



中遠海運港口有限公司  
COSCO SHIPPING Ports Limited

# Strengthening Strategic Connectivity and Building Sustainable Growth





For COSCO SHIPPING Ports, 2017 marked the first full year of operation as a ports operator after the completion of its reorganisation. While continuously expanding our business and enhancing operational efficiency, the Group 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 realising the strategic development vision of COSCO SHIPPING Ports.



**Publication format**

This report is published in print and electronic versions in both Chinese and English. Electronic versions can be downloaded from website of the COSCO SHIPPING Ports.

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





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# Chapter 1

## About this Report



COSCO SHIPPING Ports Limited (“COSCO SHIPPING Ports” or the “Company”) and its subsidiaries, joint ventures, and associates (collectively referred to as the “Group” or “We”) have been integrating sustainability into our business practice, and actively fulfilling our long-term commitment to social responsibility. The Group publishes an annual sustainability report to provide our stakeholders a timely, accurate and comprehensive account of our sustainability progress, thereby enhancing mutual understanding and interaction between the Group and its stakeholders.

### Introduction

This report describes the environmental, social and governance performance and progress of COSCO SHIPPING Ports and its 20 subsidiaries, joint ventures, and associates (the “terminal companies”) for the period from 1 January 2017 to 31 December 2017. As the number of subsidiaries of the Group increased from 10 in 2016 to 15, and the profit contribution of our terminals portfolio has been relatively concentrated, the scope of this report has been narrowed down to 20 terminal companies compared with 25 in our 2016 Sustainability Report to enhance the depth of the Group’s sustainability disclosure. The net profits of the 20 terminal companies

accounted for approximately 68% of the Group’s 2017 terminal business profits. Relevant information about the terminal companies and the change of reporting scope are detailed in Chapter 4 COSCO SHIPPING Ports Business Overview.

This report is prepared in accordance with the Core option of the Global Reporting Initiative “G4 Sustainability Reporting Guidelines” (“GRI G4 Guidelines”), 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. 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 101.

In the future, we will continue to build a unified sustainability management and information system and strive to improve the breadth and depth of our sustainability disclosure.



## Contact us

Please feel free to contact us with any comments or suggestions you may have related to this report.

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## Chapter 2

# Chairman's Message

**HUANG Xiaowen**

Chairman



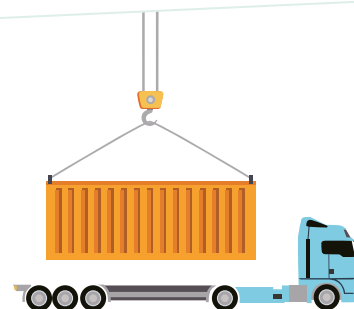
As a global container terminals operator, COSCO SHIPPING Ports has been integrating sustainability into our business model, which we believe can create opportunities for our sustainable growth in the future.

I am pleased to present you with the Sustainability Report 2017 of COSCO SHIPPING Ports.

For COSCO SHIPPING Ports, 2017 marked the first full year of operation as a ports operator after the completion of its reorganisation. While continuously expanding our business and enhancing operational efficiency, the Group 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 realising the strategic development vision of COSCO SHIPPING Ports.

COSCO SHIPPING Ports endeavours to become a global industry leader, and seeks to drive growth by promoting the collaborative development of shipping, logistics and other upstream and downstream businesses along the industry chain. Upholding our mission to build "The Ports For ALL", the Group actively develops a global terminal network and is working towards building a win-win platform that creates the greatest value for our stakeholders. On the path towards achieving the objectives of our five-year strategic plan, the Group continues its pursuit of professionalism, marketisation and globalization to seize the opportunities available. We are further strengthening the Group's brand building and its influence while enhancing execution, and are committed to seeking common ground in changing times through long-term value creation for our customers and partners.





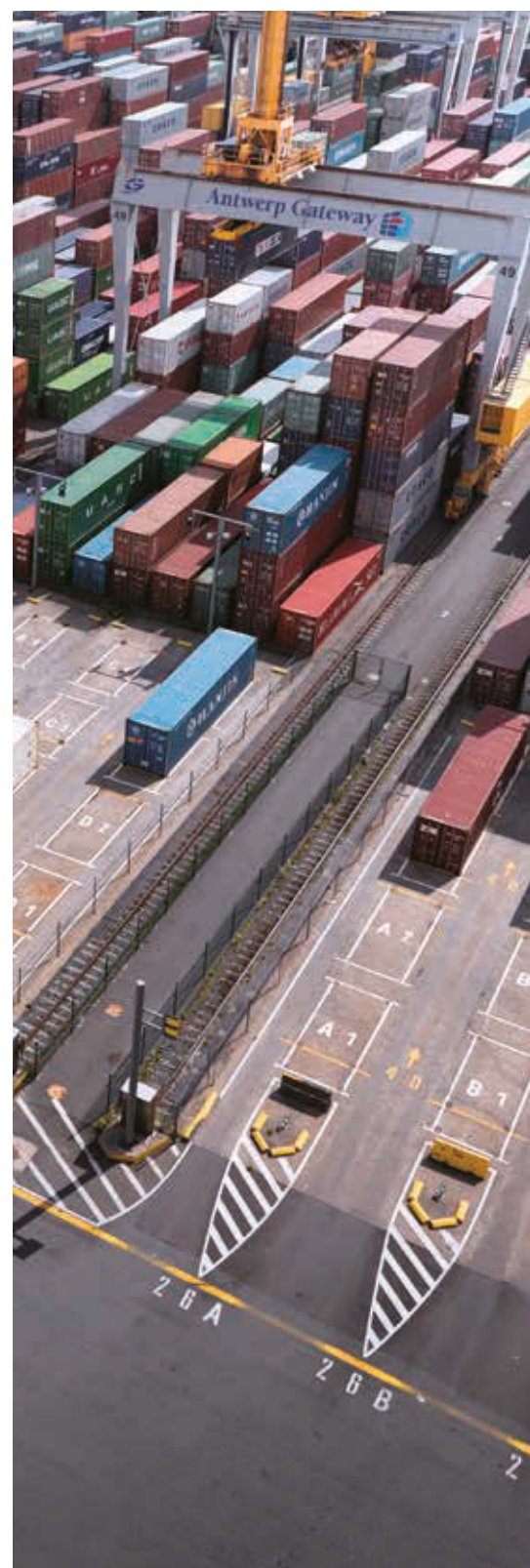
We are mindful of the importance of sustainable development to a company striving for growth and enhanced competitiveness. For COSCO SHIPPING Ports, sustainability means our commitments to both growing a successful business and creating long-term value for various stakeholders in society. To this end, we take our corporate responsibility very seriously as we work diligently with our stakeholders to build sustainable relationships. We actively fulfil our firm commitments to caring for our people as they are our greatest assets, putting customers first through providing value-added services, promoting green development for a better environment, achieving win-win cooperation with our business partners and investing in communities. The Group also believes that outstanding businesses adhere to the values of honesty, integrity and compliance, which form a firm foundation for our efforts to foster trust and build mutually beneficial relationships with our stakeholders.

Since 2012, COSCO SHIPPING Ports has been selected as a constituent stock of the Hang Seng Corporate Sustainability Index Series; this year, we were also awarded the “Gold Award in Environmental Responsibility, Social Responsibility and Corporate Governance” by The Asset Magazine, and received the “Gold Award in the H-share Companies and Other

Mainland Enterprises Category” at the 2017 Best Corporate Governance Awards held by the Hong Kong Institute of Certified Public Accountants. These accolades positively affirm our achievements in sustainability for which we owe a debt of gratitude to all our employees for their steadfast dedication, and to our customers, our shareholders, our suppliers and the communities for their ongoing confidence and support.

As a global container terminals operator, COSCO SHIPPING Ports has been integrating sustainability into our business model, which we believe can create opportunities for our sustainable growth in the future. Sustainability is not only an integral part of COSCO SHIPPING Ports’ commitment to fulfilling corporate responsibility and building a harmonious and prosperous society, but also a strategic pathway to reduce business risks and achieve long-term returns in advancing us towards our global expansion. The Group will constantly undertake efforts to further incorporate the principles of sustainable development into our strategic planning, explore sustainable business models, and collaborate with all of our stakeholders towards creating a sustainable future.

**HUANG Xiaowen**  
Chairman





## Chapter 3

# Vice Chairman's Message



**ZHANG Wei**

Vice Chairman and  
Managing Director

While creating economic value in business, COSCO SHIPPING Ports pursues a higher level of integrity, transparency and professionalism. We spare no effort in upholding high standards of corporate governance, and will continue to adhere to good corporate governance practices.

