corporate
Sustainability Index
Series Member 2017-2018

- Awarded the "Gold Award in the H-share Companies and Other Mainland Enterprises Category" in the Best Corporate Governance Awards by the Hong Kong Institute of Certified Public Accountants for the second consecutive year
- Awarded the "Best Port Operator 2018" by the International Business magazine
- Awarded the "Most Innovative Port Operator" by the International Finance magazine

- Awarded “Gold Award in Environmental, Social Responsibility and Corporate Governance” by The Asset magazine for the second consecutive year
- Received the “Outstanding ESG Award” from the Economic Digest magazine
- Awarded the “Excellence in GRI Report” grand award and the “Best ESG Report” grand award under the Mid-Cap category by Alaya Consulting magazine
- Awarded the “Best Investor Relations Company” by the Corporate Governance Asia magazine for the seventh consecutive year, and awarded the “Best Investor Relations Professional”
- Received the “Outstanding China Enterprise Award” from Capital magazine for the seventh consecutive year
- Received the “Shipping In-House Team of the Year” from Asian Legal Business, a well-recognised professional magazine, for the seventh consecutive year
- Awarded the “Annual Report Design Silver Prize”, “Annual Report Photography Honors Prize”, “Annual Report Bronze Prize” under the Shipping Services category, “Sustainability Report Interior Design Bronze Prize” and “Sustainability Report Infographics Bronze Prize” in the 2018 ARC Awards
- Awarded the “2017 Annual Report Bronze Prize”, “Corporate Website Honors Prize” and “Corporate Website Bronze Prize” under the Shipping and Logistics category in the 2018 Galaxy Awards
- Received the “Best Investor Relations 2018” award under the Transportation category by the Global Business Outlook magazine

The Group’s terminals:

- **Piraeus Terminal** was awarded the True Leader 2018 by ICAP Group in Greece
- **Quan Zhou Pacific Terminal:**
 - Awarded “China 2017 Terminal Handling an Average of More Than 30 Unit Containers per Hour with Outstanding Efficiency of Container Quay Cranes” by the Container Branch of the China Ports & Harbours Association
 - AAAA Logistics Enterprise evaluated by China Federation of Logistics and Purchasing according to GB/T19680-2013 national standard
- **Xiamen Ocean Gate Terminal:**
 - Awarded “Green Port” by APEC Port Services Network
 - Awarded “Xiamen Science, Technology and Innovation Green Port” by Xiamen Port Authority
 - Rated as “AAA Credit Enterprise” by Enterprise Credit Rating Committee of Xiamen Logistics Industry
 - Xiamen Ocean and Fisheries Bureau recognised as “Xiamen Ocean Emerging Industry Leading Enterprise”
- **Zhangjiagang Terminal** was awarded “China 2017 Terminal Handling an Average of More Than 30 Unit Containers per Hour with Outstanding Efficiency of Container Quay Cranes” by the Container Branch of the China Ports & Harbours Association

CHAPTER 4
ABOUT COSCO SHIPPING PORTS

- **Guangzhou Nansha Stevedoring Terminal** was awarded by the Container Branch of the China Ports & Harbours Association:
 - A “Terminal Able to Handle an Average of More Than 100 Unit Containers per Hour for Each Vessel in a Chinese Port with Outstanding Container Vessel Handling Efficiency for 2017”
 - “2017 Top 10 Container Terminals using Least Energy and Fuel Consumption per TEU in China”
- **Jinjiang Pacific Terminal** was recognised as the “Model Organisations in Port Workplace Safety for 2017” by the Quanzhou Port Authority, Fujian Province, China

- **Dalian Container Terminal** was awarded:
 - A “Terminal Able to Handle an Average of More Than 100 Unit Containers per Hour for Each Vessel in a Chinese Port with Outstanding Container Vessel Handling Efficiency for 2017”; “2017 Top 10 Container Terminals using Least Energy and Fuel Consumption per TEU in China”; “China 2017 Terminal Handling an Average of More Than 30 Unit Containers per Hour with Outstanding Efficiency of Container Quay Cranes” by the Container Branch of the China Ports & Harbours Association
 - “Port Terminal Innovation Award” in the 14th China Freight Industry Innovation Award by China Aviation Weekly, International Shipping Enterprise Alliance and China Logistics City Alliance
 - “2017 China Enterprise Brand Innovation Achievement Award” by the China Quality Association in recognition of its “Perfect Delivery”, large operating service branding efforts.
- **Ningbo Yuan Dong Terminal** was awarded by the Container Branch of the China Ports & Harbours Association:
 - “2017 Top 10 Container Terminals using Least Energy and Fuel Consumption per TEU in China”
 - “China 2017 Terminal Handling an Average of More Than 30 Unit Containers per Hour with Outstanding Efficiency of Container Quay Cranes”
- **Shanghai Pudong Terminal** was awarded:
 - “2017 Top 10 Container Terminals using Least Energy and Fuel Consumption per TEU in China” by the Container Branch of the China Ports & Harbours Association
 - 2017 Shanghai “Safe Terminal” by the Shanghai Municipal Public Security Management Committee
- **Shanghai Mingdong Terminal** was awarded “Terminal Able to Handle an Average of More Than 100 Unit Containers per Hour for Each Vessel in a Chinese Port with Outstanding Container Vessel Handling Efficiency for 2017” by the Container Branch of the China Ports & Harbours Association
- **Yantian Terminals** was awarded:
 - A “Terminal Able to Handle an Average of More Than 100 Unit Containers per Hour for Each Vessel in a Chinese Port with Outstanding Container Vessel Handling Efficiency for 2017” by the Container Branch of the China Ports & Harbours Association
 - The shore power project won the “First Prize of Science and Technology Award” of China Water Transportation Construction Association
 - “10 Best Container Terminals in Overall Services in China” of 15th China Freight Industry Golden Wheel Award
- **COSCO-HIT Terminal and Asia Container Terminal** received the “Good MPF Employer Award” by the Mandatory Provident Fund Schemes Authority of Hong Kong



CHAPTER 4
ABOUT COSCO SHIPPING PORTS

MEMBERSHIPS AND CHARTERS

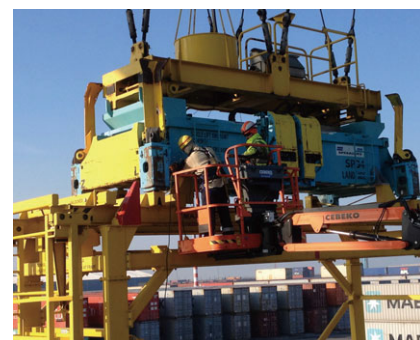
The Group maintains close contact with industry, governments and communities. In doing so, we aim to exchange information and experience, keep pace with new technologies, and understand the best practices for corporate sustainability, further enhancing our competitiveness in the market.

Organisation ⁷	Position
APEC Port Services Network	Member
Shanghai Transportation Trade Association – Multimodal Transport	Member
Shanghai Institute of Navigation	Director
Shanghai Maritime University “Water Transport Management” Magazine Council	Director
Shanghai Maritime University “Containerised” Magazine Council	Director
Shanghai International Shipping Institute	Director
China Association of Port-of-entry	Director
Chinese Seafarers Magazine	Member
snet.com.cn	Member
China Ports & Harbours Association-Containers	Vice President
China Ports & Harbours Association	Vice President
COSCO SHIPPING Council	Director
World Shipping Council	Director
National Technical Committee on Port of Standardization Administration of China	Member
Jiangsu Entry – Exit Inspection and Quarantine Association	Member
Quanzhou Ports Association	Vice President
Quanzhou Container Association	Vice Chairman
The Law Society of England & Wales	Member
The Institute of Chartered Accountants in England & Wales	Member
Hong Kong China Chamber of Commerce	Senior Professional Consultant
The Chartered Institute of Marketing	Member
Hong Kong Investor Relations Association	Committee Member
The Law Society of Hong Kong	Member
The Hong Kong Institute of Chartered Secretaries	Member
Hong Kong Professionals and Senior Executives Association	Member
Institute of Chartered Shipbrokers (Hong Kong Branch)	Member
Hong Kong Institute of Certified Public Accountants	Member
The Chartered Institute of Bankers	Member
The Hong Kong Institute of Directors	Member
Hong Kong Management Association	Director
The Hong Kong General Chamber of Commerce	Member
The Association of Chartered Certified Accountants	Member
CFA Institute	Member

Note:

7 Listed in order of stroke-count of each organisation’s Chinese name.

Organisation ⁷	Position
Business Environment Council	Member
International Shipping Enterprise Alliance	Member
Lianyungang Port and Port Association	Member
xmrc.com.cn	Member
Xiamen Container Transportation Association	Vice President
Xiamen Logistic Association	Vice President
Xiamen Free Trade Zone Chamber of Commerce	Vice President
Xiamen Port Association	Vice President
Fujian Entry-Exit Inspection and Quarantine Association	Executive Director
Fujian Port Association	Director
Guangzhou Nansha Enterprise Federation	Director
Guangzhou Port and Navigation Industry Association	Director
Guangdong Federation of Enterprises	Member
Guangdong Port Association	Director
CPA Australia	Member
Jinzhou Association of Work Safety Science	Director
Jinzhou Association of Young Entrepreneurs	Member



CORPORATE GOVERNANCE

Effective corporate management and governance is the foundation of our business. The Company is committed to the highest standards of corporate ethics and maintains the highest levels of integrity, transparency and professionalism. Doing so builds a solid foundation for the long-term development of the Company, safeguards the overall interests of shareholders and shows corporate responsibility to stakeholders and the community at large.

For details about the Company's performance in corporate governance, please refer to the Corporate Governance Report in the Annual Report 2018 of COSCO SHIPPING Ports.

GOVERNANCE STRUCTURE

At the end of 2018, the board of directors of the Company (the "Board") consisted of 14 members. Among them, four are executive directors, five are non-executive directors and five are independent non-executive directors. The Board has set up a total of seven committees, namely the Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee, Investment and Strategic Planning Committee and Risk Management Committee, to assist the Board in the execution of its duties and to facilitate effective management.

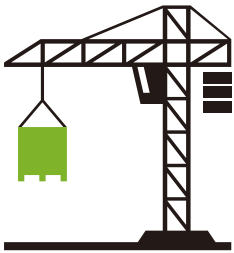
The Board adopts a diversity policy and considers candidates for Board appointments fully based on objective conditions when selecting the candidates, including but not limited to their gender, age, skills, cultural background, knowledge and professional experience as well as the benefit of such diversity to the Board. The Company regards Board diversity as one of the crucial elements in the Company's sustainable development and in maintaining its competitive advantage.

Note:

7 Listed in order of stroke-count of each organisation's Chinese name.

CHAPTER 4

ABOUT COSCO SHIPPING PORTS



RISK MANAGEMENT AND INTERNAL CONTROL

To ensure effective risk management, internal control systems, and to protect the rights and interests of our shareholders, the Company has established a risk management and internal control system based on the “three lines of defence” model which is integrated into our operations. This system was developed using nationally and internationally accepted guidance⁸ covering the risk frameworks of 54 common risks in five areas, including strategy, market, finance, law and operations, to effectively manage and control the major current and future risks the Company may face.

ANTI-CORRUPTION

The Group operates with high standards of integrity and business ethics with zero tolerance for corruption and bribery in any form. Anti-corruption requirements are set out in the Company’s *Employee Handbook*. To ensure a high standard of ethical conduct among our staff, the Company conducts

anti-corruption training programmes. These include trainings by experts from Hong Kong Independent Commission Against Corruption for headquarter staff, and various awareness and education activities to enhance staff understanding of anti-corruption and self-discipline.

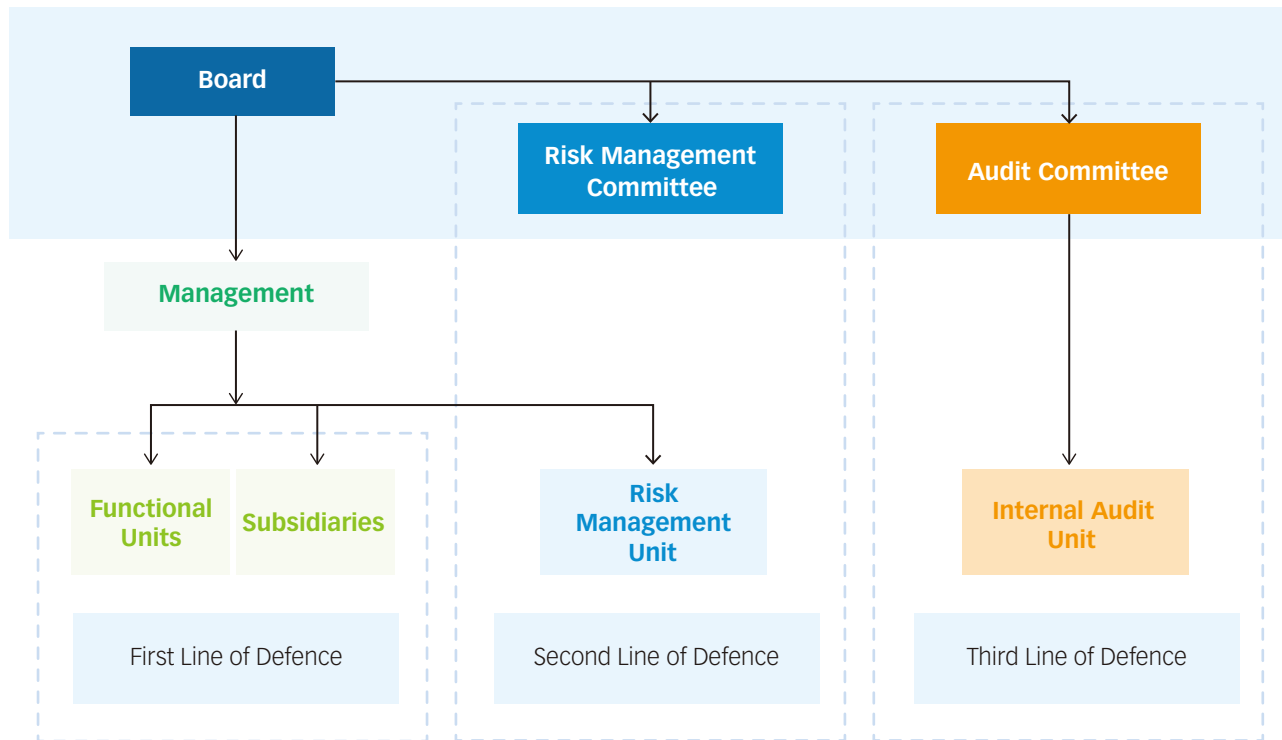
The Group’s headquarters and its subsidiaries require all interested suppliers to sign the *Supplier’s Undertaking Against Commercial Bribery* at the tendering stage. This helps to ensure that all business partners understand and comply with the Group’s business ethics requirements, thus striving to maintain an open competitive environment for fair cooperation.

Our dedicated anti-corruption officers keep our departments and business units updated with the latest anti-corruption information to ensure that our high standards of integrity and ethics are incorporated throughout the Company. The Group maintains grievance mechanisms to ensure that employees and other stakeholders can report any suspected ethical violations in a confidential manner.

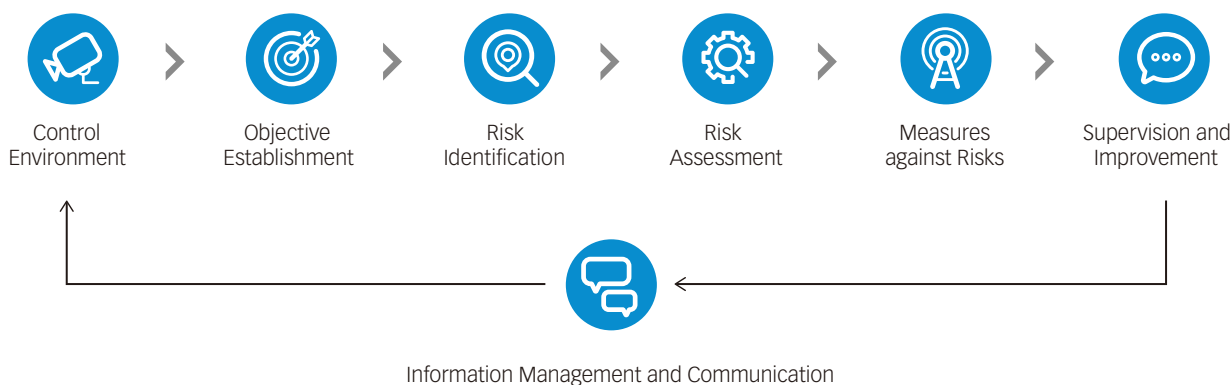
Note:

⁸ Including the COSO framework by American Committee of Sponsoring Organizations of the Treadway Commission (the COSO committee of the US), the State-owned Enterprises Comprehensive Risk Management Guidance issued by the State-owned Assets Supervision and Administration Commission of the State Council, Basic Rules on Internal Control by five ministries including the Ministry of Finance, and the supporting guidance and the guidance on internal control and risk management of the Hong Kong Institute of Certified Public Accountants.

Risk Management Structure



Risk Management Procedures



CHAPTER 5

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT



The Group actively communicates with stakeholders through diverse channels, and seeks their feedback on our sustainable development strategies and performance so that we can continue to evolve and enhance our approach.



CHAPTER 5
STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

KEY STAKEHOLDERS AND REGULAR ENGAGEMENT

The table below outlines the channels we use for ongoing engagement with key stakeholders as well as some of their concerns:

Stakeholder groups	Engagement channels	Stakeholder concerns
 Customers	Customer satisfaction surveys, service hotlines, meetings, business visits, promotion activities, forums	Preferential rates, operational efficiency, diverse service offerings, freight safety
 Employees	Company website, internal newsletters "The Ports News", WeChat official account, briefings, meetings, labour unions, corporate promotional brochures, community activities	Employee grievances and suggestions, career planning and development, occupational health and safety, communication of corporate culture, promoting community development, support for employee volunteering activities, effective environmental management
 Shareholders and investors	Meetings, roadshows, investor conferences, company website, corporate correspondence (financial statements, sustainability reports, circulars and press release), annual general meetings	Financial results, business strategies, development plans, returns on investment
 Suppliers	Tender meetings, contract and agreement negotiations, regular assessments, business exchanges, seminars	Supplier management, market trends, quality of supplies
 Governments and regulators	Subject-specific reports, information submission, forums	Compliance with laws and regulations, effective safety management, being a responsible corporate citizen
 Community and environmental representatives	Company website, WeChat official account, corporate promotional brochures, briefings, meeting	Promoting community development, supporting employee volunteering activities, effective environmental management



CHAPTER 5 STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT





RESPONSES TO STAKEHOLDERS

Each year, the Group conducts stakeholder engagement for the preparation of the sustainability report, to understand the views and expectations of the Group's sustainability performance and disclosure. In 2018, we reviewed and analysed previous stakeholder feedback, the Group's business development strategies, industry dynamics, media reports and international trends in sustainable development to identify 22 material topics for the Group. We engaged a professional consultant to engage stakeholders (including headquarters staff, customers, suppliers, shareholders and investors, government, regulators and non-governmental organisations ("NGOs") for their views on these 22 topics.

Through an online survey and telephone interviews, stakeholders were asked to share their feedback and expectations on the Group's sustainability performance, and rank the relative importance of identified topics. Results were collated and presented to the Group's senior management to validate the findings and confirm the scope for reporting. The Group regularly reviews the impact the business has on these topics, and ensures that the most relevant issues remain priorities for the Group. This enables us to use resources effectively, establish relevant management measures and report on the issues that matter most.

The table below summarises stakeholder feedback gathered through this engagement exercise and our responses:

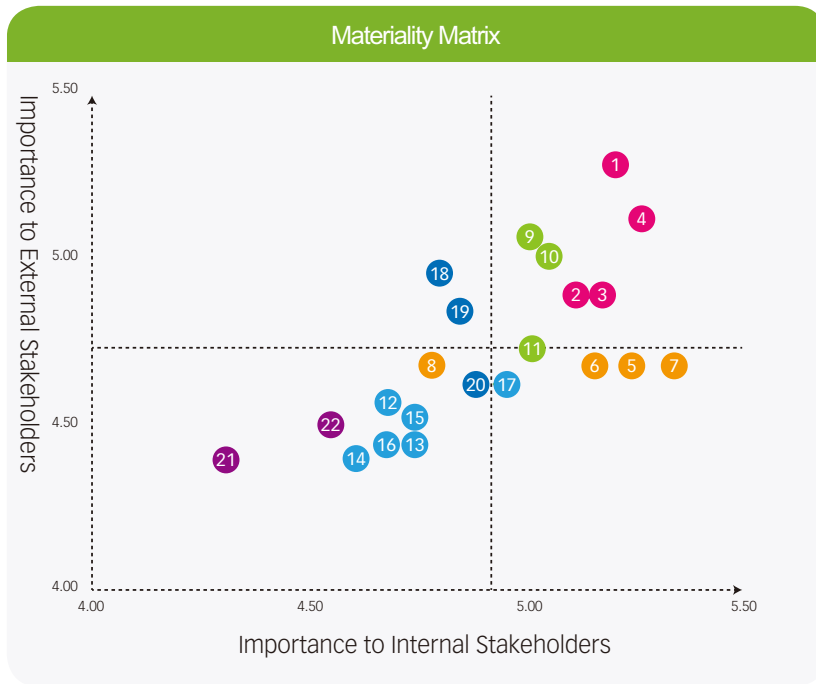
Sustainability topics	Issues raised by stakeholders and expectations on the Group	The Group's responses
 <p>Economic performance</p>	<ul style="list-style-type: none"> Promote terminal standardisation, automation, and stabilise terminal loading and unloading efficiency Proactively and carefully assess the impact of direct shipping routes on the Group's business in the future Steadily expand the globalisation strategy 	<p>Based on the Group's globalisation strategy, we regularly review the operational efficiencies of shipping routes against the economic and environmental risks and returns, traffic and route options, and the future development plans in countries in which we operate. In 2018, the Group worked closely with Navis, the leading terminal operating system service provider, to improve terminal automation and operational efficiencies through artificial intelligence and related applications.</p> <p>For more information, please see Chapter 7 Customers First</p>
 <p>Corporate governance</p>	<ul style="list-style-type: none"> Accelerate globalisation and process standardisation of the Group's terminals across different regions Introduce suitable policy measures for local environments 	<p>The globalisation strategy is part of the Group's long-term plan. As such, we have invested heavily in various upgrades to align with global operation processes, all while strengthening local business development and improving corporate governance. The Group remains open and transparent about its corporate governance and provides timely disclosure of our terminals' sustainability performance, so that our stakeholders are kept informed of the Group's management efforts.</p> <p>For more information, please see Chapter 4 About COSCO SHIPPING Ports and Corporate Governance Report in the Annual Report 2018 of COSCO SHIPPING Ports.</p>

Sustainability topics	Issues raised by stakeholders and expectations on the Group	The Group's responses
 <p>Employees</p>	<ul style="list-style-type: none"> • Optimise internal human resources to attract more young people, and gradually link employee income to the Company's growing profits • Increase disclosure on employee turnover rates (particularly senior level employees) and related retention measures • Establish a diversified corporate culture focused on the hiring of personnel based on their abilities, gender balance, and equal pay for equal work 	<p>In June 2018, the Group granted share options to the management team and key employees as incentives, linking employee performance with the Group's long-term interests. This helps us attract and motivate high-performing individuals. In this report, the Group discloses the turnover rate of employees by region, gender and age. The Management Trainee Programme was introduced in 2018 to nurture and attract young, talented college graduates to become the Company's future management leaders and industry experts.</p> <p>We respect and safeguard our employees' basic human rights, upholding principles of equality, diversity and anti-discrimination in our code of conduct. We strive to promote harmonious labour relations and foster a fair working environment that does not discriminate based on age, gender, race or other factors.</p> <p style="text-align: right;">For more information, see Chapter 6 Caring for Our People</p>
 <p>Environment</p>	<ul style="list-style-type: none"> • Further refine the Group's carbon reduction efforts and continue to explore alternative energies • Accelerate the implementation of shore power projects 	<p>The Group continued to improve its environmental management system in 2018, while promoting green operations and development. Examples of our efforts include additional ERTCs; shore power systems at terminals (including Jinjiang Pacific Terminal and Yantian Terminals have been actively expanding their shore power infrastructure); introduction of cleaner, more efficient mobile machinery and vehicles (for example, at Yantian Terminals, Ningbo Yuan Dong Terminal and Shanghai Mingdong Terminal, liquefied natural gas (LNG) trucks have replaced diesel trucks, and we have approved research on "New Energy Saving Hybrid Vehicles" at the Zhangjiagang Terminal); and other energy-saving measures. The Group also explored the feasibility of new energy source and low-carbon fuels to promote both economic and environmental benefits.</p> <p style="text-align: right;">For more information, see Chapter 8 Green Development</p>
 <p>Supply chain management</p>	<ul style="list-style-type: none"> • Improve the working standards of contractors and suppliers, and improve overall management of sub-contracting 	<p>With sustainability and profit maximisation in mind, we improve our supply chain selection criteria and sub-contractor management. From establishing systems and operation level, we actively implement and monitor policies to ensure they are enforced in full. Meanwhile, the Group communicates regularly with suppliers and sub-contractors through industry-specific technical exchange meetings, to ensure their products and services continue to meet the expectations of the Group and our clients.</p> <p style="text-align: right;">For more information, see Chapter 9 Win-win Cooperation</p>
 <p>Community</p>	<ul style="list-style-type: none"> • Improve transparency and disclosure of the Group's impacts on communities and our efforts to engage with the communities in which we operate 	<p>The Group is committed to giving back to the community. We encourage our terminals to get involved in the community in order to support and grow with local communities. For example, Lianyungang New Oriental Terminal provided financial support to underprivileged college students; Guangzhou South China Ocean Gate Terminal donated RMB30,000 to Guangzhou Nansha District Charity Association to help poor and special-needs population; Piraeus Terminal provided money, goods and blood donations to those who suffered from the wildfire in Eastern Athens.</p> <p style="text-align: right;">For more information, see, Chapter 10 Investing in Communities</p>

CHAPTER 5
STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

MATERIALITY ASSESSMENT

After conducting online questionnaires and telephone interviews, we developed the following matrix to visualise the Group’s material topics. We disclose our management approach and performance for these topics in detail in this report. This allows us to meet the expectations of our stakeholders while continuing to improve the quality of our report. For the scope and boundary of each topic, please refer to Chapter 11 Appendices Boundary Mapping of Material Topics of COSCO SHIPPING Ports.



Material Topics	
1	Compliance
2	High standards of corporate governance
3	Risk management
4	Anti-corruption
5	Building a team of excellence
6	Investing in talent training and development
7	Maintaining a healthy and safe workplace
8	Fostering a diverse and inclusive culture
9	Optimising terminal operations
10	Improving customer services
11	Deepening the Group’s globalisation strategies

Material Topics	
12	Energy management and GHG emissions
13	Waste management
14	Climate Change
15	Water resource and water quality management
16	Air quality
17	Strengthening employee environmental awareness
18	Responsible sourcing
19	Deepening strategic partnerships
20	Enhancing safety in outsourcing management
21	Caring for local communities
22	Responsible overseas investment





Chapter 4
About COSCO SHIPPING Ports

- Compliance
- High standards of corporate governance
- Risk management
- Anti-corruption



Chapter 6
Caring for Our People: Growing Together with Our Employees

- Building a team of excellence
- Investing in talent training and development
- Maintaining a healthy and safe workplace
- Fostering a diverse and inclusive culture



Chapter 7
Customers First: Creating an Enduring Brand

- Optimising terminal operations
- Improving customer services
- Deepening the Group's globalisation strategies



Chapter 8
Green Development: Building "Green Ports"

- Energy management and GHG emissions
- Waste management
- Climate Change
- Water resource and water quality management
- Air quality
- Strengthening employee environmental awareness



Chapter 9
Win-win Cooperation: Integrating Sustainability into Our Supply Chain

- Responsible sourcing
- Deepening strategic partnerships
- Enhancing safety in outsourcing management



Chapter 10
Investing in Communities: Progressing Forward Together

- Caring for local communities
- Responsible overseas investment

CHAPTER 6

CARING FOR OUR PEOPLE: GROWING TOGETHER WITH OUR EMPLOYEES



Opportunities and Challenges

COSCO SHIPPING Ports is undergoing rapid globalisation. Amid this background, employees create enormous value and remain our most valuable asset. In face of fierce competition and an ever-changing business environment, talented people are indispensable for optimising the operations and management of businesses and enhancing their competitiveness. In accordance with our people-oriented principle, the Group is committed to building and nurturing dedicated, innovative, professional and efficient teams. To this end, we emphasise diversity and equality, and respect human rights, and provide competitive remuneration and benefits, training and career development, and a safe and healthy workplace. We continue to review and improve our existing mechanisms in accordance with market and industry standards, in order to allow every single staff to grow together with the Group.

Key Sustainability Topics



Building a team of excellence



Investing in talent training and development



Maintaining a healthy and safe workplace



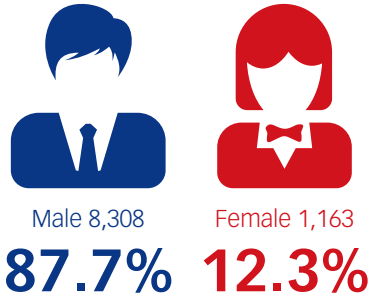
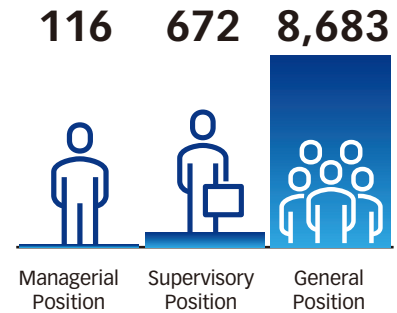
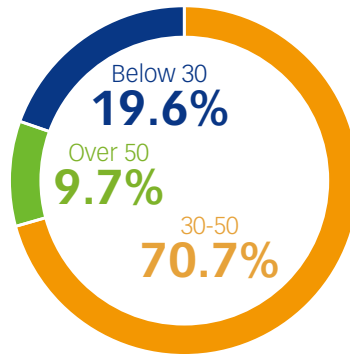
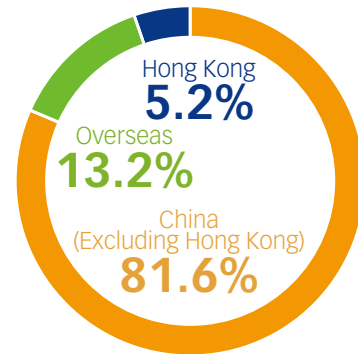
Fostering a diversified and inclusive culture

CHAPTER 6

CARING FOR OUR PEOPLE: GROWING TOGETHER WITH OUR EMPLOYEES

WORKFORCE PROFILE

At the end of 2018, the Group had a total of 9,471 employees, consisting of 302 employees from the Group headquarters, 2,984 employees from global subsidiaries, and 6,185 employees from our non-controlling terminals.⁹

TOTAL WORKFORCE
BY GENDERTOTAL WORKFORCE
BY LEVELTOTAL WORKFORCE
BY AGE GROUPTOTAL WORKFORCE
BY REGION

Note:

⁹ For more detailed employee statistics of the Group, please see Chapter 11 Appendices Key Performance Indicators.



MANAGEMENT APPROACH

Building a Team of Excellence

We adhere the recruitment principle of talent-oriented, comprehensive assessment, encourage fairness and positive competition. We attract talent via various channels, provide competitive remuneration packages to employees, and safeguard their rights and benefits.

Investing in Talent Training and Development

We provide training to ensure that employees are well-equipped to meet the Group’s development needs, and encourage them to pursue continuous and lifelong learning.

Maintaining a Healthy and Safe Workplace

We place great importance on the health and safety of all workers on our premises, including our employees and contractors. Adhering to the management principle of “safety first, prevention as main measure”, we keep enhancing our safety management system, strengthening the investigation of potential safety hazards and developing a safe and healthy workplace culture.

Fostering a Diversified and Inclusive Culture

The Group strictly complies with relevant laws and regulations in all countries where it operates, prohibits child or forced labour, and advocates for equal and diversified employment and anti-discrimination with an aim to foster harmonious labour relations.

1. BUILDING A TEAM OF EXCELLENCE

Our human resources policies fully comply with relevant employment laws and regulations in the countries where we operate, such as the Labour Law of the People’s Republic of China and the labour legislations of Hong Kong. We also formulate our administrative measures and protocols accordingly. Our terminals are required to strictly enforce these policies and regulations.

The Group conducts comprehensive assessments and promotes fair competition to find, hire and nurture talent, building up a solid succession plan. We develop annual recruitment plans according to the Group’s needs and market conditions, to ensure that our human resources strategy can meet the demands of the Group’s business growth.

The Launch of Management Trainee Programme in 2018

In 2018, we launched the Management Trainee Programme to groom a group of young and talented university graduates to become future leaders of the Company, or industry experts. The graduates develop a spectrum of experience and a broad understanding of our business and operations through on-the-job training and job rotations. They are given opportunities to enhance and apply their skills and abilities, to excel both personally and professionally and make valuable contributions to the Company. This programme provides a long-term employment contract and annual job rotation. At the end of the programme, permanent contracts may be offered at manager or senior manager level, depending on the intention of the graduates and current vacancies of the Company.



Job fairs



Printed and online advertisements



Recruitment agencies



Campus recruitment



Internal recruitment or referrals

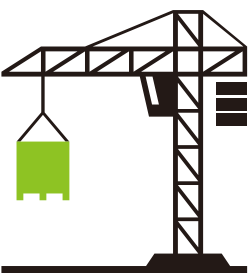
CHAPTER 6

CARING FOR OUR PEOPLE: GROWING TOGETHER WITH OUR EMPLOYEES

We provide a competitive remuneration package to our employees and proactively protect their rights and benefits. Headquarters staff enjoy paid holidays (including annual leave, sick leave, maternity leave, paternity leave, marriage leave and compassionate leave), statutory social insurance, medical insurance, annual health check-ups and other benefits. The Group conducts annual performance reviews to understand the needs and concerns of our people and review their salary and benefits. In turn, this helps us to retain exceptional talent, maintaining our competitive advantage. In June 2018, the Group awarded various incentives, such as stock options, linking staff performance with the Group's long-term success while boosting the enthusiasm of employees. We hope that this will in turn help us continue to attract and motivate our outstanding employees.

Based on principles of differentiation, comprehensiveness and fairness, our online 360-degree appraisal system assesses our employees based on multiple performance and capability indicators. Through the system, employees can anonymously evaluate the performance of their peers at Group headquarters and at terminals. Meanwhile, the supervisors and department heads engage with employees to conduct two-way communications, to share the assessment results and offer suggestions for future improvement. The results feed into ongoing human resource plans, such as year-end bonuses, salary adjustments, position changes and promotions, and staff training.

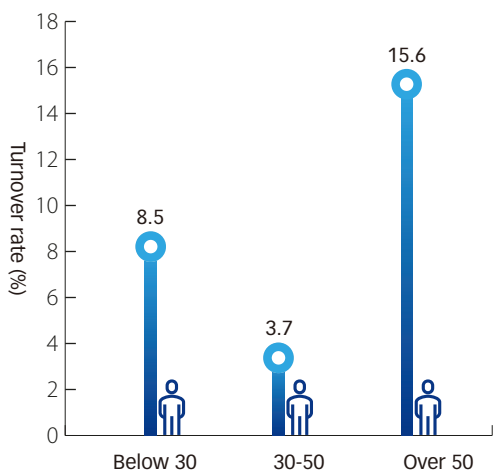
The Group's *Human Resource Management Guidelines* details our human resources procedures, covering employment and benefits policies, annual performance reviews, salary-related arrangements, promotion and termination, staff training and equal opportunities. More specific details and relevant regulations on items such as working hours, salary and benefits, holidays, training, assessment, guidance on the ethical behaviour of employees can also be found in the *Employee Handbook*. Each terminal is required to conduct their own human resource management in line with their operations and management objectives.



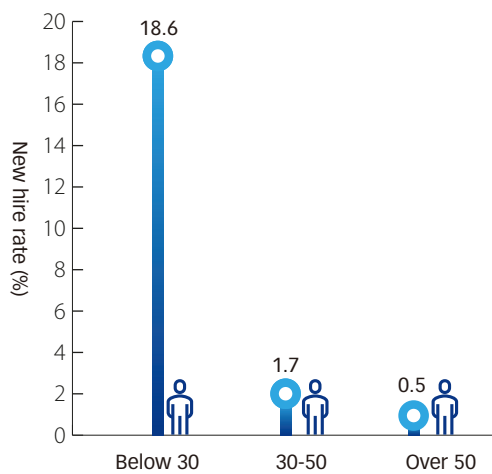
Total employee turnover of the Group		
No. of people	552	
Turnover rate (%)	5.8	
Turnover rate		
By gender	No.	(%)
Male	460	5.5
Female	92	7.9

Total new employee hires of the Group		
No. of people	465	
New hire rate (%)	4.9	
New hire rate		
By gender	No.	(%)
Male	415	5.0
Female	50	4.3

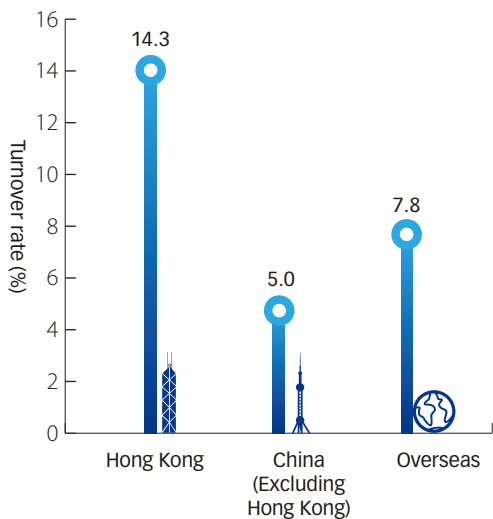
BY AGE GROUP



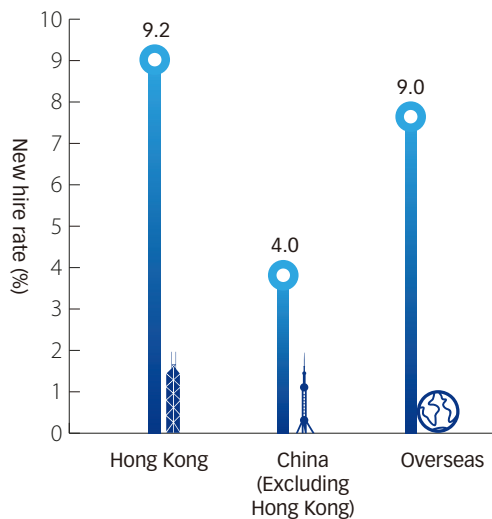
BY AGE GROUP



BY REGION



BY REGION



CHAPTER 6

CARING FOR OUR PEOPLE: GROWING TOGETHER WITH OUR EMPLOYEES**2. INVESTING IN TALENT TRAINING AND DEVELOPMENT**

Investing in talent and helping employees grow with the Company is an important part of the Group's sustainable development. We encourage our employees to pursue self-improvement and lifelong learning, which can prepare them and help them to adapt in a rapidly changing market. Following the *Human Resource Management Guidelines* of the Group, we have established a complete staff development system, providing specific guidance in all respects. In accordance with the guidelines and individual operation needs, each terminal has dedicated staff responsible for providing career development plans, comprehensive training plans, and diversified internal and external training opportunities for employees. In doing so, employees can improve their professional skills, equip themselves with both global and local perspectives and be encouraged to innovate to fulfil their potential.

In 2018, the Group continued to invest in the development and training of our employees. The Group headquarters organised and participated in 27 internal and 127 external trainings, accumulating a total of 6,268 training hours collected by 715 participants.

Training format	Training category	Training purpose	Training contents
<ul style="list-style-type: none"> Organising specialised trainings Professional lectures, seminars or workshops Inviting external experts to give themed lectures Activities and forums Corporate management and professional courses 	1. Induction training	Equip employees with the basic knowledge and understanding of the Company's requirements to fulfil their jobs duties	<ul style="list-style-type: none"> Introduce the Company, its regulations and staff rules Conduct on-the-job training Introduce departmental functions and job requirements
	2. Professional development and skills training	Master skills required by the job	<ul style="list-style-type: none"> Business operation training Update work related knowledge Latest management theories, policies and regulations, etc. <p>During the reporting period, relevant training topics cover compliance, business environment, leadership, business process standardisation, technical operations, corporate promotion and brand identify training</p>
	3. Training in corporate culture and team spirit	Develop employees' sense of company identity and improve morale and sense of belonging	Strengthen corporate culture and team spirit

In addition to the abovementioned training, the Group’s terminals commenced new courses in 2018, such as the Employee Growing Series, in line with the Company’s development and global expansion strategy. The Group’s headquarters has tailored a series of practical courses for employees, including inviting middle and senior-level personnel and industry experts to share industry information, introducing COSCO SHIPPING Ports’ development history and strategy, familiarising terminal operation processes, sharing successful case studies, overseas work experience sharing and so on.

The Group and Hutchison Ports joint professional training

The Group and Hutchison Ports jointly held a “Professional Training Course for Middle and Senior Managers” in October 2018. 22 middle and senior managers participated in a series of trainings, including business discussion forums, technical seminars, site visits and exchanges, giving them exposure to different operations and management practices. In the long-term, this training helps develop problem solving skills, and expands their management vision, giving them opportunities to learn from each other and inspire new operational thinking. Some examples of feedback and suggestions of those participating are given below.

“This training has provided great help and improvement to individuals in strengthening professional work direction. The training format is excellent, and I hope to carry out more of such activities.”

“This exchange was a great way to learn from the port operation management experience of Hutchison Ports. The industry’s path towards automation is also inspiring. Seminars discussed the status quo, difficulties and were enlightening. I hope we can regularly exchange information between the ports and discuss the ports’ changes and improvements from previous sessions; we might consider such exchange seminars once every six months.”

“I hope that I can have more opportunities to participate in such training. While understanding the industry dynamics, I improve my overall capacity, strengthen communication between terminals, and improve the business skills and standards.”

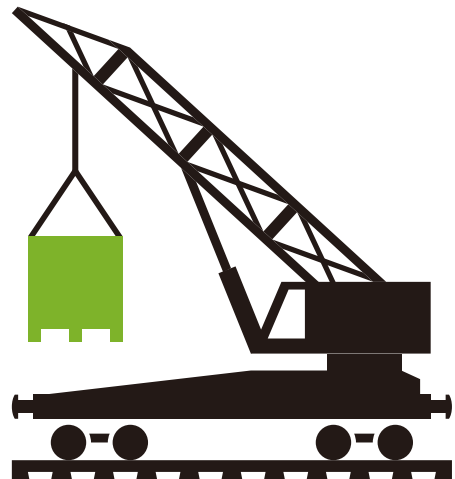
“Through this training, we can have a better understanding of the operational philosophy, how to improve work skills, and the situation of the terminal industry, and have a clearer understanding of future work.”



CHAPTER 6

CARING FOR OUR PEOPLE: GROWING TOGETHER WITH OUR EMPLOYEES**Leadership training camp for middle and senior managers**

In October 2018, the Group held a two-week “Leadership Training Camp for Middle and Senior Managers” in Shanghai, in which 17 middle and senior managers participated. The training camp focused on improving the leadership and management skills of middle and senior level employees. Courses focused on strategic business simulation, creating high-performing team, goal setting, communication and coordination, and team leadership. Attendees learnt in a more systematic way and enhanced their entrepreneurial mindset, broadened their vision, improved their long-term managerial abilities and lay a foundation for success to conquer future business challenges.



Management development training for the middle-level key staff of COSCO SHIPPING Ports

In November, 30 middle-level key staff members in the company attended this training. Trainees were required to equip with both local and global visions, the ability to quickly adapt to new situations in order to solve complex problems, being innovative to find solutions, and lead their team to enhance long-term sustainable development. By holding this training, our aim is to meet the demand of multi-talented management roles to better facilitate COSCO SHIPPING Ports’ globalisation strategy.

Below listed the training feedback from Lv Dan, Wuhan Terminal:

- Recognise self-value, improve self-understanding and plan well for career development
- Strengthen our own management and time management
- Develop scientific and logical mindset and habits



Training organised by terminals

In 2018, our terminals invest in nurturing their employees, building effective teams with all-rounded skillsets, and promoting employees’ growth alongside the Company’s. The Quan Zhou Pacific Terminal, Zhangjiagang Terminal, Guangzhou South China Oceangate Terminal, Lianyungang New Oriental Terminal and Yingkou New Century Terminal disclose full employee training information and average training hours per employee. The training includes various professional tutorials (such as SAP financial information system user training, corporate law and business personnel training), team building, and training on ways to create a healthy and safe workplace (such as special equipment operation safety training, emergency response and fire safety training).

	Total training hours	Total employees	Average training hours per employee
Quan Zhou Pacific Terminal	13,124	344	38.2
Guangzhou South China Oceangate Terminal	5,504	693	7.9
Lianyungang New Oriental Terminal	4,052	300	13.5
Yingkou New Century Terminal	3,256	139	23.4
Zhangjiagang Terminal	1,001	259	3.9

CHAPTER 6

CARING FOR OUR PEOPLE: GROWING TOGETHER WITH OUR EMPLOYEES**Corporate culture training and team building – COSCO SHIPPING Ports Cup**

Xiamen Ocean Gate Terminal, Quan Zhou Pacific Terminal, Jinjiang Pacific Terminal, Lianyungang New Oriental Terminal, Jinzhou New Age Terminal, Dalian Container Terminal, the Group's Shanghai headquarters and other terminals sent approximately 80 athletes in 14 teams to participate in the first "COSCO SHIPPING Ports Cup Employee Table Tennis Match" in May 2018 in order to enhance morale and team spirit via the sports competition. Athletes also visited the Xiamen Ocean Gate Terminal after the match to share their views on automation technology.