The year 2017 witnessed a broad-based modest recovery of the global economy and the stabilised and improved import and export trade, which brought new prospects to the shipping market. Within the year, we saw the formation and launch of the OCEAN Alliance together with 2M and THE Alliance formed the three alliances in the shipping industry and an ongoing trend towards larger container vessels in the industry. For COSCO SHIPPING Ports, this has been a year presenting both opportunities and challenges, as we stand at a unique juncture – the starting point of our globalization strategy. We continue to follow our vision together guided by a team of professionals to steadily build a more extensive and better-balanced international terminal network, which we see as our distinctive competitive advantages. We strive to generate economies of scale and synergies through gathering and integrating various resources, with our mission to build “The Ports For ALL”, a platform that offers mutual benefits and creates shared value for all of our stakeholders.

Looking back over the past year, the Group has made ongoing efforts to explore, evaluate, standardise and improve the management approaches and initiatives on all relevant sustainability topics. We have diligently strived to incorporate the elements of sustainability into all daily operational aspects of our ports and terminals:

### Caring for Our People

As motivated talent is essential to our sustained success, the Group has continued to invest in its employees. During the year, to nurture stronger professional development we have improved our employee appraisal system and incentive mechanism. We have also enhanced staff cohesion by actively engaging with our employees in various social and leisure activities, and launching “The Ports News”, our internal newsletter and the WeChat official account. Through these efforts we aspire to foster a corporate culture of diversity, inclusiveness and excellence that can, in turn, strengthen the global growth of COSCO SHIPPING Ports.



## Optimising Our Terminals Portfolio

Underpinning its globalization strategy, the Group has expanded its container terminal network both in China and abroad. At present, we operate and manage 269 berths at 35 ports worldwide, of which 179 are for containers, with a total annual handling capacity of 102.72 million TEU<sup>1</sup>. Meanwhile, we focused our efforts in the development of automated terminals to improve the overall operational efficiency, enhance safety management, and, ultimately, provide better quality and more efficient services to our domestic and foreign customers. In 2017, we were pleased to have witnessed the sound growth of our terminal business. The Group's total throughput increased by 13.4% year-on-year to 87,932,185 TEU<sup>2</sup>, and the total equity throughput increased by 11.0% year-on-year to 29,740,584 TEU.

## Improving Terminal Efficiency

The Group has gradually adopted a standardised management and information system for all terminals with controlling stakes, so that its headquarters can monitor terminal operations in real time and regularly assess business performance using standardised metrics, thereby enhancing the effectiveness of our management as well as overall efficiency. Meanwhile, with the adoption of innovative electronic and information technologies, we strive to optimise workflows and operations for each department that can improve both our safety performance and operational efficiency. These advances have also enabled us to provide customer services with higher quality and broaden as well as enhance our core competencies.

## Building "Green Ports"

As a major global terminals operator, COSCO SHIPPING Ports is committed to environmental protection and hopes to drive the development of "green ports". Building on our past progress, within the year, we have continued to fulfil our firm promise of building "green ports" and are optimising port management and

operations. With the formulation of the Guidelines for Emission Reduction, the Group has set relevant energy-saving targets for its subsidiaries and established the Energy Saving and Emission Reduction Office as our core unit driving appropriate initiatives and monitoring policy implementation to ensure that relevant targets are met.

Through ongoing efforts at adopting advanced technologies and best practices, we continued to focus on managing the impact of our operations and business activities on the environment including energy consumption, greenhouse gas emissions, air pollution, use of materials, effluents and waste. We strive to minimise our environmental impact and our consumption of natural resources by establishing comprehensive and effective environmental management systems, adopting more leading-edge technology and equipment, and continuously investing in environmental protection measures. These measures can lead us to enhance operational efficiency, while realising the double target of environmental and economic benefits.

## Win-Win Cooperation

Upholding the concept of win-win cooperation within our operations and in our customer relations, we continued to build out the centralised supplier management system and develop relevant policies to strengthen effective sustainability management across our entire supply chain. Beyond this, our terminal companies at various locations made contributions to educational development, poverty alleviation and nurturing talent for the industry to demonstrate our care for local communities. In this way, the Group endeavours to grow and progress together with the industry and society.

During this year, COSCO SHIPPING Ports has continued to promote sustainable development across a wide front. To enhance the effectiveness of our sustainability disclosures, we have provided internal training, improved our data collection and compilation system, and raised the quality of our report in terms of content and coverage. For this year's materiality assessment, we have engaged more internal and external stakeholders to better understand their opinions of the Group's sustainability performance through a more scientific approach. In particular, the Group has invited the top ten institutional shareholders to participate in this stakeholder engagement to gain deeper insight into which sustainability topics matter most to our investors. This year, we have also appointed a third-party verification agency to ensure the accuracy and reliability of information provided in the Group's Sustainability Report.

Looking forward to 2018, COSCO SHIPPING Ports will continue to actively build "The Ports For ALL" by implementing our three strategic directions. We strive to fully grasp the outstanding opportunities available by developing a global terminals network and working together towards building a win-win platform that creates the greatest value for our stakeholders. We will also strengthen the Group's brand building and its influence, enhance execution, and work closely with all stakeholders to steadily advance towards our five-year development goals and ensure our long-term, sustainable growth.

**ZHANG Wei**

Vice Chairman and Managing Director

Notes:

<sup>1</sup> Twenty-foot equivalent unit

<sup>2</sup> Excluding throughput of QPI from May to December 2017 and 2016 full year throughput of Qingdao Qianwan "QQCT"



## Chapter 4

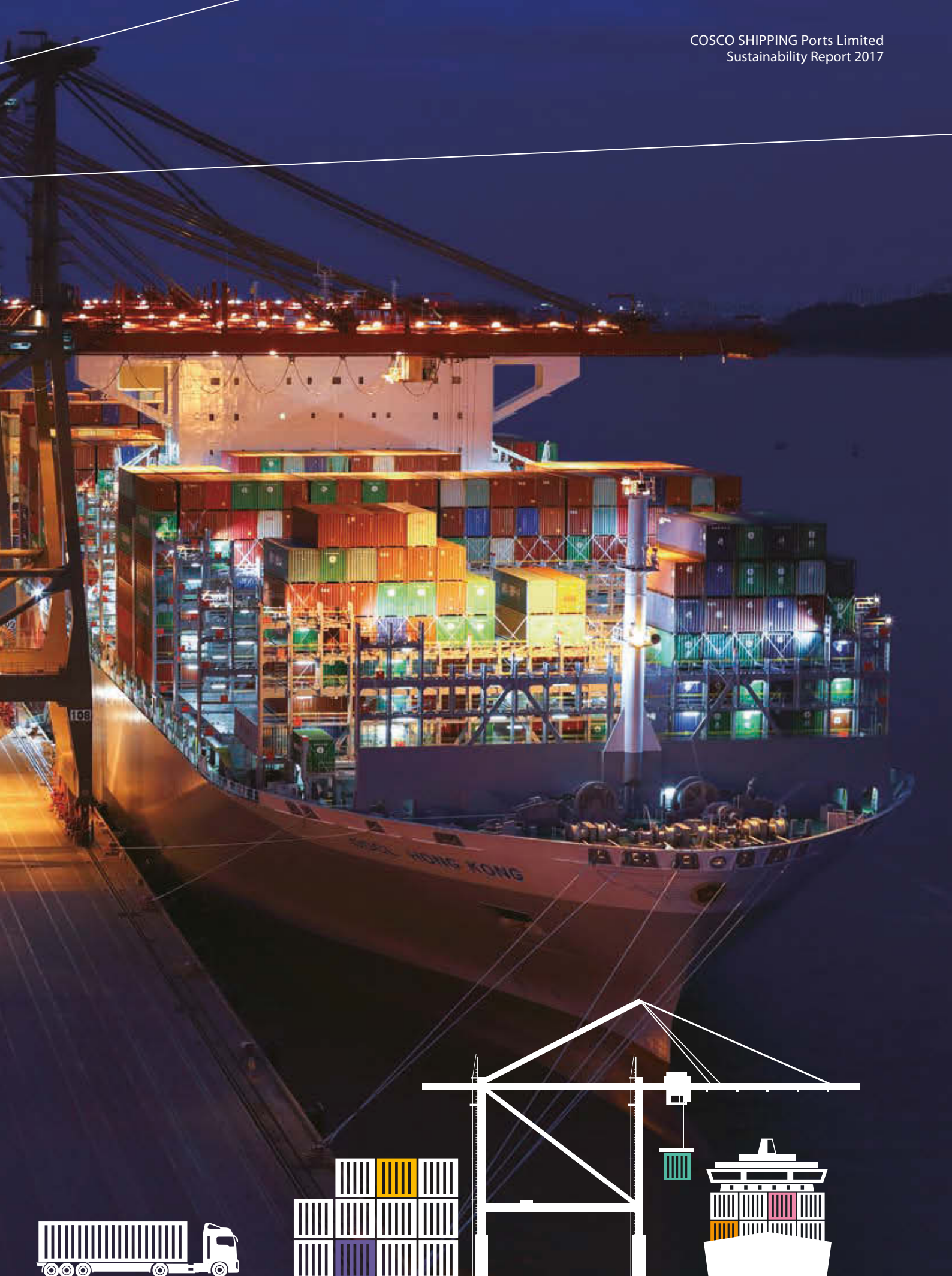
# About COSCO SHIPPING Ports

### Business Overview

COSCO SHIPPING Ports Limited (Stock Code: 1199), is a leading ports operator in the world, its terminals portfolio covers the five main port regions in Mainland China, Southeast Asia, Middle East, Europe and the Mediterranean. As at 31 December 2017, COSCO SHIPPING Ports operated and managed 269 berths at 35 ports worldwide, of which 179 were for containers, with a total annual handling capacity of 103 million TEU.

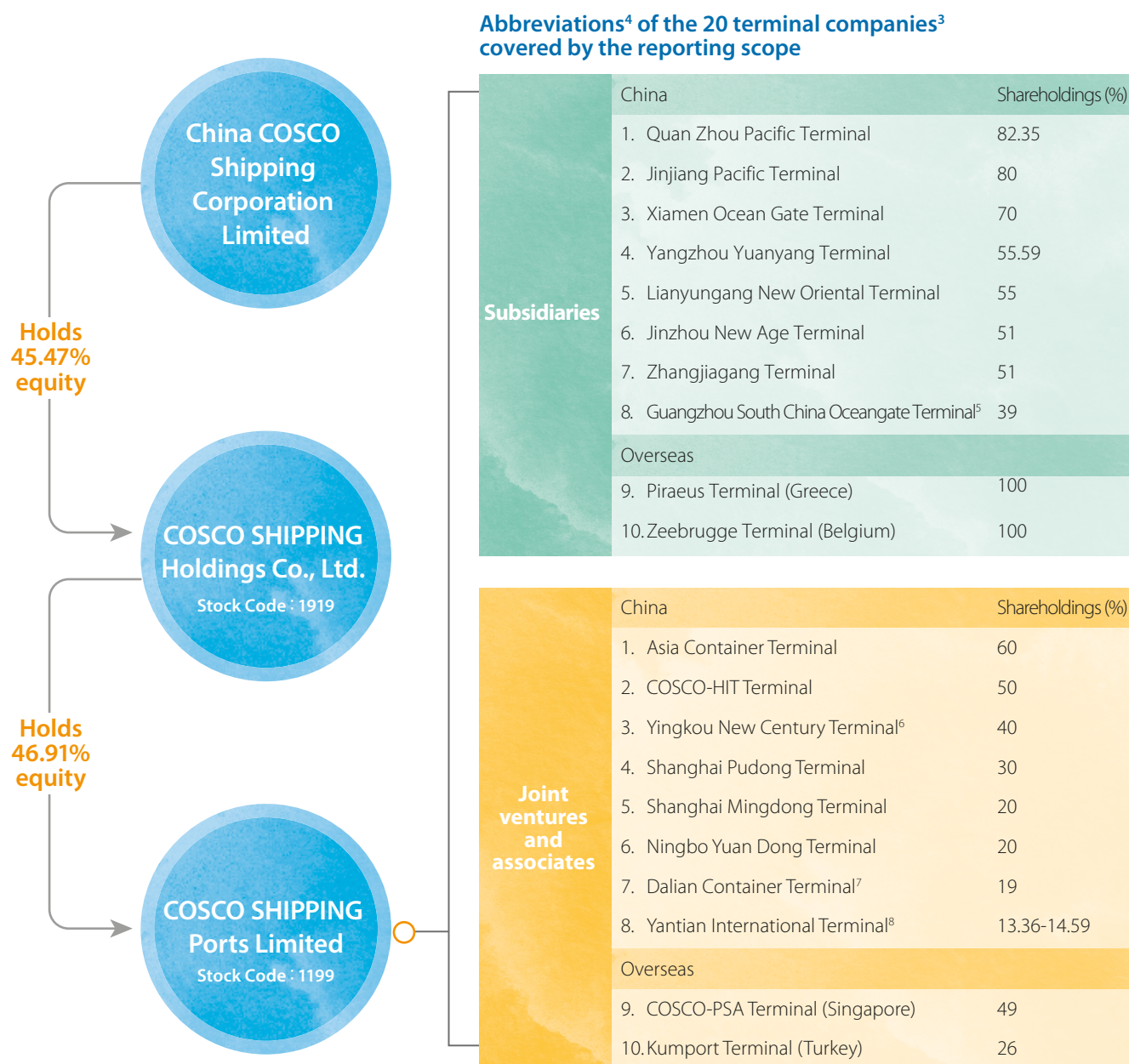
COSCO SHIPPING Ports has adopted “The Ports For ALL” as its mission and is working towards building a global terminal network with controlling stake that offers linkage effects on costs, services and synergies, a synergetic platform that offers mutual benefits to all in the shipping industry, connecting 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, is the largest integrated shipping enterprises in the world.





## Chapter 4 About COSCO SHIPPING Ports



**Notes:**

<sup>3</sup> In 2017, the Company acquired the remaining 76% equity of Zeebrugge Terminal which became its wholly-owned subsidiary. In this report, we disclose the sustainability information of Zeebrugge Terminal, Kumport Terminal and COSCO-PSA Terminal for the first time to reflect the Company's operations and the profit contribution of terminal companies more accurately. Apart from the 3 overseas terminal companies, the remaining 17 terminal companies were also covered in the scope of the Sustainability Report 2016 to maintain a certain level of comparability. In addition, although this year's reporting scope no longer includes Qingdao Qianwan Container Terminal Co., Ltd, Tianjin Five Continents International Container Terminal Co., Ltd., Tianjin Port Euroasia International Container Terminal Co., Ltd., Taicang International Container Terminal Co., Ltd. and Nanjing Port Longtan Container Co., Ltd., we will continue to build the Group's unified sustainability management system and improve the breadth of our sustainability disclosure until it covers the whole Group in the future.

<sup>4</sup> Please find the full names of the terminal companies on page 103-104.

<sup>5</sup> Operations of Nansha Stevedoring Corporation Limited of Port of Guangzhou and Guangzhou South China Oceangate Terminal have been under the same management since August 2017. We selected Guangzhou South China Oceangate Terminal to disclose its sustainability information in this report.

<sup>6</sup> Yingkou Container Terminals Co., Ltd. and Yingkou New Century Container Terminal Co., Ltd. were put under same management since May 2017. We selected Yingkou New Century Terminal to disclose its sustainability information in this report.

<sup>7</sup> Upon completion of the merger with Dalian Port Container Terminal Co., Ltd. and Dalian International Container Terminal Co., Ltd., Dalian Container Terminal remained as the surviving entity and was selected to disclose its sustainability information in this report.

<sup>8</sup> Including Yantian International Terminal Phases I, II & III.

## Corporate Vision

After the reorganisation in 2016, the Group devised its five-year goals encompassing three strategies:



In line with these three strategies, we actively seek investment opportunities in overseas terminals and in Mainland China ports, while integrating the operations, and strengthening control over our existing terminals and enhancing their management efficiency, with the goal of higher equity throughput and faster profit growth. To quantify our goals for the next five years, with 2016 as the base year, the Group strives to achieve 50% growth in total assets, 60% growth in equity throughput and to double net profit from continuing operations by 2021.