3. MAINTAINING A HEALTHY AND SAFE WORK ENVIRONMENT

The Group attaches great importance to the health and safety of our own employees and contractors across our operations with an aim to create a safe and comfortable workplace. We uphold the precautionary principle of "Safety first, prevention of risk as main measures", through the improvement of safety management and training to prevent major accidents from happening¹⁰. While we maintain a robust set of safety and risk management measures, we regret to report that **Yangzhou Yuanyang Terminal** had one fatal accident in 2018. Since the incident, the terminal has taken a series of corrective actions and measures to further strengthen the workplace safety of the terminal. These actions and measures include re-training of safety rules and regulations across terminal workers, improving safety awareness, re-assessing all equipment and reviewing maintenance procedures to prevent future accidents. In 2018, there were 80 work-related injuries and 1,414 lost days among our employees in total across the Group.

- **Continue to improve the safety management system**

The Group is strictly complied with the *Occupational Safety and Health Management Regulations* of COSCO SHIPPING Group, which requires terminals to keep enhancing their safety policies and management regulations based on the local laws and regulations and their own business operation. At the same time, terminals are required to prepare relevant work plans and set goals to specify the responsibilities of all departments and staff members as well as to standardise the operation procedures. Additionally, the Group requires that all departments sign the *Safety Production Responsibility* documents at the beginning of each year and integrate the latest safety goals and requirements into performance assessments, which will be evaluated on a regular basis. The implementation of this system therefore, can be monitored more effectively.

In 2018, the Group's safety committees and management issued the *Safety Supervisor Management Implementation Measures* and four other safety management policies, continuing to improve the Company's safety management system, strengthen the on-site safety supervision and management at terminals, tighten system implementation, and supervise employee behaviour.

At the end of 2018, both **Dalian Container Terminal** and **Lianyungang New Oriental Terminal** obtained the OHSAS 18001 and GB/T 28001 Occupational Health and Safety Management System Certificates. **Kumport Terminal** maintained their OHSAS 18001 certification. **Zhangjiagang Terminal**, **Xiamen Ocean Gate Terminal**, **Yantian Terminals** and **Guangzhou South China Oceangate Terminal** has all achieved Level 1 certificates of the Safety Production Standardisation for Transport Companies. **Yingkou New Century Terminal** was granted the occupational health and safety management system certification by CQM.

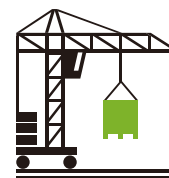
Note:

¹⁰ For our approach to safety in our outsourcing management, please refer to the sections headed Management Approach and Strengthening the Safety Management of Business Outsourcing in Chapter 9 Win-win Cooperation: Building Sustainable Supply Chain.

• **Enhancing potential safety hazard identification**

The Group continues its efforts in safety hazard identification and remediation. Our safety inspection teams conduct regular inspections at our subsidiaries in Mainland China. The Group issues the *Notification on Rectification of Potential Safety Hazards* and instructs any terminals to give recommendations for rectification. Guided by the *Safety Inspection Plan*, our terminals conduct regular and comprehensive inspections. Meanwhile, terminal safety specialists are responsible for investigating and identifying potential safety hazards in four aspects (key units, key areas, key positions, and key equipment and facilities), and for developing relevant preventive measures to reduce the safety risks. When a problem is identified during an investigation, an in-depth analysis is conducted to rectify the hazard and carry out corrective actions. Terminals organise emergency drills with simulated accident scenarios so that employees can practice their response and are better equipped to handle emergencies. Such drills enable rescue personnel to focus on any problem identified, promptly modify and improve the emergency responses plan to enhance effectiveness. In 2018, emergency drills conducted include port security drills, fire drills, typhoon drills and hazardous chemical spill drills.

Lianyungang New Oriental Terminal conducted the “Find Your Surrounding Potential Safety Hazards” activity led by the labour union. Employees were encouraged to participate in safety hazard identification activities. Once a hazard was identified, the participant was asked to describe the source of safety hazard and submit to relevant departments (such as Safety Supervision Department, Technical Management Department and/or Operation Department) for screening, grading and rewarding. In doing so, the terminal work-safety procedures, the ability to detect potential safety hazards and a better management quality were continuously improved. A total of 141 employees identified hazards through this activity. **Lianyungang New Oriental Terminal** started the “Team Safety Qualification Assessment” in 2018. The Safety Supervision Departments modified the *Detailed Rules on Team Safety Qualification Assessment* in accordance with “grade-1 work-safety standardisation”, “work-safety responsibility”, “double mechanism for hierarchical control of risk identification and management”, “emergency management”, “on-site team/group safety management” and other requirements. A total of 36 teams from the Operations Department, Technical Management Department, General Management Department, Safety Supervision Department and the Loading & Unloading Services No. 5 Branch have successfully passed the assessment. In addition, four other teams passed the Team Safety Qualification Assessment.



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Yingkou New Century Terminal adopted the following measures to eliminate any source of potential safety hazards:

- Signing the Safety Management Agreement on Outsourced Construction Work with 21 external units, which states they must comply with safety management regulations, obey the on-site safety management personnel and conduct unannounced inspections during the construction.
- Fully implementing the double preventive mechanism for safety risk control, responsibility delegation, hazard identification and investigation, to effectively manage risks, eliminate hazards and prevent accidents.
- Increasing the number of safety facilities, repairing damaged warning signs within the responsible areas and posting new warning signs in high-risk areas, and achieving full coverage of safety-risk tips and warnings.



- **Building a culture of health and safety**

In 2018, the Group continued organising occupational health and safety training and awareness activities. Through these activities our employees learnt relevant rules and work procedures, gained a deeper understanding of safety laws and regulations, safety measures and technologies, all while promoting a safe and healthy work culture. In 2018, the Company has launched the "Safety Education and Training Platform" to consolidate relevant resources within the Group.



- **“Safety Production Month” Activities:** The Group’s Safety Committee organised issued “Notice of 2018 Safety Production Month” to mandate terminals to set up its own activities that promote safety knowledge and awareness. Following the principles of “Safety first, prevention of risk as main measures, fulfil responsibility, and continuously improve”, all ports have organised various initiatives such as hidden hazards identification, emergency drills, and safety knowledge sharing. The terminals’ safety knowledge and skills were further enhanced to ensure safe operation.
- **“119 Fire safety promotion Month”:** Each terminal is continuously working to improve the fire safety awareness of all employees, enhancing fire safety standards, and improving the quality and sophistication of fire safety management. In doing so, staff completed a series of trainings and activities such as fire drills, fire extinguisher practice, simulated substation fire accident drill, cardiopulmonary resuscitation first-aid training.
- **Xiamen Ocean Gate Terminal** organised a fire-fighting training themed *“Everyone Participates in Prevention and Control of Fire”*, provided special work-safety training for outsourced service providers, and conducted practical tests for newly subcontracted trailer drivers. In the same year, this terminal also conducted hazardous chemical safety drills.
- **Jinzhou New Age Terminal** held the “COSCO SHIPPING Ports 2018 Safety Education, Training and Management Experience Exchange Conference”, at which safety specialists were invited to share their work experience and achievements in safety-management system.
- **Guangzhou South China Oceangate Terminal** performed an emergency rescue drill for “Security of Dangerous Goods and Port Facilities”.



CHAPTER 6

CARING FOR OUR PEOPLE: GROWING TOGETHER WITH OUR EMPLOYEES**4. FOSTERING A DIVERSE AND INCLUSIVE CULTURE**

We respect and protect our employees' basic human rights, upholding principles of equality, diversity and anti-discrimination. Employment is not based on age, gender, race or other factors, and we make an effort to promote harmonious labour relations and foster a fair workplace. The Group strictly complies with relevant local laws and regulations, and collects the necessary information during recruitment to prevent any form of child labour and forced labour. The Group also requires its terminals and suppliers to strictly follow such provisions. During the reporting year, there were no cases of discrimination, child labour or forced labour at the Group.

We have established a series of communication channels and interactive platforms, including our company intranet, corporate website, "The Ports News" and our official WeChat account, to effectively instil our company values and culture, and facilitate communication across different employee levels. The process for handling employee grievances is clearly set forth in our *Human Resources Management Guidelines*. The Group has also established a free speech mechanism where employees are encouraged to communicate any problem they encounter at work with a member of senior management, Head of Human Resources and Administration or their respective department, or labour union.

We also offer our employees support in maintaining work-life balance and achieving physical and mental health. In the year, the Group actively organised an anniversary dinner party, sports events, artistic performances, festival celebration and other recreational activities that have helped our employees relieve pressure and increase camaraderie.

- The labour unions of **Quan Zhou Pacific Terminal** and **Jinjiang Pacific Terminal** held the "Welcome Mid-Autumn Festival, Celebrate National Day" events which included a tug-of-war, three-on-three basketball game, rope skipping, Chinese chess, ping-pong and other contests.

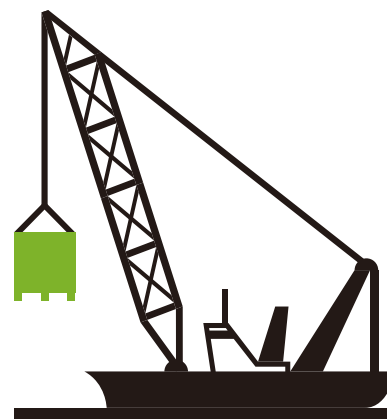


- **Lianyungang New Oriental Terminal** conducted a Spring Festival celebration activity around 120 employees participated.

- For the fifteenth anniversary of the Company's joint venture, **Shanghai Pudong Terminal** we organised a series of celebration activities, including large-scale artist programme, sports games and flag-raising ceremony, to share the achievements made by the Company and its employees.



- A total of 1,100 employees from **Dalian Container Terminal** participated in the rehabilitation activity held by the Company with the theme of "Work Happily, Live Healthy" to jointly develop a healthy lifestyle.




CHAPTER 7 CUSTOMERS FIRST: CREATING AN ENDURING BRAND




Opportunities and Challenges

In the context of increasing customer demands, rapid technology upgrades and widespread internet coverage, the ports sector (as well as many other industries) is facing opportunities and challenges posed by technology, a changing business landscape and improvement of comprehensive value creation capabilities. The Group operates in a state of rapid globalisation. As such, we must actively respond to foreign and domestic market demands, continuously optimise terminal operations and improve customer service. We also strive to integrate innovation into our existing business model, and diversify the offerings as to continuously improve competitiveness and implement our globalisation strategy.


Key Sustainability Topics


Optimising terminal operations




Improving customer services




Deepening globalisation strategy

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CUSTOMERS FIRST: CREATING AN ENDURING BRAND

OUR BUSINESS PERFORMANCE

Throughput of the Group for the year ended 31 December 2018:

	2018 (TEU)	2017 (TEU)	Change(%)
Bohai Rim	38,328,815	28,244,975	+35.7
QPI ¹¹	19,320,000	12,270,000	+57.5
Dalian Container Terminal ¹²	9,512,744	6,758,147	+40.8
Dalian Dagang Terminal	22,047	24,582	-10.3
Tianjin Euroasia Terminal	2,717,331	2,469,753	+10.0
Tianjin Five Continents Terminal	2,708,817	2,580,943	+5.0
Yingkou Terminals ¹³	2,752,429	3,011,107	-8.6
Jinzhou New Age Terminal	710,746	571,113	+24.4
Qinhuangdao New Harbour Terminal	584,701	559,330	+4.5
Yangtze River Delta	19,808,646	19,630,693	+0.9
Shanghai Pudong Terminal	2,602,151	2,650,396	-1.8
Shanghai Mingdong Terminal	6,252,083	6,500,062	-3.8
Ningbo Yuan Dong Terminal	3,060,010	2,980,839	+2.7
Lianyungang New Oriental Terminal	2,876,355	2,872,563	+0.1
Zhangjiagang Terminal	761,849	735,918	+3.5
Yangzhou Yuanyang Terminal	500,340	489,108	+2.3
Nanjing Longtan Terminal	2,930,391	2,881,008	+1.7
Taicang Terminal	561,212	520,799	+7.8
Nantong Tonghai Terminal ¹⁴	264,255	N/A	N/A

Notes:

11 Throughput of QPI was included since 1 May 2017.

12 The merger of Dalian Container Terminal, DPCT and DICT was completed in October 2017. The figure of Dalian Container Terminal for the year 2017 included throughput of DPCT and DICT; while the figure for the year 2018 was throughput of Dalian Container Terminal after the merger.

13 Yingkou Container Terminal and Yingkou New Century Terminal began their operations under same management since May 2017. Therefore, throughput of the two terminals was combined within throughput of Yingkou Terminal.

14 Throughput of Nantong Tonghai Terminal was included since 1 August 2018.

	2018 (TEU)	2017 (TEU)	Change(%)
Southeast Coast and others	5,699,718	5,079,660	+12.2
Xiamen Ocean Gate Terminal	1,968,613	1,501,001	+31.2
Quan Zhou Pacific Terminal	1,559,899	1,384,479	+12.7
Jinjiang Pacific Terminal	425,533	495,993	-14.2
Kao Ming Terminal	1,745,673	1,698,187	+2.8
Pearl River Delta	27,388,896	27,049,188	+1.3
Yantian Terminals	13,159,705	12,703,733	+3.6
Guangzhou Terminals ¹⁵	10,969,992	10,856,560	+1.0
Hong Kong Terminals ¹⁶	3,259,199	3,488,895	-6.6
Southwest Coast	1,371,051	1,357,005	+1.0
Qinzhou International Terminal	1,371,051	1,357,005	+1.0
Overseas	24,768,234	18,840,664	+31.5
Piraeus Terminal	4,409,205	3,691,815	+19.4
Zeebrugge Terminal	392,484	316,448	+24.0
CSP Spain Group ¹⁷	3,622,200	554,028	+553.8
COSCO-PSA Terminal	3,198,874	2,044,536	+56.5
Vado Reefer Terminal ¹⁸	66,565	39,455	+68.7
Euromax Terminal	3,054,115	2,693,337	+13.4
Kumport Terminal	1,258,294	1,063,335	+18.3
Suez Canal Terminal	2,609,978	2,528,647	+3.2
Antwerp Terminal	2,230,418	2,166,096	+3.0
Seattle Terminal	167,824	188,455	-10.9
Busan Terminal	3,758,277	3,554,512	+5.7
Total	117,365,360	100,202,185	+17.1

Notes:

- 15 The integration of operation of Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal was commenced in August 2017. Therefore, throughput of the two terminals was combined within throughput of Guangzhou Terminals.
- 16 The co-management and operation of COSCO-HIT Terminal, Asia Container Terminal and Hongkong International Terminals Limited was commenced on 1 January 2017. Therefore, throughput of COSCO-HIT Terminal and Asia Container Terminal was combined within throughput of Hong Kong Terminals.
- 17 Throughput of CSP Spain Group was included since 1 November 2017.
- 18 Throughput of Vado Reefer Terminal was included since 1 April 2017.

CHAPTER 7

CUSTOMERS FIRST: CREATING AN ENDURING BRAND**MANAGEMENT APPROACH**

The Group has established uniform operating standards for core workflows relating to gate management, yard operations and terminal operations. Through our key performance indicator evaluation system, we comprehensively and effectively manage the performance of our terminals in four areas: throughput and capacity, operation services, operational efficiency and resource consumption. One of core values of the Group is “customers first”. While ensuring the compliance and safety of its services, the Group actively safeguards our customers interests, closely listens to feedback and suggestions, follows market dynamics to improve customer service and meet or exceed expectations. Moreover, to lay a solid foundation for continuous innovation and improvement of the Group’s globalisation strategy, we encourage our business team to adopt best practices that will enhance the overall professional expertise of the Group.

**Optimising terminal operations**

We continuously take specific measures to optimise our terminal operations and improve our operational efficiencies and performance, such as utilising standardised management approaches, promoting automated technologies and applying the latest information technology.

**Improving customer services**

We are committed to improving customer services through different measures, such as collecting and reviewing their opinions and feedback via diverse channels and promoting innovative services.

**Strengthening global footprint**

We promote a globalised network, and continuously improve synergies and efficiencies, and enhance management to improve core competitiveness of the Group.

As a responsible business, we are committed to protecting our customers’ personal data and privacy, and strictly comply with relevant data privacy laws and regulations. Our terminals continue to improve data security systems by implementing confidentiality policies (such as *Confidential Data Management Regulation*) and establishing Confidentiality Committees to ensure the appropriate handling of customer information. We also pay great attention to enhance the information safety awareness of our employees. Staff at the Group headquarters have signed the COSCO SHIPPING Ports *Employee Statement of Confidentiality and Responsibility*. In the event of any data breaches or other violations in the confidentiality agreement, employees are required to take immediate corrective action, and make a report to the Company’s Confidentiality Committee. During the reporting period, the Group did not experience any loss of customer data.

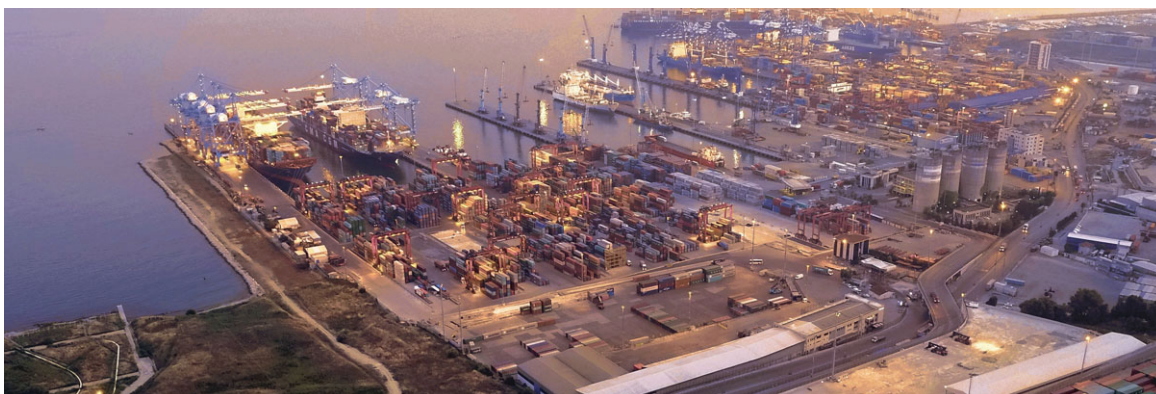
2018 PROGRESS

1. OPTIMISING TERMINAL OPERATIONS

In 2018, to further improve the production, operation and management abilities, and to achieve our strategic goals, the Group initiated *Continuous Improvement Plan for Production and Operation*. This plan urges our terminals to continuously promote workflow improvement projects and implement such projects scientifically as well as quantify production and operation targets. Meanwhile, we established the *Production and Operation Working Group* for convening and coordinating employees from headquarters and terminals to attend special trainings to improve and exchange operational experiences.

The Group’s terminals proactively take different measures to optimise operations, accelerate the construction of gates and yards, and improve the efficiency of container loading and unloading. With the adoption of technology, the terminals have been optimising workflows and operations for each department by making use of digitalisation that can enhance our safety performance and operational efficiencies. This also enables us to provide higher quality customer service, enhancing our competitiveness in the market. 2018 project highlights include:

- **Building digitalised and automated terminals:** Xiamen Ocean Gate Terminal actively promotes the application of “Internet Plus”. By using a combination of Internet of Things, big data, and cloud computing, “Internet Plus” plays an important role in optimising and integrating the operations, and enabling us to build smart and automated terminals. In 2018, the terminal completed projects including diverting vehicle routes, constructing automated gate, enabling paperless transactions, providing an online reservation platform, achieving automatic data handling, system digitalisation, and intelligent operation. At the same time, by optimising terminal working processes and create synergies through both online and offline platforms.



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- **Building intelligent and innovative terminals:** Lianyungang New Oriental Terminal has adjusted its fixed asset procurement procedure; optimised operation flows and improved the purchasing platform function and efficiencies. The Company established an “Innovation Studio of Model Workers and Teams”, which consists of quay crane technicians, to provide professional guidance on large ship parameters, identify dangerous sources and operational challenges to continuously improve the efficiency and service quality of large container ships while berthing. The Xu Xinlei Innovation Studio has continued operating to strengthen technological innovation. It has directed 23 scientific and technological innovation projects, applied for five patents and published one academic paper in a professional journal.
- **Investing in technologies and facilities:** Yangzhou Yuanyang Terminal has introduced a non-invasive container inspection system to replace traditional manual inspections. The one-stop quick scan system can accelerate the clearance and inspection speed at terminals while also protecting goods from any damage caused by opening containers.
- **Updating and integrating resources and optimising management systems:** The operational integration project of Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal, which was commenced in August 2017, continued to centralise systems for resource use, production, customer service and personnel assignment have been established in 2018. By fully utilised the synergies from integration of resources, it has improved in cost control, terminal service and sustainable development capacities. In cases where route time window and shipping cycle needs updating, this system can quickly mobilise employees and yard layout, while fully utilising the synergies of berths, tow trucks and human resources.



- **Upgrading information platform:** Zeebrugge Terminal has updated the financial information system (“SAP”) to integrate financial information, terminal operations and material management systems. This allows terminals to effectively monitor and manage costs, analyse profits, and review performance indicators and achievements. At the Group level, such a system not only can improve corporate management, but also lay a foundation for integrated financial, operation and management of new projects in the future. This system has also been implemented at CSP Spain Group in 2018.



- **Improving foreign trade container inspection, clearance efficiency and service quality:** Quan Zhou Pacific Terminal has introduced the H986 wireless flat-panel cargo handling and inspection system. It significantly shortens the amount of time needed to collect data, accelerating the inspection process, and reducing the need for paper documentation, which was replaced by H986 on-site real-time wireless tablet. This new technology has reduced staff workload and increased convenience of collecting inspection data. The terminal can now collect data in real-time for immediate updates.

2. IMPROVING CUSTOMER SERVICES

With a “customers first” mindset, COSCO SHIPPING Ports strives to uplift overall customer service and satisfaction through continuously upgrading customer service system, deepening communication with customers, and properly understanding and meeting demands as well as handle customer complaints properly. Every year, the Group’s terminals seek to obtain customer feedback through various channels such as questionnaires, service hotlines, conferences, business visits, promotions and forums. Once identified, we aim to take proper measures to improve their customer experience. During the reporting period, there were no reported fines or non-monetary sanctions due to non-compliance with laws or regulations concerning our services.