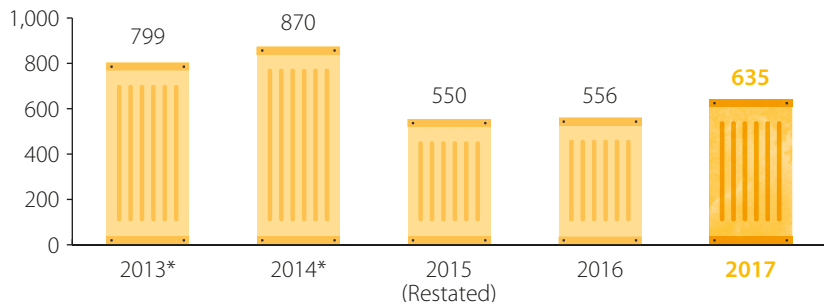
- Worldwide and China terminal networks: 15 subsidiaries and 33 joint ventures and associates.
- COSCO SHIPPING Ports is the world's largest container terminal operator in terms of the 2016 total throughput, which accounted for about 12.2% of the global market share, and the fifth largest container terminal operator in the world in terms of the 2016 equity throughput, which accounted for about 4.2% of the global market share<sup>10</sup>.

## The Group's Performance Highlights in 2017

- Revenue<sup>9</sup>, Total assets

### Revenue

(US\$ million)



### Total assets

(US\$ million)



#### Notes:

<sup>9</sup> For more information about our financial performance, please refer to the Annual Report 2017 of COSCO SHIPPING Ports Limited <http://ports.coscoshipping.com>.

<sup>10</sup> Data is sourced from Drewry's "Global Container Terminal Operators Annual Review and Forecast (2017)".

\* The financial figures for the year 2013 to 2014 were extrated from the 2015 annual report. No retrospective adjustment for the common control combination in 2016 were made on the financial figures for the year 2013 to 2014.



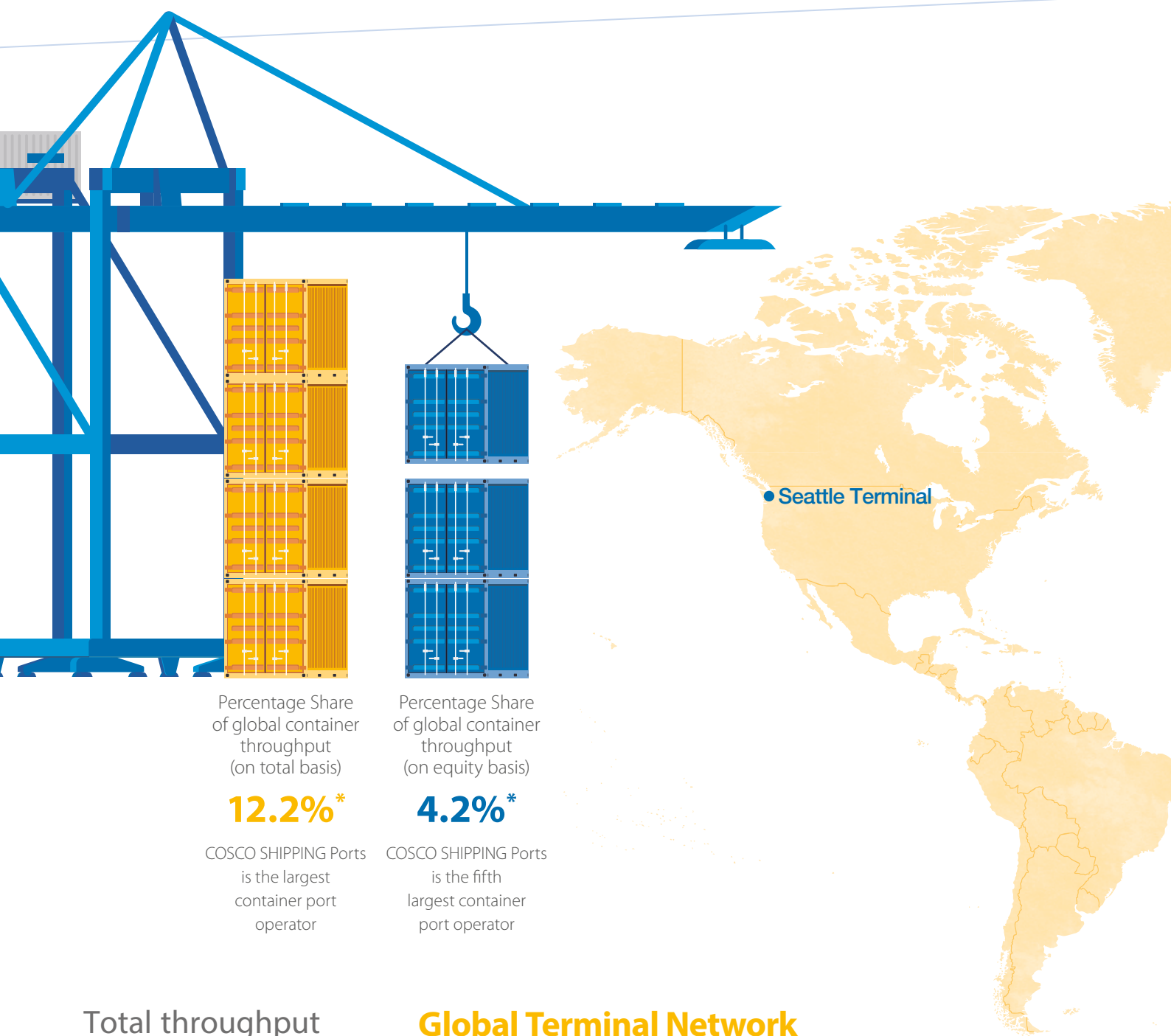


## Worldwide Terminal Network

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



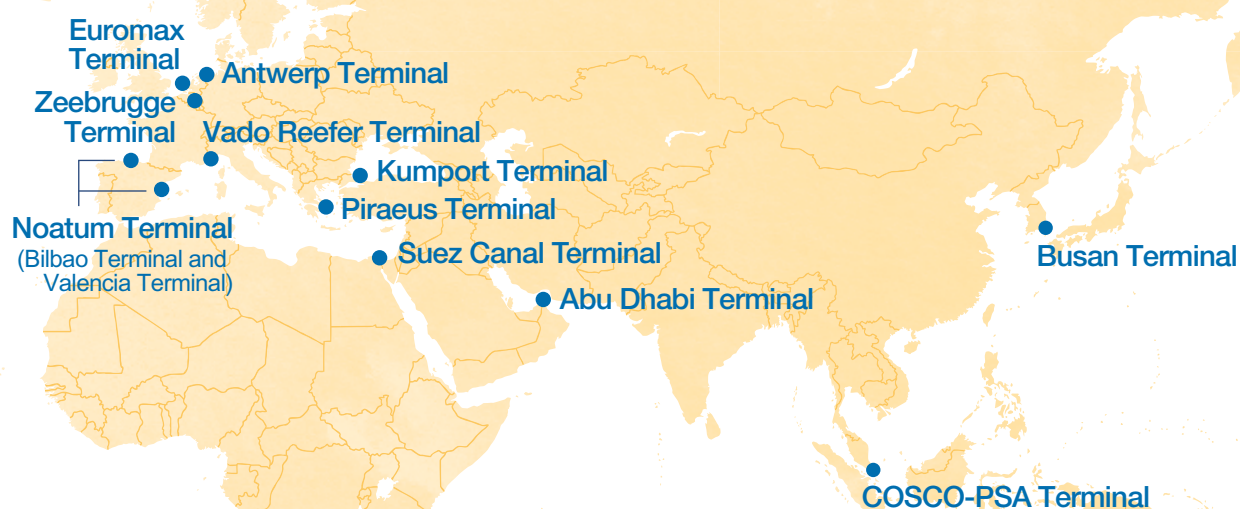
## Chapter 4 About COSCO SHIPPING Ports



Total throughput  
**100,202,185**  
TEU

### Global Terminal Network

- Terminal network in China and overseas: 15 subsidiaries and 33 joint ventures and associates
- Operates and manages 269 berths of which 179 are for containers, with a total annual handling capacity of approximately 103 million TEU.



## Overseas Total Throughput 18,840,664 TEU

	TEU ('000)		TEU ('000)
Piraeus Terminal	<b>3,692</b>	COSCO-PSA Terminal	<b>2,045</b>
Suez Canal Terminal	<b>2,529</b>	Busan Terminal	<b>3,555</b>
Kumpport Terminal	<b>1,063</b>	Seattle Terminal	<b>188</b>
Antwerp Terminal	<b>2,166</b>	Euromax Terminal	<b>2,693</b>
Zeebrugge Terminal	<b>316</b>	Noatum Terminal	<b>554</b>
		Vado Reefer Terminal	<b>39</b>



## Chapter 4 About COSCO SHIPPING Ports

### Greater China (China, Hong Kong and Taiwan) Terminal Network

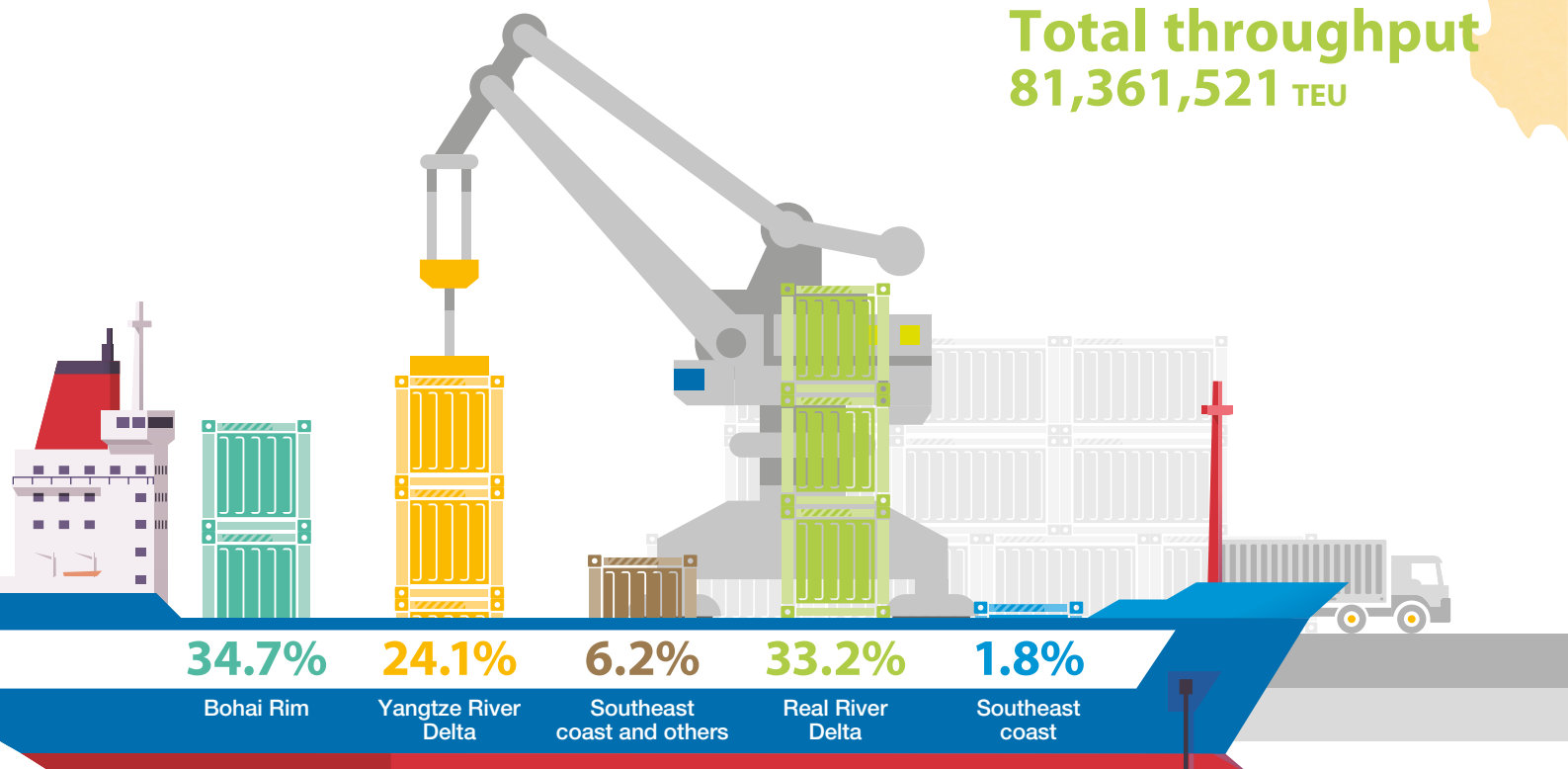
#### Bohai Rim 28,244,976 TEU

	Throughput ('000)
Dalian Container Terminal	6,758
Dalian Dagang Terminal	25
Tianjin Euroasia Terminal	2,470
Tianjin Five Continents Terminal	2,581
Yingkou Terminal	3,011
Jinzhou New Age Terminal	571
Qinhuangdao New Harbour Terminal	559
QPI	12,270

#### Yangtze River Delta 19,630,693 TEU

	Throughput ('000)
Shanghai Pudong Terminal	2,650
Shanghai Mingdong Terminal	6,500
Ningbo Yuan Dong Terminal	2,981
Lianyungang New Oriental Terminal	2,873
Zhangjiagang Terminal	736
Yangzhou Yuanyang Terminal	489
Nanjing Longtan Terminal	2,881
Taicang Terminal	521

### Greater China Total throughput 81,361,521 TEU



Southeast coast and others  
**5,079,660 TEU**

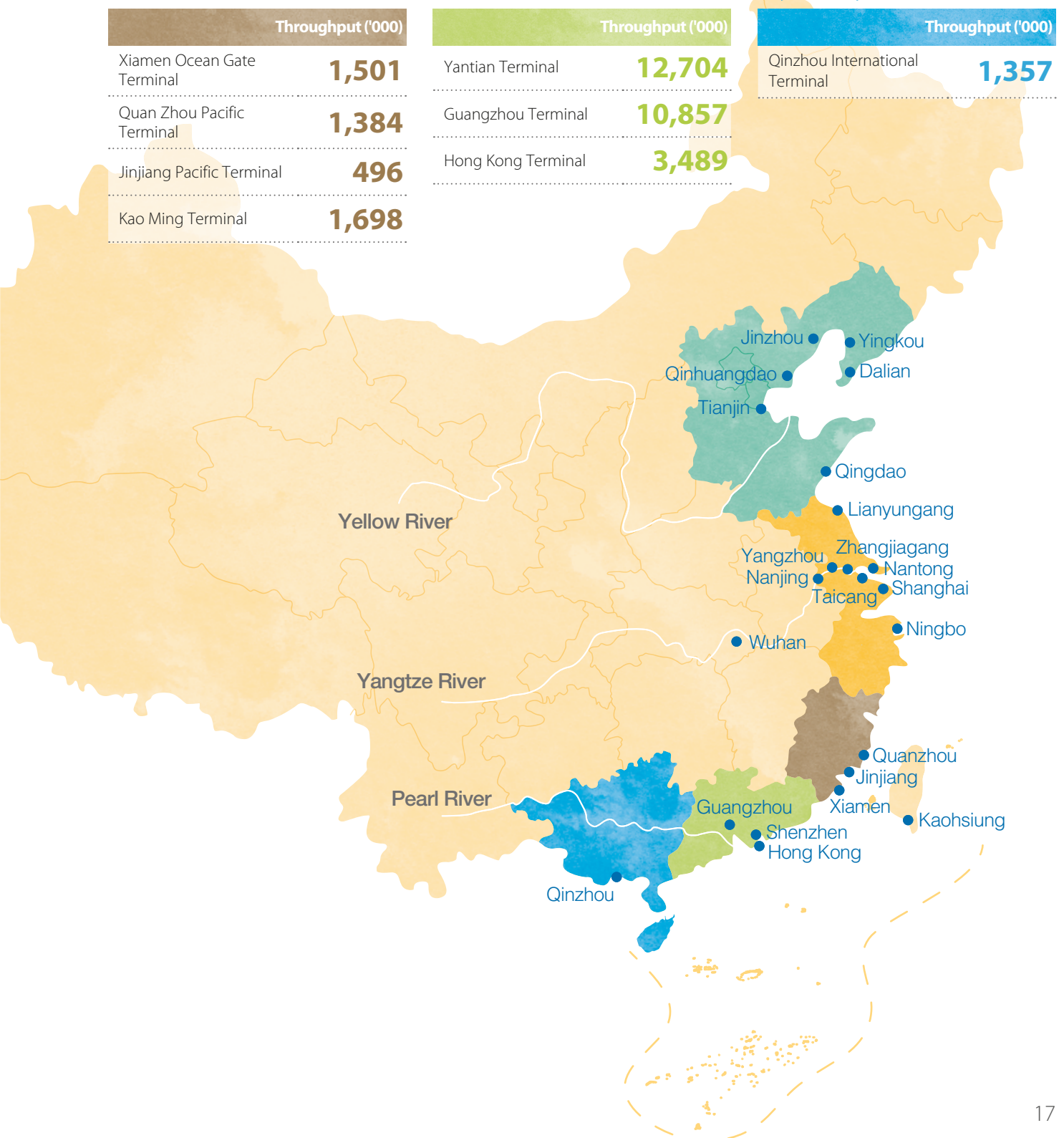
	Throughput ('000)
Xiamen Ocean Gate Terminal	<b>1,501</b>
Quan Zhou Pacific Terminal	<b>1,384</b>
Jinjiang Pacific Terminal	<b>496</b>
Kao Ming Terminal	<b>1,698</b>

Pearl River Delta  
**27,049,187 TEU**

	Throughput ('000)
Yantian Terminal	<b>12,704</b>
Guangzhou Terminal	<b>10,857</b>
Hong Kong Terminal	<b>3,489</b>

Southeast coast  
**1,357,005 TEU**

	Throughput ('000)
Qinzhou International Terminal	<b>1,357</b>





## Chapter 4 About COSCO SHIPPING Ports



### Our Approach to Sustainability

The Group views sustainability as the cornerstone of our business development. Upholding our mission to build “The Ports For ALL”, we continue to expand our global presence to achieve our five-year growth plan. At the same time, we are incorporating elements of sustainability into every aspect of our daily operations. We endeavour to implement our commitments to environmental and social responsibilities in business decisions, and aspire to create long-term value and positive influence for our shareholders, customers, employees, suppliers and the public.