In 2018, the Group’s headquarters continued inviting major customers from shipping companies to participate in an online satisfaction survey to rate our performance. The survey seeks customer feedback in areas such as sales and marketing, equipment and facilities, loading and unloading efficiencies, shipping scheduling services, container pickup and return processes, yard planning, vessels arrangement and the personnel involved, emergency handling, safety and security. The respondents gave Dalian Container Terminal, Zhangjiagang Terminal and Yingkou New Century Terminal full score of 5 (very satisfied) and Shanghai Mingdong Terminal and Quan Zhou Pacific Terminal the score of 4 (satisfied).



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In 2018, the Group's terminals strived to further provide customers with higher-quality services and improve customer satisfaction by actively innovating and upgrading our services in different ways:

- **Improving customer convenience and enhancing customer communication:** Lianyungang New Oriental Terminal has been promoting online documentation services. At the end of 2018, the ratio of online transactions exceeded 95%. Meanwhile, on-site document handling was moved to the Customer Service Centre of Lianyungang Port Group, providing a one-stop customer service while actively closing the feedback loop and building more transparent management across the whole process. This will comprehensively improve the Company's external service quality and efficiencies. Guangzhou South China Oceangate Terminal has also promoted an online document self-service system, shortening time for mooring space booking, container pickup, and documentation processes.
- **Achieving centralised port inspection and reducing customer costs:** The construction of Inspection Centre of Zhangjiagang Terminal commenced in 2018. Upon completion, the centre will have an inspection room and platform, quarantine treatment centre and other facilities in order to not only satisfy customs, terminals and business requirements, but also centralise and increase the professionalism of port inspections, improve clearance efficiencies and logistics speed, and reduce customer costs.



- **Actively exploring effective communication channels and improving service quality:** Dalian Container Terminal established three business WeChat groups between its external service departments and customers. These include the "Operation Communication between Dispatching Centre and Customers", "Container Receiving and Pickup Service" and "Appointment Booking Service" to increase channels for real-time communication with customers and improve problem-solving efficiencies. The terminal also developed other services to shorten customers' time of receiving and picking up containers at any port. Additionally, the terminal assigned a customer service specialist for each customer to provide more personalised services.

Some terminals of the Group have received recognition and feedback from our customers:

Xiamen Ocean Gate Terminal successfully rescued a ship: Upon receiving an emergency notice from Fujian Maritime Department on 11th of December, under the direction of **Xiamen Ocean Gate Terminal** management, the terminal employees immediately initiated emergency procedures and successfully rescued a ship within seven hours and reduced losses. A thank you letter was received from the ship owner. The successful rescue is a test of the safety management and methods of **Xiamen Ocean Gate Terminal**, over the Company's customer service and emergency response ability.

Lianyungang New Oriental Terminal received silk banners: In 2018, the Operation Department of **Lianyungang New Oriental Terminal** has received three banners from customers as gifts. The Company has been strictly controlling quality on the premise and standard operation processes. Clients have praised the Company several times with their appreciation for their high-quality and efficient services.

3. STRENGTHENING GLOBAL FOOTPRINT

COSCO SHIPPING Ports has been optimising its global terminal network and seeking investment opportunities in Southeast Asia, South America and Africa upon the completion of reorganisation in 2016 with an aim to enhance our position as leading global ports operator.

We continued to enhance our business development strategy in 2018 by further optimising our terminals network in Yangtze River Delta and strengthening our business network in the Southeast Asia. Upon the commencement of trial operation on 30 June 2018, **Nantong Tonghai Terminal** contributed three container berths and one bulk berth to the Group. In addition, **COSCO-PSA Terminal** announced the addition of two new berths starting from January 2019. It is now equipped with five berths with an annual capacity of approximately 5 million TEU, up from three berths with an annual capacity of 3 million TEU, which is expected to strengthen its competitiveness and profitability.

Regarding newly-acquired terminals, **Abu Dhabi Terminal**, which was inaugurated in December 2018, became our first overseas greenfield subsidiary with an annual designed capacity of 2.5 million TEU. We plan to commence official operations in the third quarter of 2019 starting with 1.5 million TEU handling capacity. We will leverage on our unique competitive edge to turn **Abu Dhabi Terminal** into a major container gateway port and regional hub, as well as a competitive shipping service centre.

Our unwavering determination to strengthen a global terminal network was once again shown in the acquisition of 60% stake of **Chancay Terminal** in January 2019. Upon the completion of transaction, the terminal is expected to become our second overseas greenfield subsidiary.

CHAPTER 8

GREEN DEVELOPMENT: BUILDING "GREEN PORTS"

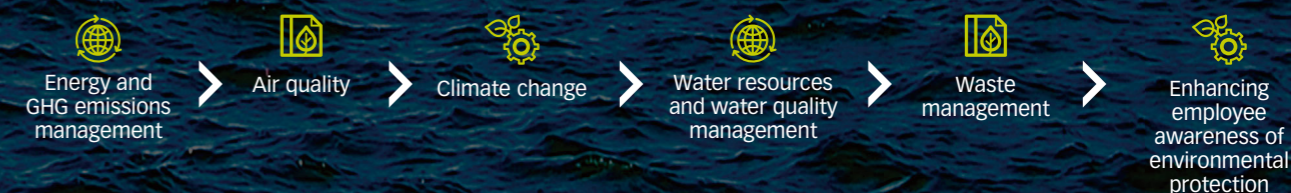
Opportunities and Challenges

Since the adoption of Paris Agreement in 2015, low-carbon and greener operations have become an important global focus. All countries over the world, including those along the Belt and Road initiative, are developing relevant climate change strategies to cope with environmental challenges that result from economic development and urbanisation. Nevertheless, according to the latest forecasts of Intergovernmental Panel on Climate Change (IPCC), rapid and profound transformation in aspects of land, energy, industry, building, traffic and city is required to limit global warming temperature to 1.5°C.

We are also aware that global warming caused by greenhouse gas emissions poses serious risks to the global economy and environment. Reducing carbon dioxide (CO₂) emissions poses a great challenge for both businesses and governments all over the world. We truly believe that by proactively managing climate change risks and opportunities will not only enable us to meet the global emission reduction target and enhance our climate resilience, but also facilitate our smooth transition towards a more sustainable, low-carbon economy.

In 2018, we continued to actively promote "green ports" through management of our energy consumption, GHG emissions, air pollution, material use, wastewater and waste generation. Effective management can improve operational efficiencies and reduce impacts on the environment, achieving dual economic and environmental benefits.

Key Sustainability Topics



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GREEN DEVELOPMENT: BUILDING "GREEN PORTS"

Direct and indirect energy
consumption per TEU0.07 MJ²¹The Group's total water
consumption in 2018

2,733,992 cubic metres

ENVIRONMENTAL PERFORMANCE¹⁹2018 direct and indirect energy consumption: **4,066 TJ**Total GHG emissions (Scope 1+2)²⁰The Group's GHG emissions in 2018 (tCO₂e)Direct GHG
Emissions (Scope 1)**170,331**Indirect GHG
Emissions (Scope 2)**355,234**

MANAGEMENT APPROACH

Sound environmental management systems are the cornerstone of the Group's green development. Starting with strict compliance with relevant environmental laws and regulations, the Group is committed to actively promoting green operations and development through continuous improvement of our environmental management system in areas such as energy and emission reduction, water and wastewater management, and waste management and recycling. We also work closely with stakeholders to promote environmental awareness and work hand in hand to implement the "green port" concept.

Continuously improving our environmental management systems

The Group strictly complies with all relevant environmental laws and regulations in the areas in which we operate. All terminals are mandated to establish their own comprehensive environmental policies and management systems that are based on local laws and regulations, and specific to their own operations. Each policy is to be assigned to a responsible department to ensure effective implementation.

Notes:

- 19 Excludes environmental data of COSCO-PSA Terminal.
- 20 Sources of direct GHG emissions (scope 1) include diesel, gasoline, liquefied petroleum gas, LNG and natural gas; sources of indirect GHG emissions (scope 2) are electricity and heating purchased by the Group. For more detailed environmental performance of the Group, please refer to Chapter 11 Appendices Key performance indicators.
- 21 Excludes energy consumption from headquarters of the Group.

Promoting green operations and development

a. Energy saving and emissions reduction



Management approach

- The Group's headquarters have formulated the *Guidelines for Emission Reduction* and set relevant energy saving targets for subsidiaries.



Responsible department

- The Group has established the Energy Saving and Emission Reduction Office as our core unit driving energy-savings initiatives and monitoring the implementation of reduction strategies to ensure that relevant energy and emission targets are met.



Effective implementation

- Each terminal monitors and tracks its own energy efficiency performance and takes immediate actions for improvement to ensure the effective implementation of energy saving measures.

b. Making the best use of resources and properly managing wastewater discharge and waste

As a principle, we encourage our terminals to optimise the use of water and reduce impacts on marine ecosystems, which includes reducing water used in operations, reducing wastewater discharge through conducting timely inspections and effective management, and properly treat wastewater discharge in compliance with relevant legal requirements. For waste management, the Group supports its terminals to adopt the 3R principle: reducing waste generation, repurposing materials when possible, and recycling waste through proper separating, classifying and storing of hazardous and non-hazardous waste, and ensuring proper treatment by qualified recycling companies.

Promoting environmental awareness

We firmly believe that stakeholder participation is critical to improving our environmental performance. The Group actively supports and encourages its terminals to conduct various environmental awareness and promotional activities to achieve our sustainability goals together with our employees, suppliers and the general public.



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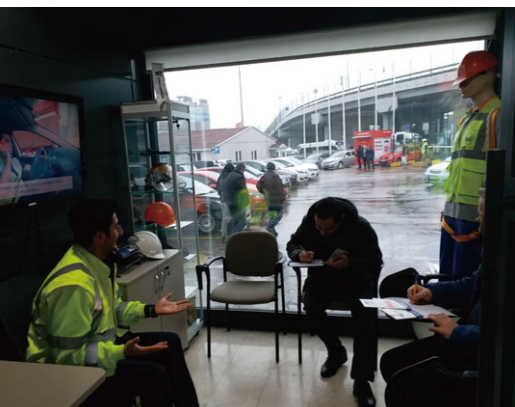
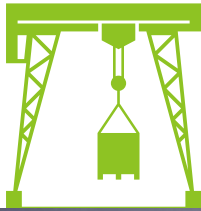
GREEN DEVELOPMENT: BUILDING "GREEN PORTS"



2018 PROGRESS

1. CONTINUOUSLY IMPROVING ENVIRONMENTAL MANAGEMENT SYSTEMS

The Group strictly complies with all relevant environmental laws and regulations in our locations of operation, including but not limited to the Environmental Protection Law of the People's Republic of China, the Marine Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution. We require our terminals to develop comprehensive and specific environmental policies and management systems in accordance with the local laws and regulations in which they operate. When possible, the Group encourages its terminals to go beyond legal requirements and strengthen environmental management capabilities through continuously optimising management efforts, making use of data to evaluate key performance indicators, regularly assessing environmental risks, and striving for international certifications and awards, overall strengthening our environmental management capabilities.



- **Integrate environmental data analysis and evaluation:** The Engineering Department of **Jinjiang Pacific Terminal** regularly collects and evaluates data on environmental management initiatives through tracking, analysing and assessing power utilisation, carbon emissions, and water consumption indicators. This process helps to determine and identify ways to minimise environmental impact.
- **Optimisation of management measures:** **Yantian Terminals** has developed and optimised policies and procedures for environmental sanitation, energy, and solid waste management aspects, including: Exhaust Gas Emission Management Procedures, Wastewater Treatment Procedures, Oil Pollution Management Procedures, Solid Waste Management Procedures and Energy Management Procedures. These procedures standardise relevant processes, and guide and govern employee behaviour to minimise environmental risks.
- **Regular review for risk prevention:** In 2018, **Lianyungang New Oriental Terminal**, **Piraeus Terminal**, **Yingkou New Century Terminal**, **Shanghai Pudong Terminal** and **Kumport Terminal** conducted emergency drills with focus on environmental risks, which include hazardous waste leakage which could lead to marine pollution. The drills enabled employees to be familiar with contingency plans, and to constantly review and monitor environmental management initiatives.

- International certifications and awards: Kumport Terminal, Dalian Container Terminal and Yantian Terminals achieved ISO 14001 Environmental Management System certification in 2018. Xiamen Ocean Gate Terminal was awarded “Green Port” by APEC Port Services Network to praise its excellent environmental management performance.



2. PROMOTING GREEN OPERATIONS AND DEVELOPMENT

a. Energy saving and emissions reduction

Facing a global energy crisis and climate change challenges, building low-carbon and energy saving ports is the development trend amongst port enterprises. We are actively investing in energy-saving and emission reduction technologies including electrification upgrades, improving port infrastructure such as establishing shore power systems, expanding the use of clean energy and optimising energy use. We are committed to reducing the overall energy consumption, carbon emissions and air pollutants to minimise the environmental impacts from our business operations.

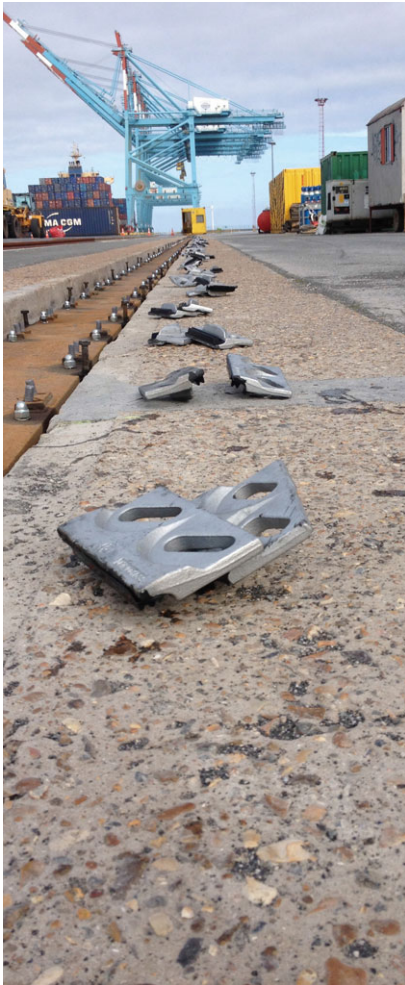
Application of energy saving and emission reduction technologies to “green ports”

In 2018, several terminals of the Group made progress in building “green ports”. Below are some highlights:

- “Diesel-to-electric” transition for rubber-tyred gantry cranes (RTGs): For RTGs, traditional diesel generators have been replaced with electric motors or hybrid power systems. This replacement has effectively reduced overall diesel consumption, and cut down GHG emissions and noise generated at operations. Transitioning from diesel RTGs to ERTGs also improves operational and cost efficiency, hence enhancing economic and environmental benefits. Through “diesel-to-electric” transition, 30 ERTGs at Quan Zhou Pacific Terminal and 64 ERTGs at Guangzhou South China Oceangate Terminal have reduced approximately 6,770 tons and 107,020 tons of carbon emissions, respectively.

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Crane types of our subsidiaries by the end of 2018*



Diesel-powered rubber tyred gantry crane (RTG)

12%

Electrified rubber-tired gantry crane (ERTG)

88%

* The above statistics exclude non-controlling terminals, Zeebrugge Terminal and Piraeus Terminal.

- **Establishing shore power systems at terminals:** Once calling at the berth, vessels can connect to shore power system at the terminal for energy supply while at dock. This allows the vessels at dock to reduce fuel consumption, which in turn reduce air pollutants emissions and noise generation.
 - Jinjiang Pacific Terminal and Yantian Terminals progressively expanded their shore power system.
 - At Ningbo Yuan Dong Terminal, shore power systems at each berth have the potential to save 750 tonnes of fuel consumption and reduce approximately 60 tonnes of air pollutants emissions annually.
 - Other terminals such as Shanghai Mingdong Terminal, Guangzhou South China Oceangate Terminal, Dalian Container Terminal, Xiamen Ocean Gate Terminal and Jinzhou New Age Terminal will add more shore power systems in coming years to enhance overall environmental performance.
- **Introducing energy efficient mobile machinery and vehicles to improve operational efficiency and reduce emissions.**
 - Jinjiang Pacific Terminal replaced 12 yard trucks that have been in use for nearly 15 years
 - Yangzhou Yuanyang Terminal replaced two stacking machines and one reach stacker for ones that are more fuel-efficient
 - Zhangjiagang Terminal successfully passed the *New Energy Saving Hybrid Vehicles* project, which will reduce diesel consumption
 - Shanghai Pudong Terminal completed the replacement of the new and old quay cranes



- Yantian Terminals, Ningbo Yuan Dong Terminal and Shanghai Mingdong Terminal adopted LNG yard trucks to replace trucks using conventional fuel.
- Yantian Terminals upgraded several conventional manual cranes to semi-automatic and remote-control cranes, and purchased 7 new electric vehicles and 21 electric fork-lifts to replace fuel-based equipment.
- LED lighting energy-saving reconstruction: The Group’s terminals have gradually adopted durable and energy-efficient LED lighting, replacing high-pressure sodium lamps to reduce energy consumption.
 - Yangzhou Yuanyang Terminal has been upgrading lighting systems since 2009. Currently, lighting systems at yards, quay cranes, yard cranes and other cranes use high-efficiency LED lamps, which can save approximately 1 million kWh per year.
 - At the Lianyungang New Oriental Terminal, the coverage of LED lighting at yards has reached 90%, providing an annual savings of more than 200,000 kWh.
 - 100 high-pressure sodium bulbs for the quay cranes, yard cranes of Yingkou New Century Terminal have been replaced by LED bulbs, saving an average of 410 kWh per day.



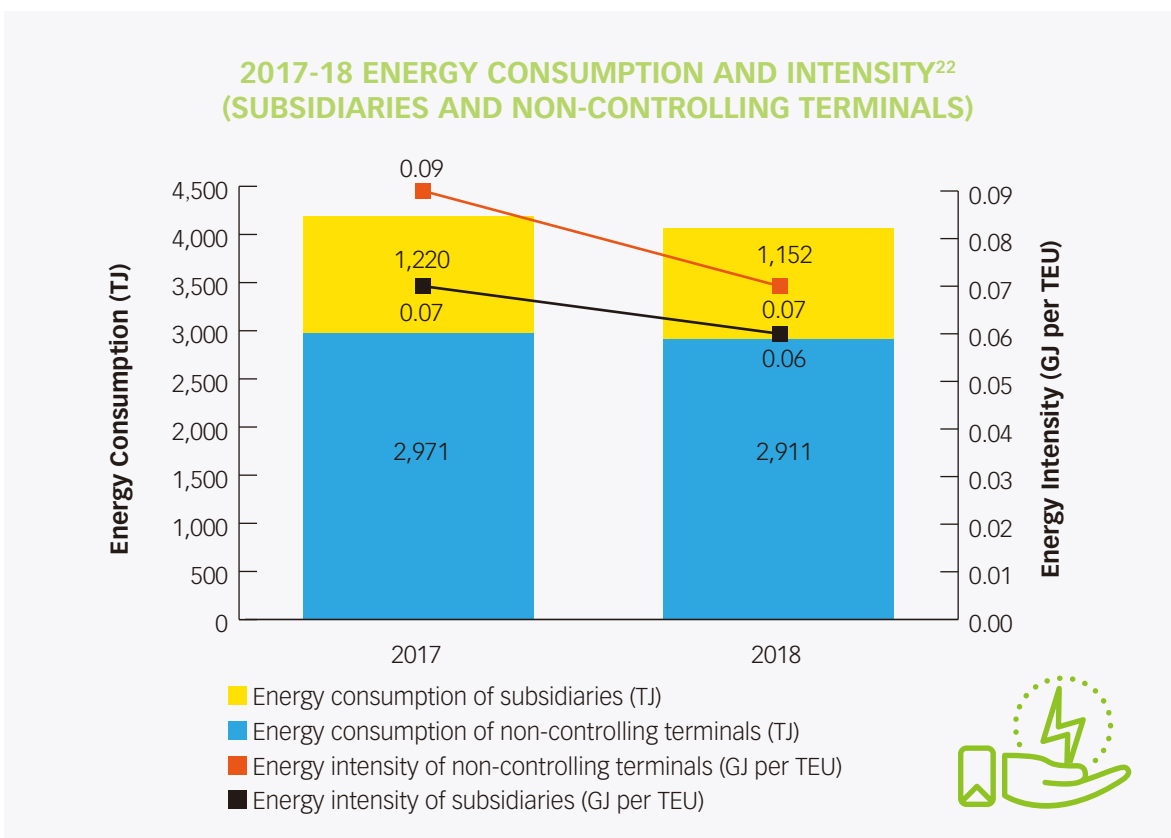
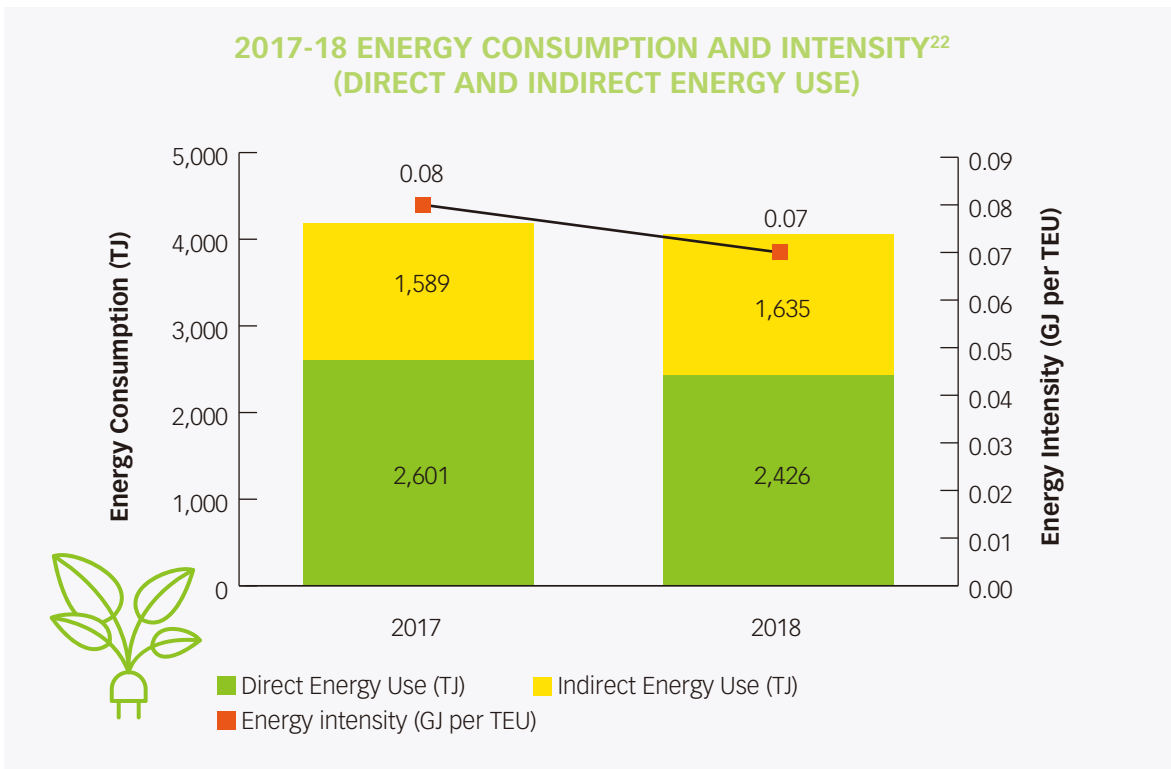
CHAPTER 8 GREEN DEVELOPMENT: BUILDING "GREEN PORTS"



- **Continuous optimisation of the yard systems:** The most common source of air pollutants emissions at terminals is fuel combustion from heavy machinery. Thus, by streamlining operational procedures, improving monitoring progress and continuously optimising air pollutants emission mitigation measures not only can improve efficiency, but also improve air quality at port and surrounding areas.
 - **Quan Zhou Pacific Terminal** uses vehicles with built-in sprinklers to reduce dust pollution; machinery also uses clean energy to minimise the overall air pollutants emission.
 - **Jinjiang Pacific Terminal** strengthens exhaust management of generators by making frequent replacements of engine exhaust pipes to prevent exhaust leakage.
 - **Jinzhou New Age Terminal** implements yard enhancement measures by optimising information technology system, which improves yard planning and reduces machinery idling time.
 - **Piraeus Terminal** reduces diesel consumption by monitoring and optimising truck routing.
 - **Ningbo Yuan Dong Terminal** engaged third-party professional agencies to conduct monthly atmospheric and dust monitoring to ensure air emissions are compliant with standard.