Our sustainability performance centres around the following five key focus 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 behaviours 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

### AWARDS AND HONOURS

COSCO SHIPPING Ports:

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



**Hang Seng Corporate  
Sustainability Index  
Series Member 2016-2017**

- Awarded the “Gold Award in Environmental Responsibility, Social Responsibility and Corporate Governance” by The Asset magazine
- Awarded the “Gold Award in the H-share Companies and Other Mainland Enterprises Category” in the 2017 Best Corporate Governance Awards held by the Hong Kong Institute of Certified Public Accountants

- Received the “Outstanding China Enterprise Award” from Capital magazine for the sixth consecutive year
- Received the “Best Investor Relations Company” from Corporate Governance Asia magazine for the sixth consecutive year
- Received the “Shipping In-House Team of the Year” from Asian Legal Business, a well-recognised legal magazine, for the sixth consecutive year
- Received the “Excellence in Investor Relations Award” from IR magazine
- The 2016 Annual Report was recognised with “Traditional Annual Report Bronze Award” and “Cover Design Honours” in the Marine Transportation category at the 2017 ARC Awards



The Group's terminal companies:

- **Kumport Terminal in Turkey** was among the first recipients of the "Green Port" certificate issued by the Ministry of Transport, Maritime Affairs and Communications, Republic of Turkey
- In the 13th China Freight Award organised by China Shipping Gazette, **Dalian Container Terminal** was awarded:
  - The "Platinum Award for Green, Low-carbon Terminal"
  - The "10 Best Container Terminals in Overall Services in China"
- **Yantian International Terminal:**
  - Awarded the "Water Saving Enterprises for 2016" by the Department of Housing and Urban-Rural Development of Guangdong, China
  - Received the 2nd prize of "Yantian International Green Port LESS System Development" by China Association of Plant Engineering
- **COSCO-HIT Terminal and Asia Container Terminal:**
  - Received the "Good MPF Employer Award" by the Mandatory Provident Fund Schemes Authority of Hong Kong
  - **COSCO-HIT Terminal** received the Caring Company logo 2017/18 from The Hong Kong Council of Social Service
  - **Asia Container Terminal** received the 5 years plus Caring Company logo 2017/18 from The Hong Kong Council of Social Service
- **Ningbo Yuan Dong Terminal** was awarded by the Container Branch of the China Ports & Harbours Association-Containers:
  - 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 2016"
- A "Terminal Able to Handle an Average of More Than 30 Unit Containers per Hour in a Chinese Port with Outstanding Efficiency of Container Quay Cranes for 2016"
- **Quan Zhou Pacific Terminal** was awarded the "10 Best Logistics Enterprises in Quanzhou for 2017" by the Quanzhou Economic and Information Technology Commission, Fujian Province, China
- **Jinjiang Pacific Terminal** was awarded the "Model Organisations in Port Workplace Safety for 2016" by the Quanzhou Port Authority, Fujian Province, China
- **Zhangjiagang Terminal** was awarded "The China Container Terminals of Over 600,000 TEU in terms of River-sea Intermodal Volume in 2016" by China Ports & Harbours Association





## Chapter 4 About COSCO SHIPPING Ports

### MEMBERSHIP AND CHARTER

The Group is active in maintaining close contact with the industry, government and community, aiming at exchanging information and experience, keeping pace with new technologies, and understanding the best practices for corporate sustainability to further enhance our competitiveness in the market.

Organisation name <sup>11</sup>	Position
APEC Port Services Network	Member
Shanghai Association of Enterprises with Foreign Investment	Director
Shanghai Transportation Trade Association – Multimodal Transport	Member
Shanghai Institute of Navigation	Executive Director
Shanghai Maritime University “Water Transport Management” Magazine Council	Director
Shanghai Maritime University “Containerised” Magazine Council	Executive Director
Shanghai International Shipping Institute	Executive Director
China Association of Port-of-entry	Director
China Communications Accounting Society	Member
China Construction Machinery Society – Ports	Vice President
Chinese Seafarers Magazine	Member
snet.com.cn	Member
China Ports & Harbours Association – Containers	Vice President
China Ports & Harbours Association	Vice President
The Institute of Internal Auditors	Member
National Technical Committee on Port of Standardisation Administration of China	Member
Chartered Professional Accountants of Ontario	Member
Certified Management Accountants of Ontario	Member
Jiangsu Entry–Exit Inspection and Quarantine Association	Member
Quanzhou Ports Association	President
Quanzhou Container Association	Vice Chairman
American Institute of Certified Public Accountants	Member
The Law Society of England & Wales	Member
The Institute of Chartered Accountants in England & Wales	Member
Hong Kong Investor Relations Association	Member
The Law Society of Hong Kong	Member
The Hong Kong Institute of Chartered Secretaries	Member
Hong Kong Professionals and Senior Executives Association	Member





Organisation name <sup>11</sup>	Position
Institute of Chartered Shipbrokers (Hong Kong Branch)	Member
Hong Kong Institute of Certified Public Accountants	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
Chartered Institute of Management Accountants	Member
Business Environment Council	Member
International Shipping Enterprise Alliance	Member
Lianyungang City Enterprise Credit Management Association	Member
Lianyungang Port and Port Association	Member
Washington State Board of Accountancy	Member
Xiamen Port Association	Member
Fujian Entry-Exit Inspection and Quarantine Association	Executive Director
Fujian Port Association	Director
Guangzhou Nansha District Longxue Street Chamber of Commerce	Honorary President
CPA Australia	Member

Note: <sup>11</sup> Ordered by the number of strokes of organisation names in Chinese.



## Chapter 4 About COSCO SHIPPING Ports



### Corporate Governance

COSCO SHIPPING Ports is committed to upholding high standards of corporate governance. We strive to establish clear and highly transparent corporate governance system that lays a solid foundation for the Company's long-term development and safeguards shareholders' interests. For details about the Company's performance in corporate governance, please refer to the Corporate Governance Report in the Annual Report 2017 of COSCO SHIPPING Ports Limited.

#### GOVERNANCE STRUCTURE

By the end of 2017, the board of directors of the Company (the "Board") consisted of 15 members. Among them, four are executive directors, six 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 criteria and with due regard for the benefits of diversity of the Board. The Company regards diversity of the Board as one of the crucial elements in the Company's sustainable development and in maintaining its competitive advantages.

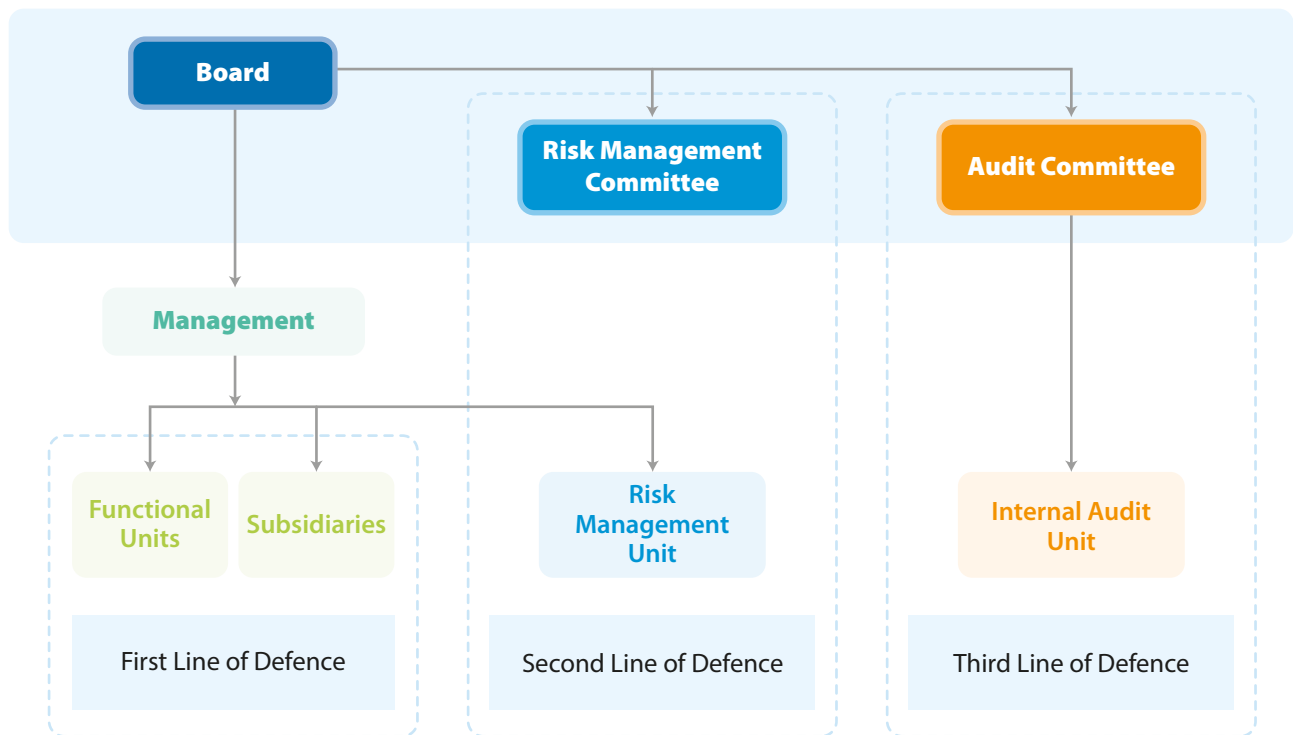
### RISK MANAGEMENT AND INTERNAL CONTROL

The Company has set up risk management and internal control systems that are characterised by the "three layers of defence" model and are integrated with its business operations. Our risk management framework covers 54 risks in five dimensions, namely strategy, market, finance, legal and operation areas and effectively controls the Company's current and future major risks.

#### ANTI-CORRUPTION

We maintain high standards of integrity and ethics in our operations and have zero tolerance to any form of corruption and bribery. We have dedicated anti-corruption personnel and relevant grievance mechanisms in place, and convey anti-corruption principles and requirements to our employees in the Employee Handbook. We also organise anti-corruption trainings and various educational and promotional activities to increase the awareness of anti-corruption and self-discipline of employees. For example, we invite the Hong Kong Independent Commission Against Corruption every year to offer trainings to our staff at the Group headquarters. At the same time, the Group headquarters and subsidiaries require all potential suppliers to sign the Supplier's Undertaking Against Commercial Bribery to ensure a fair and open competitive environment for honest cooperation.

## Risk Management Structure ►►



## Risk Management Procedures ►►





## Chapter 5

# Stakeholder Engagement and Materiality Assessment

### Stakeholder Engagement

The Group highly values the views of our stakeholders. We actively engage with them via diverse, interactive channels and platforms to understand their needs and expectations of the Group, providing a sound basis for our formulation and adjustment of the Group's sustainability strategy and goals.



## Chapter 5 Stakeholder Engagement and Materiality Assessment

### KEY STAKEHOLDERS AND REGULAR ENGAGEMENT

The table below outlines the channels of our regular engagement with key stakeholders in daily operations and their concerns:

Stakeholder groups	Engagement channels	Stakeholder concerns
 <b>Customers</b>	Customer satisfaction surveys, service hotlines, meetings, business visits, promotions, forums	Preferential rates, operational efficiency, diverse service offerings, freight safety
 <b>Employees</b>	Performance reviews, meetings, labor unions, trainings, internal newsletters "The Ports News", WeChat official account, employee satisfaction surveys	Employee complaints and suggestions, career planning and development, occupational health and safety, nourishing corporate culture
 <b>Shareholders and investors</b>	Meetings, roadshows, investor conferences, company website, corporate correspondence (financial statements, sustainability reports, and circulars), annual general meetings	Financial results, business strategies, development plans, returns on investment
 <b>Suppliers</b>	Tender meetings, contract and agreement negotiations, regular assessments, business exchanges, seminars	Supplier management, how suppliers should improve the quality of supplies
 <b>Governments and regulators</b>	Subject-specific reports, information submission, forums, visits	Operational compliance, effective safety management, undertaking corporate social responsibilities
 <b>Community and environmental representatives</b>	Company website, WeChat official account, corporate promotional brochures, briefings, community activities	Promote community development, support employees' participation in community activities, effective environmental management







## Chapter 5 Stakeholder Engagement and Materiality Assessment

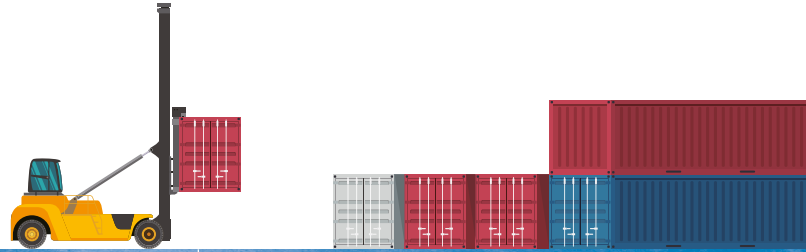
### RESPONSES TO STAKEHOLDERS



In addition to regular engagement, the Group also engages with stakeholders each year in preparation for our sustainability reports. In 2017, the Group commissioned a third-party professional consultant to engage with our internal and external stakeholders<sup>12</sup> (including our staff at the Group headquarters, customers, suppliers, shareholders and investors). The consultant conducted telephone interviews and surveys to understand their views on the Group's sustainability performance and their expectations of our future work. Their feedback helped our assessment of the importance of different sustainability topics to stakeholders and shaped the content of this report with more specific disclosures.

The table below summarises the stakeholders' feedback gathered through this engagement and the Group's corresponding responses.

Sustainability topics	Issues raised by stakeholders and expectations on the Group	The Group's responses
 <p><b>Economic performance</b></p>	<ul style="list-style-type: none"> <li>Continuous improvement of service quality and operational efficiency to enhance overall business profitability</li> <li>Stable expansion of overseas terminals business and prudent risk management</li> </ul>	<p>In advancing the globalization of our terminals business, we strategically consider the shipping routes of shipping companies to provide comprehensive services, and study the economic environment, transport infrastructure and growth potential of the countries where our projects are located. After assessing relevant risks and returns, we select the container hub ports with greater growth potential that enables our stable business growth. We are actively involved in the operations of the ports and strive to improve service quality and operational efficiency.</p> <p>For more information, please see Chapter 7 Customers First</p>
 <p><b>Corporate governance</b></p>	<ul style="list-style-type: none"> <li>Maintain stable and continuous growth in shareholder returns</li> <li>Strengthen disclosures of operational and management information of the Group's terminal companies</li> </ul>	<p>The key to bringing stable investment returns to our shareholders and investors lies in the following areas where the Group's management has been focusing its efforts: establishing good relationships with customers, seeking more routes berthing, and improving the operational and management efficiency of our terminals portfolio.</p> <p>As stakeholders place greater emphasis on the transparency and quality of corporate information disclosure, we continue to enhance the information in this report by providing detailed sustainability results of different terminal companies within the Group, to inform our stakeholders of our business and management updates more effectively and accurately.</p>

Note: <sup>12</sup> The Group invited relevant stakeholders to participate in this engagement based on their expertise, relationships with the Group, influence on the Group's decision making, and willingness to participate.