Energy Consumption and Intensity



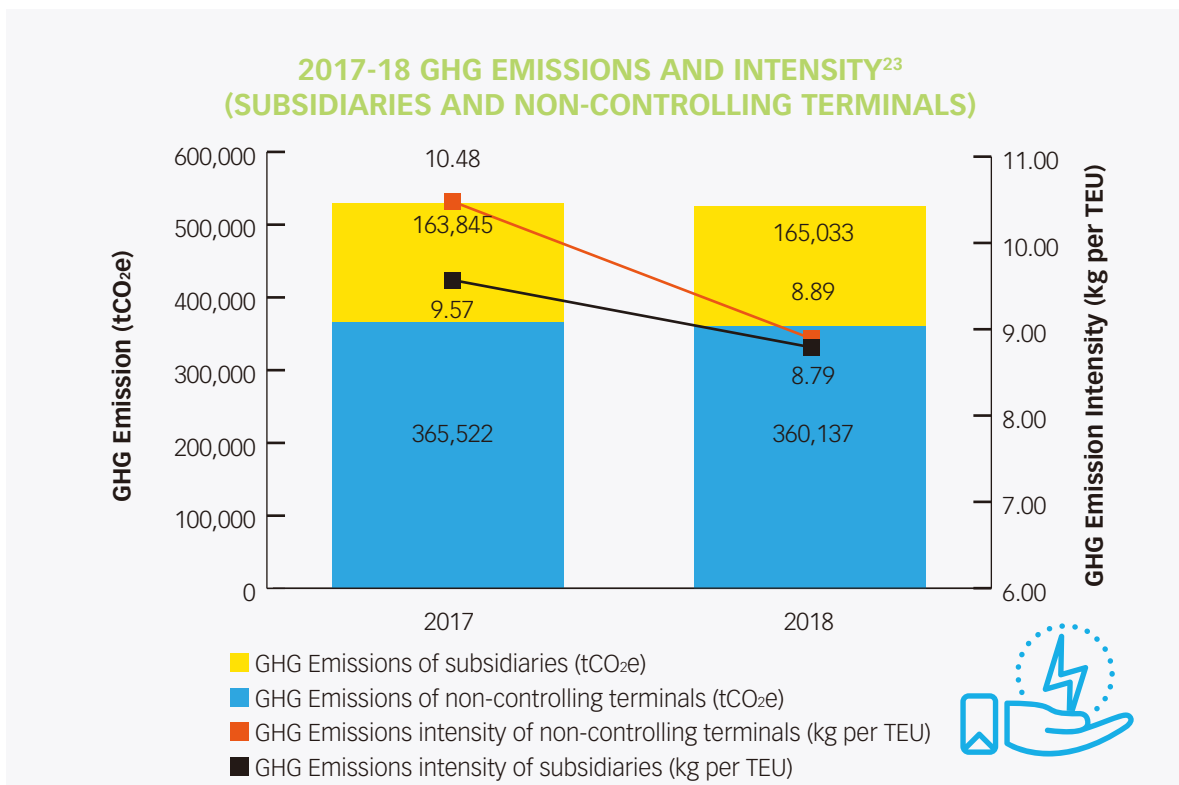
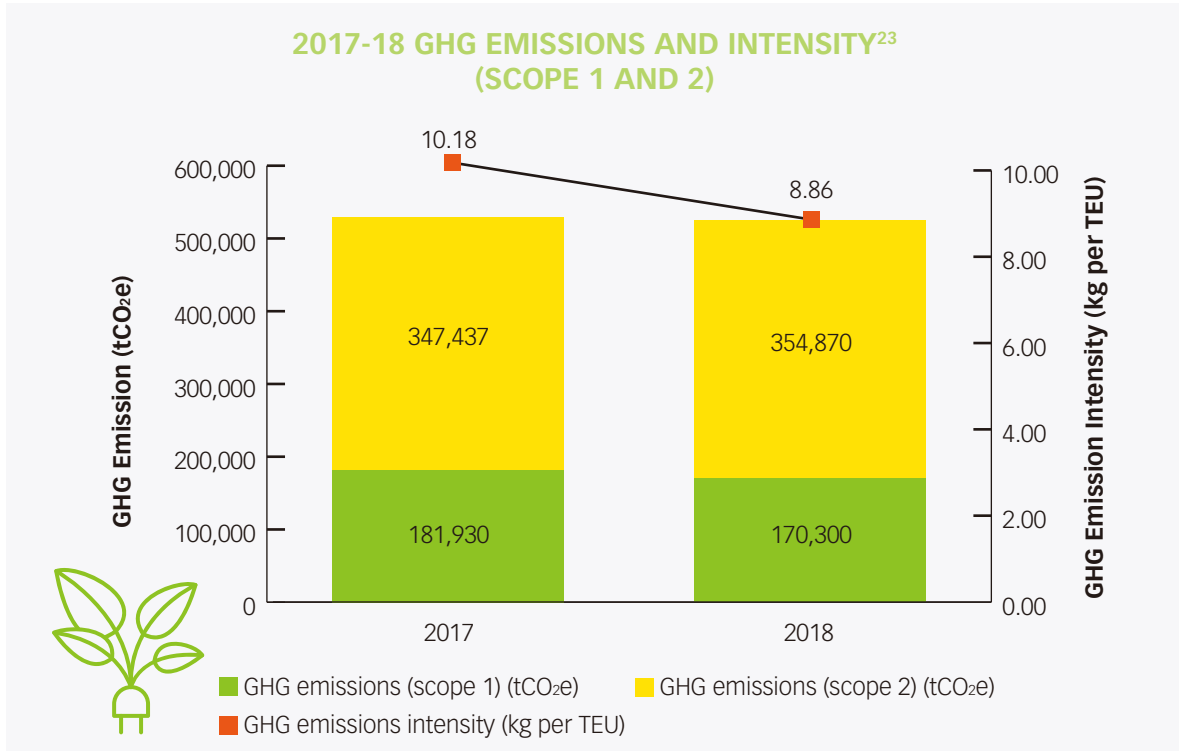
Note:

22 This excludes the energy consumption from the headquarters. For more information please refer to Chapter 11 Appendices Key Performance Indicator.

CHAPTER 8

GREEN DEVELOPMENT: BUILDING "GREEN PORTS"

GHG Emissions and Intensity of the Group



Note:

23 This excludes the GHG emissions from headquarters. For more information please refer to Chapter 11 Appendices Key Performance Indicator.

b. Optimise resource consumption and properly disposing effluents and waste

Managing water use and effluent

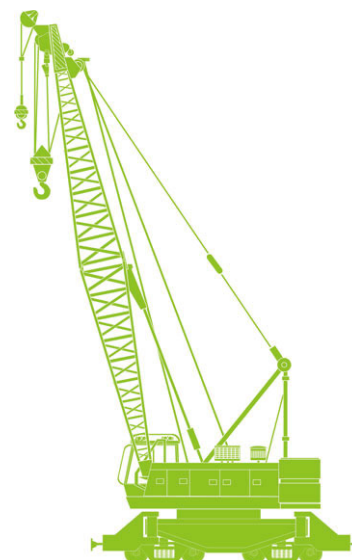
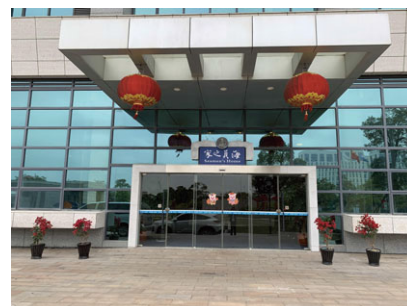
We are committed to reducing water consumption and effluents generated from our operations. Our terminals undertake timely monitoring and effective management of water resources by regularly reviewing water supply networks, water-saving equipment and systems, and water use. Through collective efforts of on-site inspections and routine maintenance of water saving and treatment facilities, we can continuously improve water efficiency and ensure proper discharge. Each terminal is equipped with wastewater treatment stations or associated wastewater treatment facilities, and is responsible for ensuring that wastewater is treated according to national and local standards,

- Two on-site wastewater treatment stations and four wastewater treatment facilities are adopted at the **Shanghai Mingdong Terminal**. The operations of these facilities are outsourced to third-party professional companies. Water quality is regularly monitored by Environmental Department of the port to ensure water quality meets Level 1 or 2 of the national standards.
- **Ningbo Yuan Dong Terminal** uses Sequencing Batch Reactors (SBR) technology to separate effluent into waste oil and water. The separated oils are processed by a certified waste oil recycler. Water treated by SBR is inspected at Domestic Water Reuse Monitoring Station to ensure it meets the required standards, and it can be reused for agricultural irrigation and site cleansing purposes.





Waste disposal and recycling

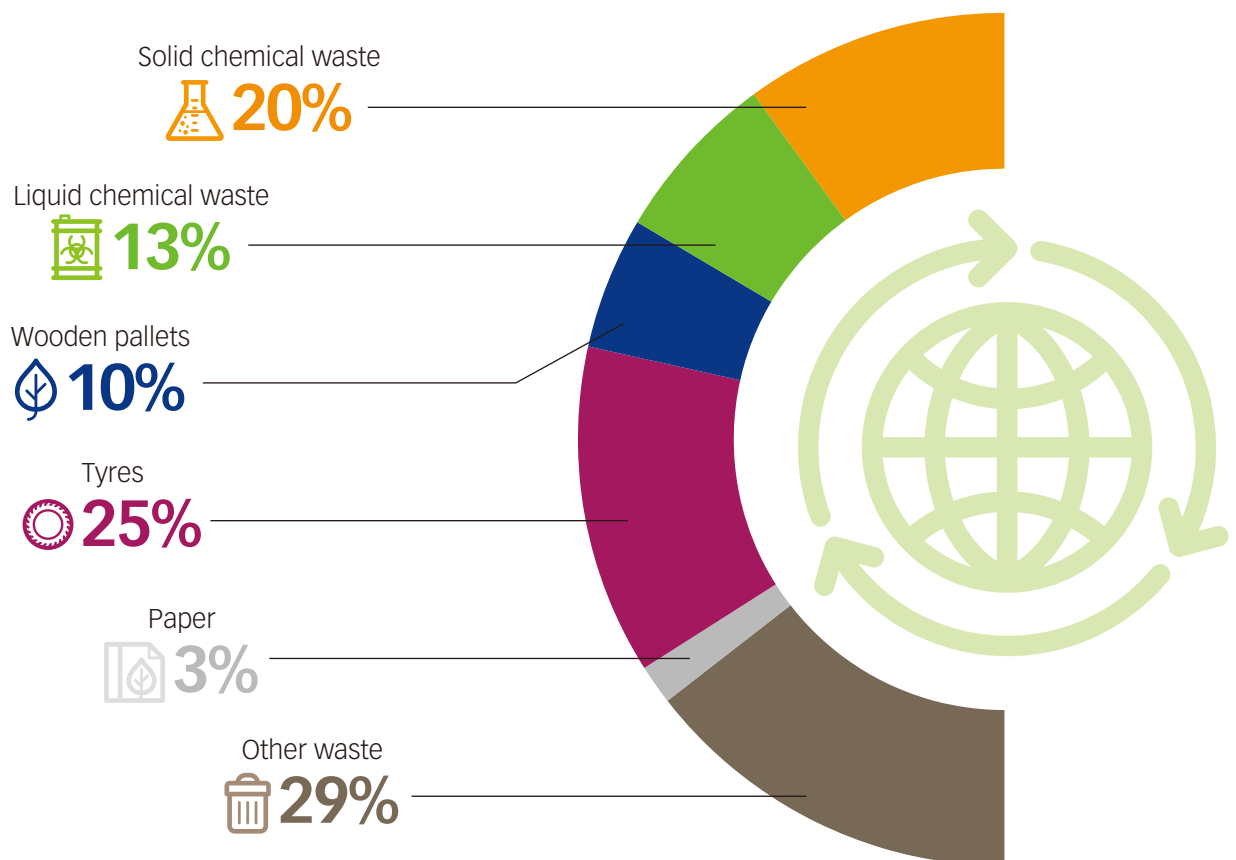


The Group encourages its terminals to adopt a 3R principle: reducing the amount of waste generated, repurposing materials when possible, and making sure that we can divert waste from landfills through recycling. All hazardous and non-hazardous waste must be properly classified, stored, recycled or disposed by qualified companies. In our operations, the most common types of hazardous and non-hazardous waste and handling methods are as follows:



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Types of waste	Handling methods
 Waste oil	<p>For diesel-powered machineries, we carry out regular maintenance to ensure the performance and fuel efficiency is maintained. Waste oil is expected to reduce after the replacement of ERTGs.</p> <p>At all times, waste oil is collected and properly stored, and later disposed of by qualified companies.</p>
 Municipal waste from ports	<p>Stored in collection zones before being transferred in sealed containers to designated locations by the Environmental Hygiene Department for daily treatment.</p>
 Waste tyres and waste wood	<p>Collected and recycled by qualified companies or materials suppliers.</p>
 Other solid and chemical waste	<p>Collect and properly stored, disposed of by qualified companies or materials suppliers.</p>

Categories of Waste Recycled in 2018²⁴

Note:

24 This excludes the waste recycling from COSCO-PSA Terminal. Since the IT equipment and other hazardous waste recycled are insignificant and unable to be reflected in the chart, they are grouped under other waste recycled. For more detailed information of waste management of the Group, please refer to Chapter 11 Appendices Key Performance Indicators.

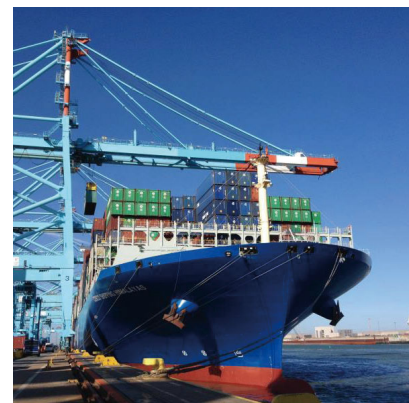
3. RAISING ENVIRONMENTAL AWARENESS

The Group believes that engaging stakeholders is the key to continuously improve our environmental performance. We support and encourage our terminals to organise various environmental awareness activities to achieve our sustainability goals with employees, suppliers and the general public. The Group promotes green practices by encouraging employees to implement the 3Rs, making environmental protection a part of employees' daily actions.

- Reduce: Save paper by double-sided printing, use energy efficient office equipment to reduce electricity consumption and promote green procurement
- Reuse: Use the other side of used paper for printing
- Recycle: Proper sorting of waste to allow for efficient recycling

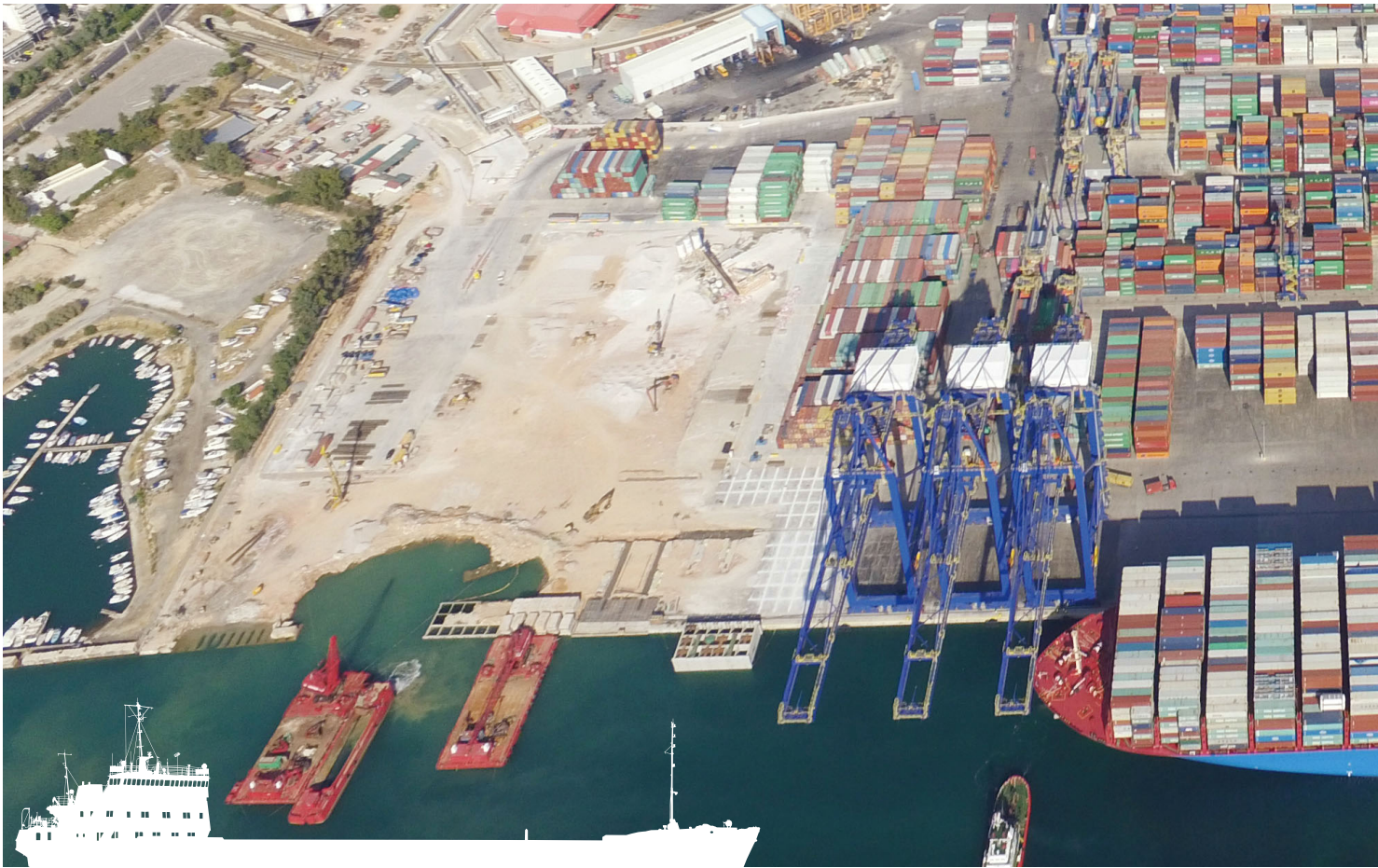
In 2018, we organised various activities such as trainings on environmental law and regulation compliance, environmental knowledge contests and lectures to promote environmental awareness and involve more stakeholders to take action to protect our environment.

- Under the theme of "Building a Beautiful China and Promoting Green Development", **Quan Zhou Pacific Terminal** has organised "Energy Saving Promotion Week", convening a meeting for all employees and workers to learn about the latest national regulations and initiatives, such as the "Notice of the 2018 National Energy Conservation Publicity Week", and the "National Low Carbon Day" Activities, the Regulations on Energy Conservation of Public Institutions and the Energy Conservation Law of the People's Republic of China. In addition, the requirements of daily operating measures such as water use, energy use, paper use were further enforced, with responsible personnel assigned. These facilitate the terminal to implement future initiatives in building "green ports".

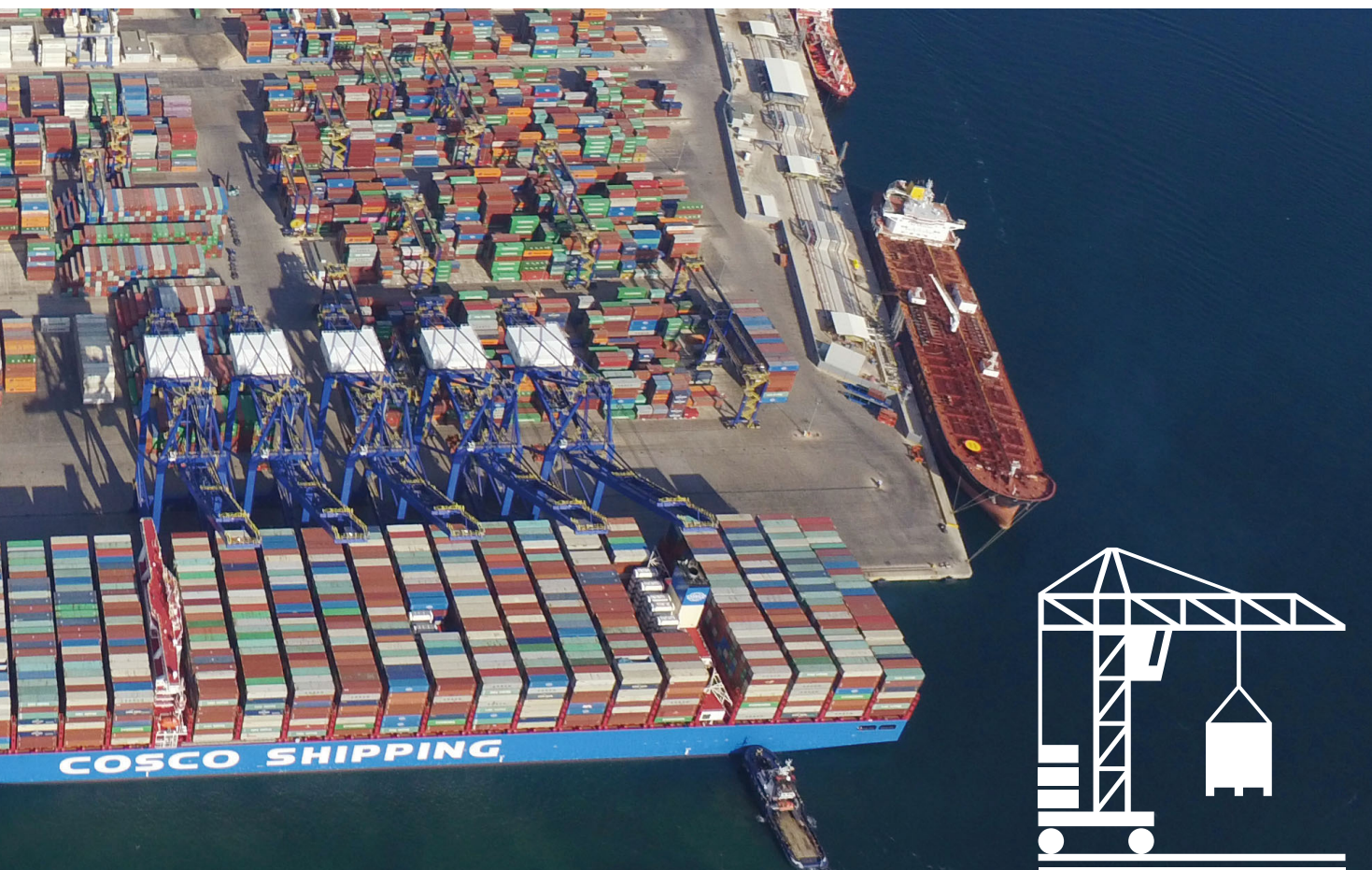


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- According to Xiamen Municipal Waste Separation and Dust Control Regulations, **Xiamen Ocean Gate Terminal** prepared an internal policy and through awareness promotion and inspection of the terminal, the terminal ensures employees strictly separate waste into different streams, controlling the amount of dust produced and raising employee awareness of environmental protection.
- **Guangzhou South China Oceangate Terminal** launched the environmental protection publicity and training, "I am motivated to build a beautiful port", to further enhance employees' awareness on environmental protection, promoting green, low-carbon and healthy lifestyle, and jointly build a beautiful green port.
- Echoing World Environment Day on 5 June, **Yingkou New Century Terminal** promoted the importance of environmental protection, and shared with employees how they can have low-carbon lifestyle, by saving water and electricity, taking public transportation, and using less unrecyclable items. This helps employees to be aware that green living is part of their daily life.



- Shanghai Mingdong Terminal has launched “Energy-saving Pioneers” programme as in the past to motivate employees who have made outstanding contributions towards conservation and environmental protection projects. In addition, 124 employees participated in the “Energy Conservation Knowledge Contest” organised by the Shanghai Energy Conservation Association to exchange energy-saving tips and environmental awareness with other organisations.
- The Committee for Environmental Protection of Yantian Terminals has participated in activities such as “Red Packet Reuse & Recycling” and “GO GREEN Aluminium Can Recycling”. They will also share articles and activities through the official WeChat account every month to enhance employees’ knowledge on waste separating and disposal.

CHAPTER 9 WIN-WIN COOPERATION: INTEGRATING SUSTAINABILITY INTO OUR SUPPLY CHAIN



Opportunities and Challenges

In the context of the "Belt and Road" Initiative, COSCO SHIPPING Ports' terminal network has become one of the most important entities in the global shipping supply chains. We are committed to building long-term strategic partnerships with our supply chain partners and addressing the opportunities and risks together. As a terminal operator, the Group's sustainable development relies on accurate identification, centralised management and effective remediation of suppliers' environmental and social impacts. We believe that the integration of sustainability into our supply chain can reduce cost, prevent risk and create synergies, and also promote balance and sustainable growth of the entire industry in terms of economic, environmental, and social development.

Key Sustainability Topics

- 
 Responsible procurement
- 
 Strategic cooperation
- 
 Enhancing safety in outsourcing management

CHAPTER 9

WIN-WIN COOPERATION: INTEGRATING
SUSTAINABILITY INTO OUR SUPPLY CHAIN

OUR SUPPLY CHAIN

At the end of 2018, COSCO SHIPPING Ports has developed a qualified supplier database encompassing five major categories, 21 subcategories which include 371 suppliers, of which 242 were located in Mainland China and the remaining 129 were located in Hong Kong and other overseas countries.

The Group's procurement
expenditure by type²⁵

Terminal equipment
and facilities **21%**

Construction projects
and maintenance **21%**

Operation-related
goods and services **46%**

General office
supplies **6%**

Other goods and
services **6%**

The Group's procurement
expenditure by
geographical location of
suppliers²⁶

China **57%**

Other countries **43%**

Notes:

25 Excludes Shanghai Mingdong Terminal, Yantian Terminals, COSCO-PSA Terminal, Piraeus Terminal and Zeebrugge Terminal since no data is available.

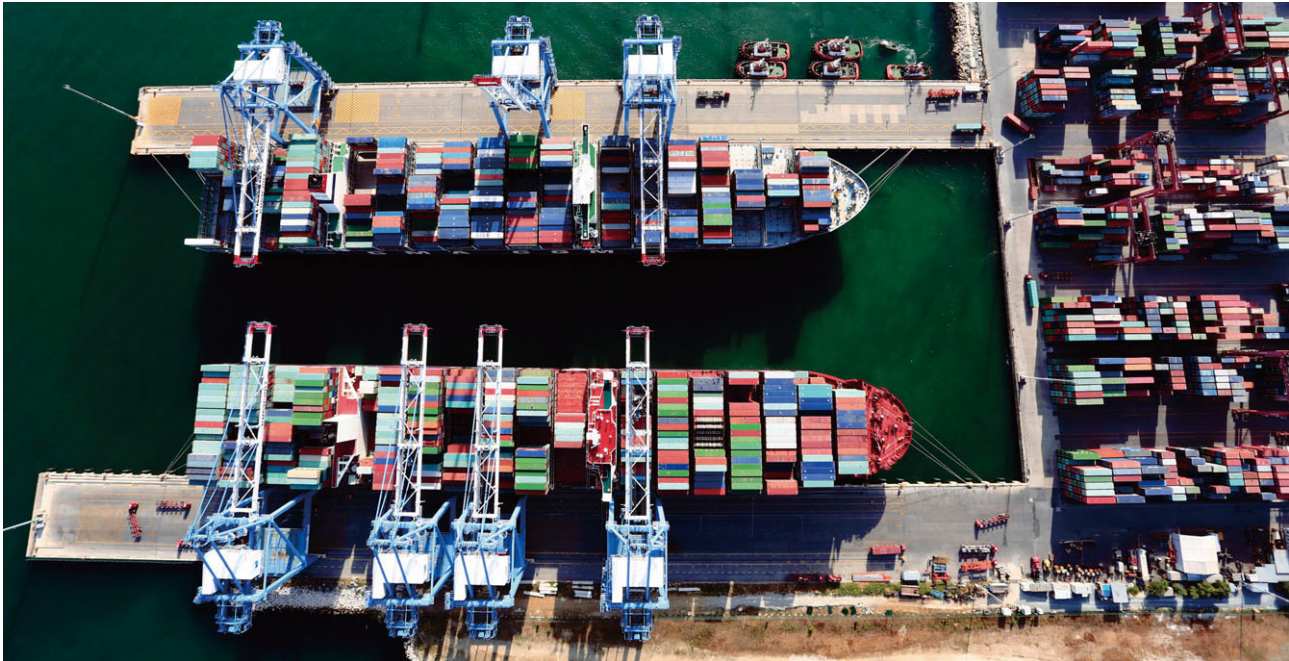
26 Excludes Shanghai Mingdong Terminal, Yantian Terminals and COSCO-PSA Terminal since no data is available.





CHAPTER 9

WIN-WIN COOPERATION: INTEGRATING SUSTAINABILITY INTO OUR SUPPLY CHAIN



MANAGEMENT APPROACH

Our suppliers provide all necessary materials, equipment and services for business operations and terminal construction. In accordance with the relevant regulations of the Group, COSCO SHIPPING Ports has established a centralised supplier management system for our headquarters and subsidiaries to carry out supply chain management based on principles of openness, fairness and transparency.

COSCO SHIPPING Ports supply chain management policies and systems include the *Supplier Management Manual* and the *Procurement Manual*, which are applicable to all suppliers. The Company has established standardised procedures for supplier selection and evaluation. For different categories, such as equipment, infrastructure, construction and consultancy services, the Company has established specific policies, which are regularly reviewed and revised. In 2018, the Construction & Procurement Department at the Group's headquarters continued to improve relevant processes and policies:

Centralised Management

The Group established centralised supplier management system with relevant policies, procedures, qualified suppliers database and relevant information that is shared within the Group

Information Integration

Supplier database of the Group and its subsidiaries were consolidated and centrally managed by the Group

Dynamic Evaluation

Regular, consistent and comprehensive quantitative review of suppliers was done to promote continuous improvement of service

Structural Improvement

Supplier structure was optimised by establishing the supplier evaluation mechanism with rewards and punishments

- Seven criteria were revised in accordance with the latest national laws, COSCO SHIPPING Group’s requirements, and from supplier and employee feedback;
- In accordance with COSCO SHIPPING Group’s requirement, the Group established the *Management Rules for Procurement Evaluation Experts* to improve transparency and impartiality of supplier evaluation. The rules stipulate standardised procedures for tender evaluation, supplier review and specialist selection, which effectively help mitigate associated risks;
- The Group has facilitated the development the project management system and gradually enhanced the digitalisation of project management. For example, **Quan Zhou Pacific Terminal** uses an online platform to purchase materials, allowing for a paperless operations and intelligent management, further promoting a transparent business with a controlled and recorded procurement process.



2018 PROGRESS

1. RESPONSIBLE PROCUREMENT

When selecting suppliers, we require suppliers to strictly comply with relevant laws and regulations, and we will also consider and review their sustainability commitments and performance in the following areas:

All potential suppliers are required to fill in the *Supplier Self-examination Questionnaire*. This is designed to enhance awareness and to ensure their compliance with our environmental and social standards.

Suppliers receive an annual comprehensive quantitative assessment, covering qualifications, cost competitiveness, business innovation, customer service, quality control, delivery performance, safety and environmental protection. The maximum score a supplier can achieve is 100 points. Safety and environmental protection indicators covered personal safety, food safety, environmental safety, and bribery and ethical risks. Suppliers are ranked based on their scores. The scoring structure helps optimise procurement by incentivising suppliers. During the year, the Group’s headquarters reviewed and ranked nearly half of the suppliers. Among which, 79% and 20% received Grade A and B, respectively. Meanwhile, 1% of the suppliers was removed from our list due to business restructuring. The Group continued to update this supplier database, adding new suppliers as needed. Next year, the Group aims to extend the supplier evaluation to service providers and increase the coverage of all suppliers in our database.



According to the assessment, **79%** and **20%** of the suppliers received Grade A and B

CHAPTER 9 WIN-WIN COOPERATION: INTEGRATING SUSTAINABILITY INTO OUR SUPPLY CHAIN



Company Qualification

Financial position, industry leadership, innovation and competitiveness, stable quality and delivery capacity



Business Reputation

Ethics and compliance, honesty and integrity, no frauds, cost and price transparency, anti-bribery and corruption



Labour and Human Rights

No child and forced labour, anti-discrimination, anti-threat and oppression, compliance with laws and regulations related to working hours, compensation and welfare



Safety and Environmental Protection

Sound health, safety and environment management system, compliance with environmental laws and regulations, efficient use of energy and natural resources, capabilities to continuously improve environmental protection



Social Contributions

Commitments to sustainability, active contributions to society and local communities



Grade A Suppliers (85~100)	Grade B Suppliers (70~84)	Grade C Suppliers (60~69)	Grade D Suppliers (0~59)
Excellent	Good	Improvement needed	To be removed from the qualified supplier list for three years
To give priority under the same contractual conditions, and engage them to establish mutually beneficial strategic partnerships and collaboration	To form standard business partnerships	To support performance improvement and ratification in specific areas	To give a score of zero in cases of failed qualification, safety and environmental accidents or bribery

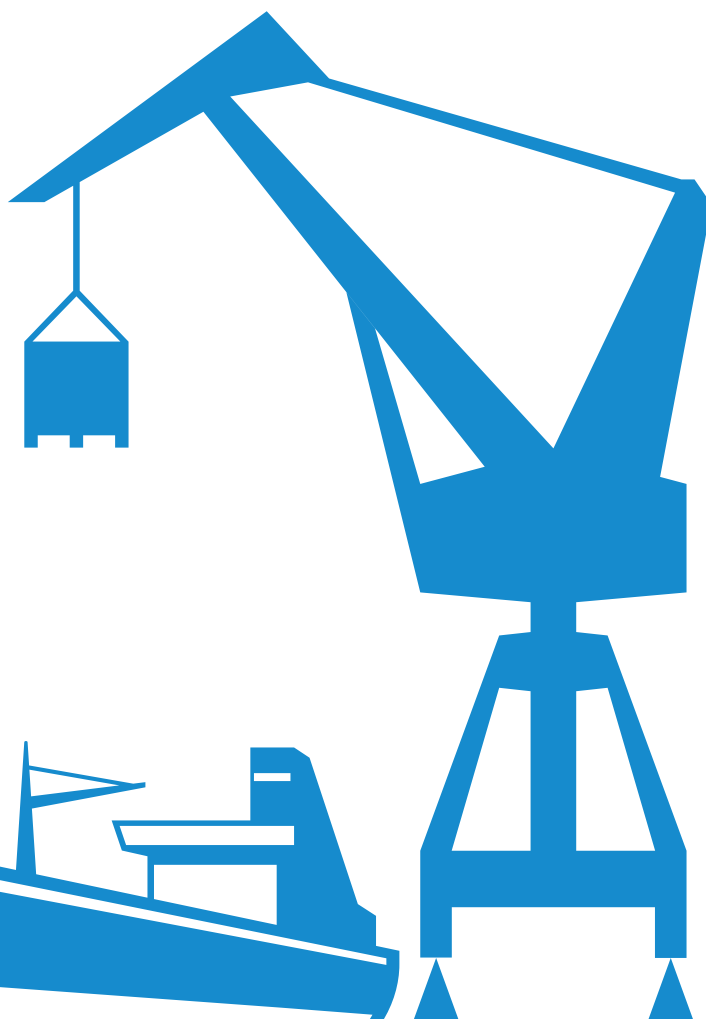
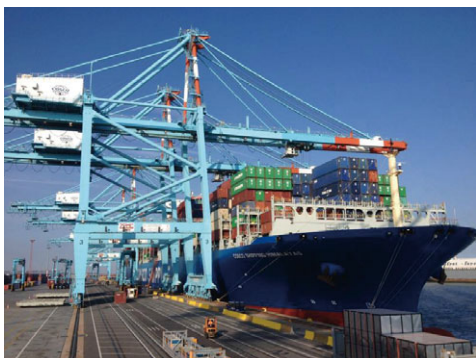
2. STRENGTHENING STRATEGIC COOPERATION

COSCO SHIPPING Ports values supplier relationships and aspires to establish two-way and clear communications, actively build a close, stable and long-term relationship with suppliers. This would improve the efficiency of supply chain management and drive further developments in the industry together with our partners along the supply chain.

In 2018, the Construction & Procurement Department at the Group's headquarters:



- communicated with suppliers to understand product updates and address related issues;
- communicated with various departments at the Group and its subsidiaries, providing feedback in a timely manner;
- communicated with potential suppliers to understand market trends and product specifications; and
- conducted annual reviews of existing suppliers and communicated with them regarding their assessment results.



CHAPTER 9

WIN-WIN COOPERATION: INTEGRATING
SUSTAINABILITY INTO OUR SUPPLY CHAIN

During the year, COSCO SHIPPING Ports met outstanding and industry-recognised suppliers at symposiums and through various communication channels to establish strategic and mutually beneficial partnerships. In December 2018, the Group's headquarters and its subsidiaries had a wrap up meeting to discuss how to better improve the procurement management system in order to help suppliers reduce costs and enhance efficiencies.

Partnership with Navis to create a digital, intelligent and visual terminal

In 2018, we worked extensively with Navis, the leading terminal operating system service provider:

- In February, we signed a contract to adopt Navis N4 terminal management and information system to continuously improve operational efficiencies and enhance core competitiveness;
- In June, we held a workshop where the responsible personnel from the Group and its subsidiaries exchanged ideas with Navis about new trends and applications of using digital technologies and artificial intelligence in the shipping industry, as well as improvements in terminal efficiency. A one-week training was conducted to introduce the operations, business logic and practical use of the Navis N4 system.

Strategic cooperation agreement with ProLogis and Yihaitong to stimulate terminal extended logistics business

- On 18 May, COSCO SHIPPING Ports, ProLogis and Yihaitong signed a strategic cooperation agreement in Shanghai. The cooperation started in China, and gradually extended to all over the world. The scope includes investment and operation of ports, development and management of logistics infrastructure, integrated supply chain solutions and supply chain financial services.

3. STRENGTHENING THE SAFETY MANAGEMENT OF BUSINESS OUTSOURCING

COSCO SHIPPING Ports values the safety of all terminal staff. Regarding our subcontractors, the Company's *Subcontract Regulations* requires its terminals to strengthen the monitoring and management, establish relevant safety regulations and supervision, conduct regular safety training and inspections and communicate potential safety issues with contractors and subcontractors in a timely manner. The terminals appointed designated staffs to supervise and support subcontractors to improve their safety performance, prevent risks and ensure effective safety management.

The Group's employees and supervised workers²⁷



Employees
74%

Supervised workers
26%



Percentage of supervised workers from subsidiaries and non-controlling terminals



Supervised workers of subsidiaries
35%

Supervised workers of non-controlling terminals
65%



Develop relevant safety regulations and supervision

Note:

²⁷ Supervised employees are individuals who perform work for the Group but are not directly employed by the Group, including contractors and subcontractors working in ports.

CHAPTER 9

WIN-WIN COOPERATION: INTEGRATING
SUSTAINABILITY INTO OUR SUPPLY CHAIN

- Apart from the Group's regulation for subcontractors, **Quan Zhou Pacific Terminal**, **Yangzhou Yuanyang Terminal**, **Zhangjiagang Terminal** and **Ningbo Yuan Dong Terminal** have set up specific guidelines to regulate business outsourcing and have appointed relevant staff to ensure its implementation.
- **Guangzhou South China Oceangate Terminal** held a subcontractor symposium and agreement signing ceremony in August 2018. Participants included terminal management, department heads and representatives of each subcontracting company. The terms of agreement included measures to adjust the cost structure, optimise the management of contracted work, and strengthen subcontractor assessment to improve their income, reduce turnover rates and ensure safe and efficient operation of the terminal.



- Zeebrugge Terminal and Kumport Terminal implemented work permits systems for contractors and subcontractors for on-site risk prevention and control.



- COSCO-HIT Terminal and Asia Container Terminal required that their contractors and subcontractors who perform work at the terminals must have relevant operators licenses and safety certificates, including the Container Handling Industry Safety Training Certificate, the Shipboard Cargo Handling Training and a crane operation license. The terminals have also established the Contractor Management Group and the Safety and Security Department, who are responsible for managing safety in their operations.



Responsible for managing security in their operations.



CHAPTER 10




INVESTING IN COMMUNITIES: PROGRESSING FORWARD TOGETHER



Our Commitments

Our terminals and ports serve as an important bridge between local communities and the rest of the world. As a responsible business operator, COSCO SHIPPING Ports strongly believes that in order to establish a good relationship with the local communities in which we operate, beyond abiding by good business ethics, and adherence to compliance, we also need to actively cooperate with community stakeholders to strengthen communication. We care about the impacts our operations may have on local economies, the environment, and society at large. Our terminals are encouraged to exert their influence, resources and technical know-hows to bring positive energy to local communities through employee support, sponsorships and donations, local employment and construction, in order to create a good business environment and create long-term sustainable value.

Key Sustainability Topics

- 
 Caring for Local Communities
- 
- 
 Responsible Overseas Investment

CHAPTER 10

INVESTING IN COMMUNITIES: PROGRESSING FORWARD TOGETHER

OUR COMMUNITY INVESTMENT CONTRIBUTIONS

- During the reporting period, the Group's total community investment was USD757,429, including monetary and in-kind donations
- The Group's total number of employee volunteers was 1,602
- The Group's total employee volunteering hours 8,445

Distribution of Community Activities Organised by the Group in 2018
(by different categories)(1) Education/
youth development

15%

(2) Poverty
alleviation

13%

(3) Environmental
protection

21%

(4) Nurturing
industry talents

11%

(5) Other
charity activities

40%



2018 PROGRESS

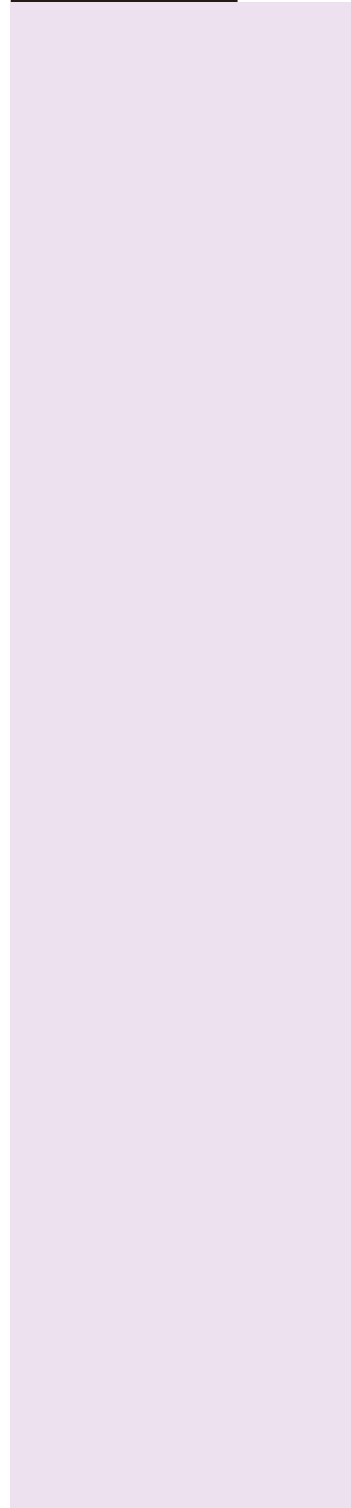
1. CARING FOR LOCAL COMMUNITIES

Subsidiaries in Mainland China

- Quan Zhou Pacific Terminal participated in volunteering activities in 2018, such as “Shishi City Youth Marathon”, where five employees volunteered to provide guidance, logistics, and assistance in crowd management during the event. Their work was praised by the Youth League Shishi Committee and event organisers. The Terminal also regularly organises group clean-up efforts at the Liusheng Tower along the Maritime Silk Road, and organises tree planting activities on Arbour Day; 365 staff volunteers participated in 2018 International Military Competition’s maritime landing activities.



- Jinjiang Pacific Terminal actively engages and communicates with communities by paying visits to people with special-needs during public holidays. Two employees participated in the Jinjiang Marine Duty Life-Saving Association, and their efforts were awarded by local government.



CHAPTER 10

INVESTING IN COMMUNITIES: PROGRESSING FORWARD TOGETHER

- Xiamen Ocean Gate Terminal hosted learning activities for young members from the Xiamen Transportation Centre in August 2018. More than 30 Youth League members from 17 organisations were invited to visit the terminal to experience the growth and charm of the port as an international shipping hub.



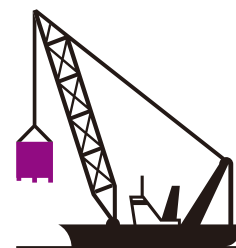
- Lianyungang New Oriental Terminal provided financial support to underprivileged college students, visited local elderly care centre and employees' family who are in need.
- Zhangjiagang Terminal established a volunteering service team during the year and remains involved in community activities such as blood donation, clothing donations, and other charity activities. In the future, the team will broaden their volunteering service scope to improve brand image and enhance social impact.
- Guangzhou South China Oceangate Terminal donated RMB30,000 to Guangzhou Nansha District Charity Association during the year to help low-income groups and those with special needs.

Non-controlling terminals in Mainland China

- Shanghai Pudong Terminal continued to participate in the "8.15" charity event organised by Shanghai International Port (Group) Co., Ltd. In 2018, a total of 608 employees and 511 subcontracted workers participated in the event, raising approximately RMB168,000.
- Ningbo Yuan Dong Terminal hosted open-day activity, hosting approximately 100 Ningbo citizens to visit the operating area and observatory at the terminal. The terminal also organised a one-day charity event, raising RMB101,000 for Ningbo Charity Association and Ningbo Zhoushan Port Group's Staff Association.
- Dalian Container Terminal held a campaign to donate stationery and books to local primary schools.



- In June 2018, **Yantian Terminals** returned baby fishes and shrimps back to the sea at Dapeng Bay in order to protect the aquatic ecosystem and biodiversity. In July, Yantian Terminals organised the 13th annual summer camp for 15 teachers and their students from Yunnan Dahaicun Primary School, as well as a three-week summer internship program for 24 students from Dalian Marine University and Shenzhen University, which helps students gain practical experience from our operations, management and corporate culture.



2. RESPONSIBLE OVERSEAS INVESTMENT

While developing our global network, we also take into consideration our impacts on local communities, both locally and internationally.

- **Piraeus Terminal** contributed approximately EUR40,000 worth of donations to churches and poor families in the local community during Easter holidays in 2018. Through cooperation with local public schools in the “China-Greece Culture and Friendship” campaign, it also supported the construction of school facilities. In July 2018, a major wildfire happened in eastern Athens. Following the disaster, Piraeus Terminal carried out a relief campaign and donated a total of EUR20,000 to help the local community. In addition to financial assistance, the Group also offered other kinds of resources and donated blood to those in need with an aim to make contribution and support the community in which it operates.
- **Kumport Terminal** hosted and supported the following community events in 2018:
 - Sponsored “Beylikdüzü City Jazz Festival and KalDer Quality Conference”;
 - Supported renovation of Kumport Middle School’s computer lab and cabling network;
 - Received Sultangazi Atatürk Vocational and Technical Anatolian High School students to visit the port;
 - Donated to Coordination Center Council of European Children’s Home, Kumport Middle School Sports Club and Turkey Private Education Foundation of İnanç Türkeş High School; and
 - Helped Kumport Elementary School paint the classroom walls.

CHAPTER 11

APPENDICES

KEY PERFORMANCE INDICATORS

WORKFORCE STATISTICS

Workforce Statistics (1)		2018				2017				
		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters	The Group	Joint ventures and associates	Subsidiaries	The Group headquarters	
Total workforce										
Employees	No.	9,471	6,185	2,984	302	9,683	6,303	3,088	292	
Supervised workers	No.	3,345	2,184	1,161	–	3,725	2,490	1,235	–	
Self-employed	No.	0	–	0	–	1	–	1	–	
Employee composition										
By employment type										
	Full-time	No.	9,465	6,183	2,980	302	9,678	6,301	3,085	292
	Part-time	No.	6	2	4	–	5	2	3	–
By region										
	Hong Kong	%	5.2	6.5	–	29.5	5.3	6.6	–	32.2
	China (ex-Hong Kong)	%	81.6	79.8	87.2	63.2	82.0	80.0	88.0	62.3
	Overseas	%	13.2	13.7	12.8	7.3	12.7	13.4	12.0	5.5
By gender										
	Male	%	87.7	88.6	87.2	74.2	87.0	87.6	86.9	72.3
	Female	%	12.3	11.4	12.8	25.8	13.0	12.4	13.1	27.7
By age group										
	Below 30	%	19.6	18.9	22.4	7.3	22.4	20.9	26.9	7.9
	30-50	%	70.7	71.4	69.6	66.9	67.6	68.4	66.2	66.4
	Above 50	%	9.7	9.7	8.0	25.8	10.0	10.7	6.9	25.7
By employee category										
	Managerial position	%	1.2	1.5	0.6	2.6	1.3	1.5	0.7	3.4
	Supervisory position	%	7.1	7.6	2.2	45.1	7.2	7.7	3.0	39.1
	General position	%	91.7	90.9	97.2	52.3	91.5	90.8	96.3	57.5

Workforce statistics (2)		2018				2017				
		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters	The Group	Joint ventures and associates	Subsidiaries	The Group headquarters	
Employee turnover		No. of people	552	390	143	19	548	398	141	9
		Turnover rate (%) ²⁸	5.8	6.3	4.8	6.3	5.7	6.3	4.6	3.1
By region										
Hong Kong	No.	70	59	–	11	45	39	–	–	6
China (ex-Hong Kong)	No.	384	249	127	8	385	259	123	–	3
Overseas	No.	98	82	16	–	118	100	18	–	–
Hong Kong	%	14.3	14.8	–	12.4	8.8	9.4	–	–	6.4
China (ex-Hong Kong)	%	5.0	5.0	4.9	4.2	4.8	5.1	4.5	–	1.6
Overseas	%	7.8	9.7	4.2	–	9.6	11.8	4.8	–	–
By gender										
Male	No.	460	334	115	11	464	341	119	–	4
Female	No.	92	56	28	8	84	57	22	–	5
Male	%	5.5	6.1	4.4	4.9	5.5	6.2	4.4	–	1.9
Female	%	7.9	8.0	7.3	10.3	6.7	7.3	5.5	–	6.2
By Age Group										
Below 30	No.	158	106	51	1	179	123	56	–	0
30-50	No.	251	165	77	9	245	171	66	–	8
Above 50	No.	143	119	15	9	124	104	19	–	1
Below 30	%	8.5	9.1	7.6	4.5	8.2	9.4	6.7	–	0.0
30-50	%	3.7	3.7	3.7	4.5	3.7	4.0	3.2	–	4.1
Above 50	%	15.6	19.8	6.3	11.5	12.9	15.4	9.0	–	1.3

Note:

28 Employee turnover rate was calculated as: Total number of employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service divided by total number of employees during the reporting year.

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Workforce statistics (3)		2018				2017			
		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters	The Group	Joint ventures and associates	Subsidiaries	The Group headquarters
New Employees Hired									
	No. of people	465	308	131	26	559	405	144	10
	New hire rate(%) ²⁹	4.9	5.0	4.4	8.6	5.8	6.4	4.7	3.4
By region									
Hong Kong	No.	45	34	–	11	46	36	–	10
China (ex-Hong Kong)	No.	307	189	103	15	239	144	95	–
Overseas	No.	113	85	28	–	274	225	49	–
Hong Kong	%	9.2	8.5	–	12.4	9.0	8.7	–	10.6
China (ex-Hong Kong)	%	4.0	3.8	4.0	7.9	3.0	2.9	3.5	–
Overseas	%	9.0	10.0	7.3	–	22.2	26.6	13.2	–
By gender									
Male	No.	415	283	115	17	522	384	133	5
Female	No.	50	25	16	9	37	21	11	5
Male	%	5.0	5.2	4.4	7.6	6.2	7.0	5.0	2.4
Female	%	4.3	3.6	4.2	11.5	2.9	2.7	2.7	6.2
By age group									
Below 30	No.	345	220	112	13	332	235	95	2
30-50	No.	115	85	19	11	219	162	49	8
Above 50	No.	5	3	–	2	8	8	–	–
Below 30	%	18.6	18.9	16.7	59.1	15.3	17.9	11.4	8.7
30-50	%	1.7	1.9	0.9	5.4	3.3	3.8	2.4	4.1
Above 50	%	0.5	0.5	–	2.6	0.8	1.2	–	–

Note:

29 New Employee Hire calculated as: Total new employees divided by total number of employees.

Workforce statistics (4)	The Group	2018			The Group headquarters
		Joint ventures and associates	Subsidiaries		
Collective bargaining agreements					
Employees from 12 terminals of the Group are covered by collective bargaining agreements. The respective percentage covered and information of piers are as follows:					
100% of the employees covered by collective bargaining agreements	No. of terminals	11	5	6	-
78% of the employees covered by collective bargaining agreements		1	-	1	-
Minimum notice periods regarding operational changes					
The Group headquarters and its terminals have established relevant channels to communicate operational changes with employees in a timely manner. The minimum notice period is at least one week					
Notice period and provisions for consultation and negotiation in collective agreements					
Relevant agreement	No. of terminals	10	5	5	NA
Board of Directors: Composition					
By gender					
Male	No.	13			
Female	No.	1		NA	
By age group					
Below 30	No.	0			
30-50	No.	5		NA	
50 above	No.	9			

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Workforce statistics (5)		2018 The Group headquarters	2017 The Group headquarters
Training and development			
	Employees trained (cumulative headcount)	715	435
	Total training hours	6,268 ³⁰	23,480 ³¹
	Average training hours	21	80
By Gender			
Male	Employees trained (cumulative headcount)	530	314
Female	Employees trained (cumulative headcount)	185	121
Male	Average training hours	21	80
Female	Average training hours	21	80
By employee category			
Managerial position	Employees trained (cumulative headcount)	8	11
Supervisory position	Employees trained (cumulative headcount)	331	170
General position	Employees trained (cumulative headcount)	376	254
Managerial position	Average training hours	21	80
Supervisory position	Average training hours	21	80
General position	Average training hours	21	80

Notes:

30 Since internship training programmes from the Group headquarters discontinued in 2018, the training hours of 2018 is less than 2017. From 2018 onwards, the calculation will not factor in any internship training and management trainee programmes into training hours for Group headquarters.

31 Includes 14,800 training hours from Group headquarters' internship programmes.

Workforce statistics (6)	2018				2017				
	The Group	Joint ventures and associates	Subsidiaries	The Group headquarters	The Group	Joint ventures and associates	Subsidiaries	The Group headquarters	
Occupational Health and Safety									
Work-related fatality									
Total no. of people	1	0	1	0	0	0	0	0	
Employees	1	0	1	0	0	0	0	0	
Supervised workers	0	0	0	0	0	0	0	0	
Injury³²									
Total no. of people	95	49	46	0	84	47	37	0	
Employees	80	49	31	-	54	45	9	-	
Supervised workers	15	0	15	-	30	2	28	-	
Occupational disease³³									
cases	0	0	0	0	0	0	0	0	
Employees									
Injury	Total no of people	80	49	31	-	54	45	9	-
Lost day ³⁴	No. of days	1,414	645	769	-	1,207	779	428	-
Absentee ³⁵	No. of days	14,915	12,859	1,647	409	13,102	9,560	2,785	757
Injury rate ³⁶	Per 1000 employees	8	8	10	-	6	7	3	-
Lost day rate ³⁷	%	0.06	0.04	0.10	-	0.05	0.05	0.06	0.00
Absentee rate ³⁸	%	0.63	0.83	0.22	0.54	0.54	0.61	0.36	1.04
By Gender									
Male									
Injury	No. of people	77	49	28	-	53	45	8	-
Lost days	No. of days	1,376	645	731	-	1,198	779	419	-
Absentee	No. of days	12,649	11,176	1,272	201	10,519	8,032	2,262	225
Female									
Injury	No. of people	3	-	3	-	1	-	1	-
Lost days	No. of days	38	-	38	-	9	-	9	-
Absentee	No. of days	2,266	1,683	375	208	2,583	1,528	523	532
By Region									
Hong Kong									
Injury	No. of people	3	3	-	0	5	5	-	0
Lost days	No. of days	72	72	-	0	465	465	-	0
Absentee	No. of days	2,902	2,493	-	409	1,222	465	-	757
China (ex-Hong Kong)									
Injury	No. of people	14	8	6	-	9	2	7	-
Lost days	No. of days	390	288	102	-	341	86	255	-
Absentee	No. of days	4,115	3,898	217	-	6,677	5,250	1,427	-
Overseas									
Injury	No. of people	63	38	25	-	40	38	2	-
Lost days	No. of days	952	285	667	-	401	228	173	-
Absentee	No. of days	7,898	6,468	1,430	-	5,203	3,845	1,358	-

Notes:

- 32 Each injury, including work-related fatality cases, resulting in at least 1 lost day.
- 33 Occupational disease: A disease arising from the work situation or activity (such as stress or regular exposure to harmful chemicals), or from a work-related injury.
- 34 Lost day: Time that could not be worked as a consequence of a worker or workers being unable to perform their usual work because of an occupational accident or disease.
- 35 Absentee: An employee absents from work because of incapacity of any kind, not just as the result of work-related injury or disease. Permitted leave absences such as holidays, study, maternity or paternity leave, and compassionate leave are excluded.
- 36 Injury rate is calculated according to the definition of the Labour Department of Hong Kong government, i.e., Total number of injuries per year/Total employment size x 1,000 employees = number of injuries per 1,000 employees during the reporting period.
- 37 During the reporting period, total scheduled working days for each full-time employee are estimated as 5 days x 50 weeks = 250 days. Lost day rate was calculated as: Total number of lost days divided by total scheduled working days.
- 38 Absentee rate was calculated as: Total absentee days divided by total scheduled working days.

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ENVIRONMENTAL PERFORMANCE

Environmental Performance (1) ⁴⁰		2018				2017 ³⁹			
		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters	The Group	Joint ventures and associates	Subsidiaries	The Group headquarters
Direct energy consumption									
Diesel	Litre	55,577,110	38,273,485	17,303,625	–	59,065,133	39,056,679	20,008,454	–
Gasoline	Litre	926,344	774,759	135,004	16,581	1,294,114	1,013,777	261,777	18,560
Liquid petroleum gas (LPG)	Litre	141,702	132,586	9,116	–	13,405	5,288	8,117	–
Liquefied natural gas (LNG)	Litre	16,436,900	16,436,900	–	–	18,001,030	18,001,030	–	–
Natural gas	m ³	406,976	406,976	–	–	407,908	407,908	–	–
Indirect energy consumption									
Purchased electricity	kWh	454,835,929	312,636,060	141,738,636	461,233	441,835,179	308,404,540	132,937,184	493,455
Purchased heating	MJ	6,322	6,322	–	–	6,005	6,005	–	–
Energy use⁴¹									
Direct energy use	TJ	2,427	1,785	641	1	2,602	1,861	740	1
Indirect energy use	TJ	1,637	1,125	510	2	1,591	1,110	479	2
Total energy use	TJ	4,066	2,911	1,152	3	4,194	2,971	1,220	3
Energy intensity	GJ per TEU	0.07	0.07	0.06	NA	0.08	0.09	0.07	NA
	GJ per m ²	0.52	NA	NA	0.52	NA	NA	NA	0.39
GHG emission⁴²									
Direct GHG emissions									
(Scope 1)	tonnes CO ₂ e	170,331	124,422	45,878	31	181,962	128,799	53,131	32
Indirect GHG emissions									
(Scope 2)	tonnes CO ₂ e	355,234	235,715	119,155	364	347,826	236,723	110,714	389
Total GHG emissions	tonnes CO ₂ e	525,565	360,137	165,033	395	529,788	365,522	163,845	421
Intensity	kg CO ₂ e per TEU	8.86	8.89	8.79	NA	10.18	10.48	9.57	NA
	kg CO ₂ e per m ²	63.10	NA	NA	63.10	67.3	NA	NA	67.30

Notes:

- 39 For the consistency and enhancement of the calculation of greenhouse gas emission, the figures of 2017 direct energy consumption and GHG emissions were restated.
- 40 The calculation does not include COSCO-PSA terminal.
- 41 The energy consumption for different fuel types was calculated based on gross calorific values, density or conversion factors stated in UK Government GHG Conversion Factors for Company Reporting (2018). Energy consumption of electricity was calculated based on the default factors provided by Electrical and Mechanical Services Department of Hong Kong Government: 1kWh = 0.0036 GJ.
- 42 GHG emission was calculated based on the 100-year Global Warming Potentials, provided by the Intergovernmental Panel on Climate Change (IPCC) in its Fifth Assessment Report (CO₂: 1, CH₄: 28, N₂O: 265).
- (1) GHG emissions from Chinese operations were calculated using the GHG Protocol Tool for Energy Consumption in China (Version 2.1) issued by Greenhouse Gas Protocol;
 - (2) GHG emissions from Hong Kong operations were calculated using the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by Hong Kong Stock Exchange;
 - (3) GHG emissions from overseas operations were calculated using the "Emission Factors from Cross-Sector Tools" issued Greenhouse Gas Protocol;
 - (4) For those emission factors from electricity generation not covered by (1) to (3), we used relevant information provided by local electricity suppliers (applicable to Hong Kong and overseas operations); and
 - (5) The above statistics do not include fugitive emissions from fire-extinguishing systems and refrigeration/air-conditioning equipment. We will make more detailed disclosures in future reports.

Environmental Performance (2)		2018				2017			
		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters	The Group	Joint ventures and associates	Subsidiaries	The Group headquarters
Total water withdrawal by source									
Total water consumption⁴³									
	m ³	2,733,992	1,441,355	1,291,276	1,361	2,615,609	1,424,532	1,189,867	1,210
Municipal water supplies	m ³	2,714,345	1,431,885	1,281,109	1,351	2,592,635	1,413,776	1,177,659	1,200
Waste water from another organisation	m ³	9,470	9,470	-	-	10,756	10,756	-	-
Other water utilities	m ³	10,177	-	10,167	10	12,218	-	12,208	10
Water consumption intensity	m ³ per TEU	0.05	0.04	0.07	NA	0.05	0.04	0.07	NA
	m ³ per m ²	NA	NA	NA	0.22	NA	NA	NA	0.19
Use of material									
Engine oil and hydraulic oil	kg	556,920	322,216	234,704	-	571,847	248,265	323,582	-
Grease	kg	69,659	38,130	31,529	-	42,358	17,381	24,977	-
Tyres ⁴⁴	kg	855,483	314,869	540,614	-	600,171	346,690	253,481	-
Paper	kg	49,047	39,522	7,204	2,321 ⁴⁵	64,495	52,857	8,825	2,813
Waste generation⁴⁶									
Solid chemical waste	kg	2,825,198	1,489,490	1,335,708	-	2,758,617	1,743,230	1,015,387	-
Waste oil contaminated rag	kg	69,487	55,352	14,135	-	-	-	-	-
Waste wire rope	kg	1,934,657	1,300,839	633,818	-	-	-	-	-
Scrap metal	kg	799,413	119,203	680,210	-	-	NA	-	-
Waste oil drum	kg	9,294	4,909	4,385	-	-	-	-	-
Waste paint bucket	kg	621	621	-	-	-	-	-	-
Waste oil sludge	kg	11,726	8,566	3,160	-	-	-	-	-
Liquid chemical waste	kg	319,297	163,902	155,395	-	238,782	134,941	103,841	-
Waste lead acid battery	kg	18,596	10,012	8,584	-	-	NA	-	-
Waste soil recovery	kg	300,701	153,890	146,811	-	238,782	134,941	103,841	-
Other Hazardous Wastes⁴⁷									
	kg	28,531	28,531	-	-	10,170	10,170	-	-
Wooden pallets	kg	143,600	143,600	-	-	178,600	178,600	-	-
Wastewater	m ³	827,228	689,696	189,304	-	510,315	197,460	312,855	-
Other non-hazardous waste⁴⁸									
	kg	702,670	621,680	80,990	-	8,640	8,640	-	-

Notes:

43 Water consumption data from COSCO-PSA Terminal and Hong Kong headquarters are not included.

44 In 2018, the unit for tyre consumption is piece. When calculating the total tyre consumption in kg, for tyres weighed less than 10 kg, 10-50 kg, and 51-100 kg, the median weight is used for each tyre category, hence 5.5 kg, 30 kg, 75.5 kg are used respectively; For tyres weighed more than 100kg, 150 kg is used.

45 Including waste paper that was consumed outside the reporting period.

46 Waste data from COSCO-PSA terminal, Ningbo Yuan Dong Terminal, Yingkou New Century Terminal, Jinzhou New Age Terminal, Yangzhou Yuanyang Terminal and Zeebrugge Terminal are excluded. We will explore ways to disclose more detailed recycling data in the future reports.

47 Includes medical waste, sludge and other contaminated waste.

48 Includes metal, plastic, glass, food waste and domestic waste.

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Environmental Performance (3)	The Group	2018			2017				
		Joint ventures and associates	Subsidiaries	The Group headquarters	The Group	Joint ventures and associates	Subsidiaries	The Group headquarters	
Waste Recycling ^{49 50 51}									
Solid chemical waste recycled	kg	475,094	162,794	312,300	-				
Liquid chemical waste recycled	kg	301,878	200,842	101,036	-		NA		
Other hazardous waste recycled	kg	1,560	1,560	-	-				
Wooden pallets recycled	kg	247,700	247,700	-	-				
Tyre recycled	kg	615,515 ⁵²	319,741	295,774	-	226,430	114,420	112,010	-
Paper recycled	kg	73,246	71,973	1,100	173	37,646	33,520	350	3,776
IT equipment recycled	kg	1,691	1,691	-	-	7,100	4,740	2,060	300
Other waste recycled	kg	709,220	709,100	-	120	167,808	2,680	164,990	138

Notes:

- 49 Waste recycling data from COSCO-PSA Terminal, Shanghai Pudong Terminal, Ningbo Yuan Dong Terminal, Yingkou New Century Terminal, Jinzhou New Age Terminal, Yangzhou Yuanyang Terminal and Zeebrugge Terminal are excluded. We will explore ways to disclose more detailed recycling data in future reports.
- 50 The solid waste, liquid chemical waste and other hazardous wastes are disposed and recycled by certified third parties and are not mentioned here.
- 51 Due to the fact that some of the waste (e.g. ink cartridges, light tubes, mercury lamps, or circuit boards) are handled by the recycler, we are unable to provide specific category of recycled weight. We will explore ways to disclose more detailed recycling data in the future reports.
- 52 In 2018, the unit for tyre consumption is piece. When calculating the total tyre recycled in kg, for tyres weighed less than 10 kg, 10-50 kg, and 51-100 kg, the median weight is used for each tyre category, hence 5.5 kg, 30 kg, 75.5 kg are used respectively; For tyres weighed more than 100kg, 150 kg is used.

GRI CONTENT INDEX

GRI Indicator and Explanation		Section		Page(s)	Remarks
General Standard Disclosures					
Organisational Profile					
102-1	Name of the organisation	Chapter 1	About this Report	2	
102-2	Primary brands, products and services	Chapter 4	Business Overview	12-21	
102-3	Location of headquarters	–	–	–	The Group is headquartered in Hong Kong.
102-4	Number of countries where the organisation operates	Chapter 4	Business Overview	12-21	
102-5	Nature of ownership and legal form	Chapter 4	Business Overview	12-21	
102-6	Markets served	Chapter 4	Business Overview	12-21	
102-7	Scale of the organisation	Chapter 4	Business Overview	12-21	
		Chapter 7	Our Business Performance	60-61	
102-8	Workforce data	Chapter 6	Our Workforce Profile	44	
102-41	Percentage of total employees covered by collective bargaining agreements	Chapter 11	Key Performance Indicators	105	
102-9	Supply chain description	Chapter 9	Our Supply Chain	86	
102-10	Significant changes to organisation size, structure, ownership or supply chain	–	–	–	No significant change
102-11	Report how precautionary approach is addressed	Chapter 4	Corporate Governance	31-33	
102-12	Externally developed economic, environmental, and social charters, principles or other initiatives	Chapter 4	Our Approach to Sustainability	22-25	
102-13	Memberships in association and/or national/international advocacy organisations	Chapter 4	Our Approach to Sustainability	30-31	
Strategy and analysis					
102-14	Statement from the most senior decision-maker of the organisation	Chapter 2 Chapter 3	Chairman's Message Vice Chairman and Managing Director's Message	4-7 8-11	
102-16	Organisation's values, principles, standards and norms of behaviour	Chapter 4	About COSCO SHIPPING Ports	12-33	
Governance					
102-18	Governance Structure	Chapter 4	Corporate Governance	31-33	
Stakeholder Engagement					
102-40	List of stakeholders engaged	Chapter 5	Stakeholder Engagement and Materiality Assessment	37-41	
102-42	Basis of identification and selection of stakeholders	Chapter 5	Stakeholder Engagement and Materiality Assessment	38	
102-43	Stakeholder Engagement approach and frequency	Chapter 5	Stakeholder Engagement and Materiality Assessment	37-38	
102-44	Key topics and concerns raised by stakeholders and the organisation's response	Chapter 5	Responses to Stakeholders	38-39	

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GRI Indicator and Explanation		Section	Page(s)	Remarks	
General Standard Disclosures					
Identified Material Aspects and Boundaries					
102-45	Entities included in the financial statements, mention those not covered by this report	Chapter 4	Business Overview	14-21	
102-46	Process for defining report content and the aspect boundaries	Chapter 5	Stakeholder Engagement and Materiality Assessment	38-39	
102-47	Material aspects identified in the process of defining report content	Chapter 5	Materiality Assessment	40-41	
102-48	Effect of and reasons for any restatements of information provided in previous reports	–	–	–	The figures of 2017 direct energy consumption and GHG emissions were restated due to the change in calculation.
102-49	Significant changes in the scope/aspect boundary	Chapter 5 Chapter 11	Materiality Assessment Boundary Mapping of Material Topics of COSCO SHIPPING Ports	40-41 119	During the year, the Group conducted materiality assessment through surveys and telephone interviews. The materiality matrix is established to define the importance of material topics, its impact and boundaries.
Report profile					
102-50	Reporting period	Chapter 1	Reporting Scope	2, 14	
102-51	Date of most recent previous report	–	–	–	The previous report was published in April 2018.
102-52	Reporting cycle	Chapter 1	About this Report	2	
102-53	Contact point	Chapter 1	Contact us	3	
102-54	GRI in accordance option chosen	Chapter 1	Reporting Standard	2	
102-55	GRI content index	Chapter 11	GRI Content Index	111-115	
102-56	External assurance	Chapter 11	Verification Statement	3	

GRI Indicator and Explanation		Section		Page(s)
Specific Standard Disclosures				
Environmental				
Materials				
103	Management Approach	Chapter 8	Green Development: Building "Green Ports"	68-83
301-1	Materials used by weight or volume	Chapter 11	Key Performance Indicators	109-110
Energy				
103	Management Approach	Chapter 8	Green Development: Building "Green Ports"	68-83
302-1	Energy consumption within the organisation	Chapter 8 Chapter 11	Environmental Performance Key Performance Indicators	70 108
Emissions				
103	Management Approach	Chapter 8	Green Development: Building "Green Ports"	68-83
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Chapter 8 Chapter 11	Environmental Performance Key Performance Indicators	70 108
305-2	Indirect greenhouse gas (GHG) emissions (Scope 2)	Chapter 8 Chapter 11	Environmental Performance Key Performance Indicators	70 108
305-5	Reduction of greenhouse gas (GHG) emissions	Chapter 8	Green Development: Building "Green Ports"	68-83
Effluents and Waste				
103	Management Approach	Chapter 8	Green Development: Building "Green Ports"	68-83
306-2	Total weight of waste by type and disposal method	Chapter 11	Key Performance Indicators	109
Compliance				
103	Management Approach	Chapter 8	Green Development: Building "Green Ports"	68-83
307-1	Monetary value of significant fines and total number of non-monetary sanction for non-compliance with environmental laws and regulations	An environmental non-compliance case was found at the Guangzhou South China Oceangate Terminal by the Environmental Protection and Water Affairs Bureau of Nansha District, Guangzhou. Here, it was found that domestic sewage discharge from one of the sewage treatment stations exceeded the prescribed limit. Approximately RMB250,000 in fines were issued. After the incident, the terminal implemented action to rectify the wastewater monitoring, including setting up an environmental standards working group, and improving the long-term trainings and evaluation mechanisms. At the fourth quarter of 2018, the terminal passed government inspections.		
Supplier Environmental Assessment				
103	Management Approach	Chapter 9	Win-win Cooperation: Integrating Sustainability into Our Supply Chain	84-95
308-1	Percentage of new suppliers that were screened using environmental criteria	Chapter 9	Win-win Cooperation: Integrating Sustainability into Our Supply Chain	88-90

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GRI Indicator and Explanation		Section		Page(s)
Specific Standard Disclosures				
Social – Labour Practices and Decent Work				
Employment				
103	Management Approach	Chapter 6	Caring for Our People: Growing Together with Our Employees	42-57
401-1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Chapter 6 Chapter 11	2018 Progress Key Performance Indicators	47 103-104
Labour/Management Relationship				
103	Management Approach	Chapter 6	Caring for Our People: Growing Together with Our Employees	42-57
402-1	Minimum notice periods regarding operational changes, including whether it is specified in collective agreements	Chapter 11	Key Performance Indicators	105
Occupational Health and Safety				
103	Management Approach	Chapter 6	Caring for Our People: Growing Together with Our Employees	42-57
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by age group, gender and region	Chapter 6 Chapter 11	2018 Progress Key Performance Indicators	52 107
Training and Education				
103	Management Approach	Chapter 6	Caring for Our People: Growing Together with Our Employees	42-57
404-1	Average hours of training per year per employee, by gender and by employee category	Chapter 11	Key Performance Indicators	106
Equal Opportunities				
103	Management Approach	Chapter 6	Caring for Our People: Growing Together with Our Employees	42-57
405-1	Composition of governance bodies and breakdown of employees by indicators of diversity	Chapter 6 Chapter 11	Workforce Profile Key Performance Indicators	44 102, 105

GRI Indicator and Explanation		Section		Page(s)
Specific Standard Disclosures				
Local Communities				
103	Management Approach	Chapter 10	Investing in Communities: Progressing Forward Together	96-101
413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Chapter 10	Investing in Communities: Progressing Forward Together	98
Supplier Assessment for Impacts on Society				
103	Management Approach	Chapter 9	Win-win Cooperation: Integrating Sustainability into Our Supply Chain	84-95
414-1	Percentage of new suppliers that were screened using criteria for impacts on society	Chapter 9	Win-win Cooperation: Integrating Sustainability into Our Supply Chain	88-90
Customer Data Privacy				
103	Management Approach	Chapter 7	Management Approach	62
418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	In 2018, there is no substantiated complaints regarding breaches of customer privacy and losses of customer data.		-
Non-compliance with Laws and Regulations in the Social and Economic Area				
103	Management Approach	Chapter 7	Customers First: Creating an Enduring Brand	58-67
419-1	Non-compliance with laws and regulations in the social and economic area	In 2018, there is no non-compliance with laws and regulations in the social and economic area.		-

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THE STOCK EXCHANGE OF HONG KONG LIMITED'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

A. Environmental		Page(s)	Section	Reference
A1 Emissions				
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.	68-83	Chapter 8	Green Development: Building "Green Ports"
KPI A1.1	The types of emissions and respective emissions data	70 108-110	Chapter 8 Chapter 11	Environmental Performance Key Performance Indicators <i>*The Group did not collect relevant air emissions data. We will explore the feasibility of disclosing this information in the future.</i>
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	70 108	Chapter 8 Chapter 11	Environmental Performance Key Performance Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	109-110	Chapter 11	Key Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	109	Chapter 11	Key Performance Indicators
KPI A1.5	Description of measures to mitigate emissions and results achieved	70-78	Chapter 8	Green Development: Building "Green Ports"
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives, and results achieved	70-71, 79-83	Chapter 8	Green Development: Building "Green Ports"
A2 Use of Resources				
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	68-83	Chapter 8	Green Development: Building "Green Ports"
KPI 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)	70	Chapter 8 Chapter 11	Environmental Performance Key Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	108	Chapter 11	Key Performance Indicators
KPI A2.3	Description of energy use efficiency initiatives and results achieved	109	Chapter 8	Green Development: Building "Green Ports"
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	68-78 79	Chapter 8	Green Development: Building "Green Ports"
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	-	-	Not applicable
A3 The Environment and Natural Resources				
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	68-83	Chapter 8	Green Development: Building "Green Ports"
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	70-83	Chapter 8	Green Development: Building "Green Ports"

B. Social		Page(s)	Section	Reference
B1 Employment				
General	Information on:	42-57	Chapter 6	Caring for Our People: Growing Together with Our Employees
Disclosure	(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			
KPI B1.1	Total workforce by gender, employment type, age group, and geographical region	44 102	Chapter 6 Chapter 11	Our Workforce Profile Key Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical regions	47 103	Chapter 6 Chapter 11	2018 Progress Key Performance Indicators
B2 Health and Safety				
General	Information on:	42-57	Chapter 6	Caring for Our People: Growing Together with Our Employees
Disclosure	(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			
KPI B2.1	Number and rate of work-related fatalities	52 107	Chapter 6 Chapter 11	2018 Progress Key Performance Indicators
KPI B2.2	Lost days due to work injury	107	Chapter 11	Key Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	42-55 93-95	Chapter 6 Chapter 8	Caring for Our People: Growing Together with Our Employees Strengthening the Safety Management of Business Outsourcing
B3 Development and Training				
General	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	42-57	Chapter 6	Caring for Our People: Growing Together with Our Employees
Disclosure				
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	106	Chapter 11	Key Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category	106	Chapter 11	Key Performance Indicators

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B. Social		Page(s)	Section	Reference
B4 Labour Standards				
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	42-57	Chapter 6	Caring for Our People: Growing Together with Our Employees
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	56	Chapter 6	Caring for Our People: Growing Together with Our Employees
B5 Supply Chain Management				
General Disclosure	Policies on managing environmental and social risks of the supply chain	84-95	Chapter 9	Win-win Cooperation: Integrating Sustainability into Our Supply Chain
KPI B5.1	Number of suppliers by geographical region	86	Chapter 9	Our Supply Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	88-95	Chapter 9	Win-win Cooperation: Integrating Sustainability into Our Supply Chain
B6 Product Responsibility				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have 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	58-67	Chapter 7	Customers First: Creating an Enduring Brand
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	62	Chapter 7	Our Management Approach
B7 Anti-corruption				
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	31-33	Chapter 4	Corporate Governance
KPI 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	-	-	No cases occurred during the reporting year.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	31-33	Chapter 4	Corporate Governance
B8 Community Investment				
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	96-101	Chapter 10	Investing in Communities: Progressing Forward Together
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	98-101	Chapter 10	Our Community Investment Contributions
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	98	Chapter 10	Our Community Investment Contributions

BOUNDARY MAPPING OF MATERIAL TOPICS OF COSCO SHIPPING PORTS

The following table outlines the major impacts of material topics on different stakeholders within and outside of the Group:

Material Topics		Impact on stakeholders outside of the Group				
		Impact within the Group	Shareholders/ investors	Suppliers	Customers	Adjacent communities and environment
1	Compliance	✓ ⁵³	✓	✓	✓	✓
2	High standards of corporate governance	✓	✓		✓	
3	Risk management	✓	✓	✓	✓	
4	Anti-corruption	✓	✓	✓	✓	
5	Building a team of excellence	✓	✓		✓	
6	Investing in talent training and development	✓	✓		✓	✓
7	Maintaining a healthy and safe workplace	✓	✓		✓	✓
8	Fostering a diverse and inclusive culture	✓	✓			
9	Optimising terminal operations	✓	✓		✓	
10	Improving customer services	✓	✓		✓	
11	Deepening the Group's globalisation strategies	✓	✓			
12	Energy management and GHG emissions	✓	✓			✓
13	Waste management	✓				✓
14	Climate Change	✓	✓		✓	✓
15	Water resource and water quality management	✓	✓			✓
16	Air quality	✓	✓			✓
17	Strengthening employee environmental awareness	✓	✓			
18	Responsible sourcing	✓	✓	✓		
19	Deepening strategic partnerships	✓	✓	✓	✓	
20	Enhancing safety in outsourcing management	✓	✓	✓	✓	
21	Caring for local communities	✓	✓			✓
22	Responsible overseas investment	✓	✓		✓	✓

Note:

53 The "tick" indicates that material topic and its relevant influence on the Group is relevant for that stakeholder group.

VERIFICATION STATEMENT



VERIFICATION STATEMENT

SCOPE AND OBJECTIVE

Hong Kong Quality Assurance Agency (“HKQAA”) has been engaged by COSCO SHIPPING Ports Limited (Stock Code: 1199) (“COSCO SHIPPING Ports”) to undertake an independent verification for its Sustainability Report 2018 (“the Report”). The scope of this verification covers the sustainability performance data and information of COSCO SHIPPING Ports and its 20 subsidiaries, joint ventures, and associates (“COSCO SHIPPING Ports and the terminal companies”) for the period from 1st January 2018 to 31st December 2018. This is the fifth report that COSCO SHIPPING Ports published to communicate its commitments, efforts and progress of performance towards sustainability.

The Report has been prepared in accordance with the Core Option of the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”) and the Environmental, Social and Governance Reporting Guide (“ESG Guide”) of Hong Kong Exchanges and Clearing Limited. The aim of this verification is to provide a reasonable assurance on the reliability of the report contents.

LEVEL OF ASSURANCE AND METHODOLOGY

HKQAA’s verification procedure was designed for devising opinions and conclusions to obtain a reasonable level of assurance. The extent of this verification process undertaken covered the criteria set in the Core Option of GRI Standards and the ESG Guide.

The verification process included verifying the systems and processes implemented for collecting, collating and reporting the sustainability performance data, reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the reporting contents and verifying selected representative sample of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

INDEPENDENCE

COSCO SHIPPING Ports and the terminal companies were responsible for the collection and preparation of the information presented. HKQAA did not involve in calculating and compiling the reporting data, or the content development of the Report. Our verification activities were entirely independent from COSCO SHIPPING Ports and the terminal companies.

CONCLUSION

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained reasonable assurance and is in the opinion that:

- The Report has been prepared in accordance with the Core Option of GRI Standards and the ESG Guide;
- The Report illustrates the sustainability performance of COSCO SHIPPING Ports’ material topics in a balanced, comparable, clear and timely manner; and
- The data and information disclosed in the Report are reliable and complete.

In conclusion, the Report reflects truthfully the sustainability commitments, policies and performance of COSCO SHIPPING Ports and the terminal companies, and discloses transparently their sustainability performance that is commensurate with their sustainability context and materiality.

Signed on behalf of Hong Kong Quality Assurance Agency

Bryan Peng

Assistant Director, Manufacturing & Service Business Division
March 2019

REPORT SURVEY QUESTIONNAIRE

Thank you for your interest in COSCO SHIPPING Ports' Sustainability Report 2018. Your feedback is important for our overall sustainability performance improvement and future reporting.

1. Which of the following best describes you or your relationship to COSCO SHIPPING Ports? (Please select only one)

- Shareholder
- Director
- Business Partner
- Customer
- Banker
- Contractors and supplier
- Media
- Fund manager and investor
- Analyst
- Employee
- Government Department
- Trade and industry association
- Non-governmental Organisation
- Other, please specify:

2. How would you rate the content of COSCO Shipping Ports' Sustainability Report, in terms of quality and quantity of information? (5= Excellent, 1= Poor)

- 5
- 4
- 3
- 2
- 1

3. Please rate the content and quality of COSCO SHIPPING Ports' Sustainability Report according to the following criteria: (5= Excellent, 1= Poor)

- | | | | |
|---------------------------|--|---------------|--|
| Stakeholder Inclusiveness | <input type="checkbox"/> 5 <input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 | Balance | <input type="checkbox"/> 5 <input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 |
| Clarity | <input type="checkbox"/> 5 <input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 | Comparability | <input type="checkbox"/> 5 <input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 |
| Materiality/Relevance | <input type="checkbox"/> 5 <input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 | Completeness | <input type="checkbox"/> 5 <input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 |
| Sustainability Context | <input type="checkbox"/> 5 <input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 | Accuracy | <input type="checkbox"/> 5 <input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 |
| Transparency | <input type="checkbox"/> 5 <input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 | Structure | <input type="checkbox"/> 5 <input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 |
| Design and layout | <input type="checkbox"/> 5 <input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 | | |

4. Which aspect(s) of the report would you like to have more information on?

5. Please write any other opinion, comment or request with regards to COSCO SHIPPING Ports' Sustainability Report:

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ABBREVIATIONS

Abbreviation	
Company Name	Abbreviation
China COSCO Shipping Corporation Limited	COSCO SHIPPING
China COSCO Shipping Corporation Limited and its subsidiaries	COSCO SHIPPING Group
COSCO SHIPPING Ports Limited	COSCO SHIPPING Ports or the Company
COSCO SHIPPING Ports Limited and its subsidiaries	the Group
COSCO SHIPPING Holdings Co., Ltd.	COSCO SHIPPING Holdings
COSCO SHIPPING Lines Co., Ltd.	COSCO SHIPPING Lines
Terminal Company	
CSP Abu Dhabi Terminal L.L.C.	Abu Dhabi Terminal
Antwerp Gateway NV	Antwerp Terminal
Asia Container Terminals Limited	Asia Container Terminal
Busan Port Terminal Co., Ltd.	Busan Terminal
Conte-Rail, S.A.	Conte-Rail Terminal
COSCO-HIT Terminals (Hong Kong) Limited	COSCO-HIT Terminal
COSCO-PSA Terminal Private Limited	COSCO-PSA Terminal
CSP Wuhan Company Limited	Wuhan Terminal
CSP Zeebrugge Terminal NV	Zeebrugge Terminal
Dalian Automobile Terminal Co., Ltd.	Dalian Automobile Terminal
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Dalian Dagang Terminal
Dalian Container Terminal Co., Ltd.	Dalian Container Terminal
Euromax Terminal Rotterdam B.V.	Euromax Terminal
Guangzhou South China Oceangate Container Terminal Company Limited	Guangzhou South China Oceangate Terminal
Jiangsu Yangtze Petrochemical Co., Ltd.	Jiangsu Petrochemical
Jinjiang Pacific Ports Development Co., Ltd.	Jinjiang Pacific Terminal
Jinzhou New Age Container Terminal Co., Ltd.	Jinzhou New Age Terminal
Kao Ming Container Terminal Corp.	Kao Ming Terminal
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş.	Kumport Terminal
Lianyungang New Oriental International Terminals Co., Ltd.	Lianyungang New Oriental Terminal
Nanjing Port Longtan Container Co., Ltd.	Nanjing Longtan Terminal
Nantong Tonghai Port Co., Ltd.	Nantong Tonghai Terminal
Nansha Stevedoring Corporation Limited of Port of Guangzhou	Guangzhou Nansha Stevedoring Terminal
Ningbo Meishan Bonded Port New Harbour Terminal Operating Co., Ltd.	Ningbo Meishan Terminal
Ningbo Yuan Dong Terminals Limited	Ningbo Yuan Dong Terminal

Abbreviation

Terminal Company (Cont.)

Noatum Container Terminal Bilbao, S.L.	Bilbao Terminal
Noatum Container Terminal Valencia, S.A.U.	Valencia Terminal
COSCO SHIPPING Ports (Spain) Holding, S.L. and its subsidiaries	CSP Spain Group
Noatum Rail Terminal Zaragoza, S.L.	Zaragoza Rail Terminal
Piraeus Container Terminal S.A.	Piraeus Terminal
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	Dongjiakou Ore Terminal
Qingdao Port International Co., Ltd.	QPI
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	Qinhuangdao New Harbour Terminal
Qinzhou International Container Terminal Co., Ltd.	Qinzhou International Terminal
Quan Zhou Pacific Container Terminal Co., Ltd.	Quan Zhou Pacific Terminal
Reefer Terminal S.p.A.	Vado Reefer Terminal
Shanghai Mingdong Container Terminals Limited	Shanghai Mingdong Terminal
Shanghai Pudong International Container Terminals Limited	Shanghai Pudong Terminal
SSA Terminals (Seattle), LLC	Seattle Terminal
Suez Canal Container Terminal S.A.E.	Suez Canal Terminal
Taicang International Container Terminal Co., Ltd.	Taicang Terminal
Terminales Portuarios Chancay S.A.	Chancay Terminal
Tianjin Five Continents International Container Terminal Co., Ltd.	Tianjin Five Continents Terminal
Tianjin Port Euroasia International Container Terminal Co., Ltd.	Tianjin Euroasia Terminal
Xiamen Ocean Gate Container Terminal Co., Ltd.	Xiamen Ocean Gate Terminal
Yangzhou Yuanyang International Ports Co., Ltd.	Yangzhou Yuanyang Terminal
Yantian International Container Terminals (Phase III) Limited	Yantian Terminal Phase III
Yantian International Container Terminals Co., Ltd.	Yantian Terminal Phases I & II
Yingkou Container Terminals Company Limited	Yingkou Container Terminal
Yingkou New Century Container Terminal Co., Ltd.	Yingkou New Century Terminal
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	Zhangjiagang Terminal

Others

twenty-foot equivalent unit	TEU
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