Sustainability topics	Issues raised by stakeholders and expectations on the Group	The Group's responses
 Employees	<ul style="list-style-type: none"> <li>Improve Human Resources (HR) planning and internal processes to address the potential HR risks while the Group is implementing globalization strategy</li> </ul>	<p>During the year, the Group enhanced its talent training and development through initiatives such as the employee exchange programme, the Leadership Training Programme for mid- to senior-level managers and 360-degree appraisal system, which supports the Group's globalization vision.</p> <p>For more information, see Chapter 6 Caring for Our People</p>
 Environment	<ul style="list-style-type: none"> <li>Continue to promote green port development through building automated terminals</li> </ul>	<p>In response to the industry trend of automated terminals, the Group actively seek to automate gate and yard operations and promote green operation and development of the terminal companies within the Group, to achieve "double benefits" in terms of the economy and environmental protection.</p> <p>For more information, see Chapter 8 Green Development</p>
 Supply chain management	<ul style="list-style-type: none"> <li>Further disclose supply chain information, particularly for the Group's management approach in effectively monitoring and managing outsourcing services</li> </ul>	<p>The Group is committed to incorporating sustainability criteria into its selection and management of suppliers. We also place great emphasis on outsourcing management and exercise managerial and supervisory responsibilities from policy-level improvement to operations.</p> <p>For more information, see Chapter 9 Win-win Cooperation</p>
 Community	<ul style="list-style-type: none"> <li>Enhance the Group's disclosure on its community commitments</li> </ul>	<p>The Group encourages its terminal companies to engage and grow together with the communities where they operate to demonstrate our community commitments.</p> <p>For more information, see, Chapter 10 Investing in Communities</p>



## Chapter 5 Stakeholder Engagement and Materiality Assessment

### Materiality Assessment

In 2016, the Group conducted a comprehensive assessment on the materiality of sustainability topics with reference to the GRI G4 Guidelines and the “Environmental, Social and Governance Reporting Guide” of the Stock Exchange of Hong Kong. We collected and analysed stakeholders’ feedback to prioritise material topics. After the Group’s management reviewed the assessment results, we identified five material topics that mattered most to our stakeholders, namely employees, products and services, environmental impacts and compliance, supply chain management and local communities.

Through our engagement with internal and external stakeholders in 2017, we determined that last year’s assessment remains valid. Based on stakeholders’ feedback, we further conducted an analysis of the Group’s business strategies, industry updates, media reports, and global sustainability trends. We presented more detailed disclosures in this report about our initiatives and performances on material topics, as an effort to improve the report quality and meet stakeholders’ expectations on the Group to continuously strengthen its sustainability performance. Below are the key chapters of this report and the details of disclosure about each sustainability topic:

### Material topics<sup>13</sup>

6



#### Employees

### Chapter 6 Caring for Our People

- Employment
- Labour relations
- Occupational health and safety
- Training and education
- Equal opportunity

7




#### Products and services

### Chapter 7 Customers First

- Product and service labelling
- Customer privacy
- Compliance



Note: <sup>13</sup> For the boundary mapping of material topics, please see Chapter 11 Appendices Boundary Mapping of Material Topics of COSCO SHIPPING Ports.




8

**Environmental impacts and compliance**

**Chapter 8  
Green Development**

- Energy use
- Emissions
- Effluents and waste
- Products and services
- Compliance




9

**Supply chain management**

**Chapter 9  
Win-win Cooperation**

- Assessment of suppliers' social and environmental performance

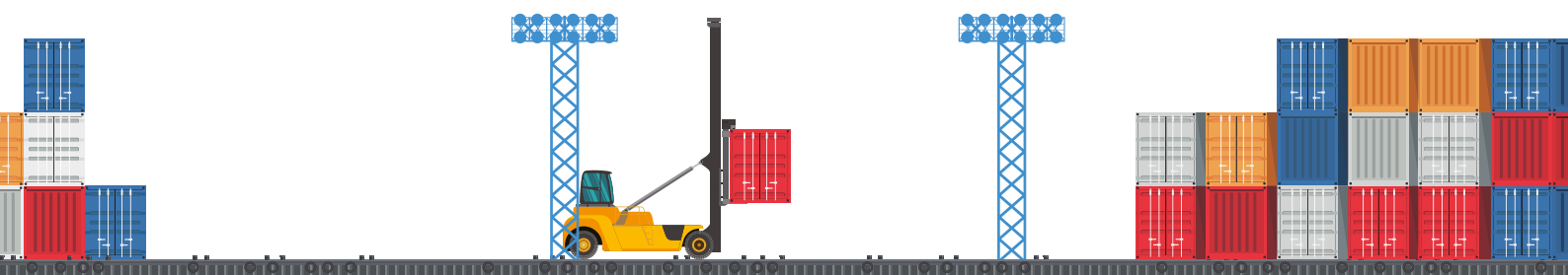


10

**Local communities**

**Chapter 10  
Investing in Communities**

- Local communities



## Chapter 6

# Caring for Our People: Growing Together with Our Employees

### Our Commitments

A company's most valuable asset is its employees, whose talent is essential for a company to enhance its operations management and competitiveness. Upholding the principle of caring for our people, the Group aims to build a team of professionals and provide them with a healthy and safe workplace to unleash their full potential. As we grow together with our employees, we are committed to recruiting top candidates and developing their global vision and management thinking as part of our efforts to foster a culture of openness, inclusiveness and excellence.



Building a team  
of excellence



Investing in  
talent training  
and  
development



Maintaining a  
healthy and safe  
work  
environment



Fostering a  
diverse and  
inclusive culture







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

### Our Workforce Profile

As of the end of 2017, the total workforce of the Group is 9,683, consisting of 3,380 employees from the Group headquarters and subsidiaries around the world, and 6,303 employees from our joint ventures and associates.<sup>14</sup>

### Total workforce by gender

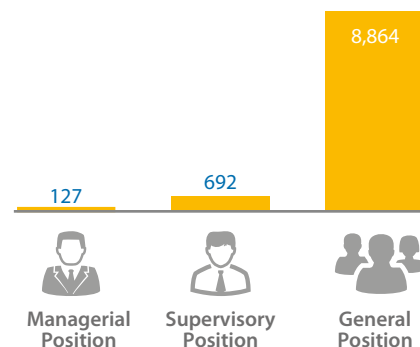


Male 8,420  
**87%**

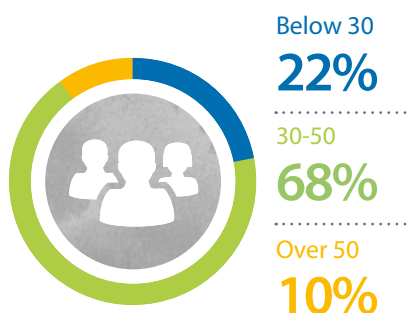


Female 1,263  
**13%**

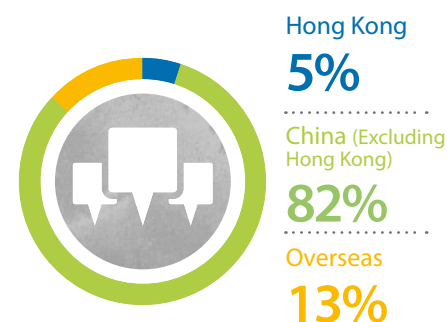
### Total workforce by employment category



### Total workforce by age group



### Total workforce by region



Note: <sup>14</sup> For more detailed employee statistics, please see Chapter 11 Appendices Key Performance Indicators.



## Our Management Approach



### BUILDING A TEAM OF EXCELLENCE

The Group strictly complies with all laws and regulations relating to employment, labour relations and labour standards in the markets where we operate, such as the Labour Law of the People's Republic of China and the Labour Legislation in Hong Kong. We have also established sound human resource management principles and policies in accordance with relevant laws and regulations that require strict compliance of our subsidiaries. The Company's Human Resource Management Guidelines give a clear explanation on employee recruitment, promotion and resignation, pay scales, employee trainings and appraisals that enables the effective implementation of standardised human resource practices. The Company's Employee Handbook describes rules and measures regarding working hours,

compensation and benefits, leave, trainings and appraisals, and provides guidelines for the ethics and professional conduct of our employees. Our terminal companies manage their own human resource practices with guidance from the Group's policy, taking into account their specific operational needs and management objectives.

The Group adheres to principles of recruitment where selection is based on merit, comprehensive assessment, fairness and open competition. We attract talents through diverse recruitment channels, and our annual recruitment strategy is planned according to the Group's performance and developments within the economy and the shipping industry to ensure that staffing meets the needs of the Group.



On-site job fairs or special job fairs held by the Company



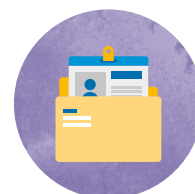
Advertisement and the Internet



Talent consulting companies



Campus recruitment targeting fresh graduates



Internal recruitment or referral





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

### Total number of employee turnover of the Group



No. of people  
**548**

Turnover rate (%)  
**5.7%**

#### By gender

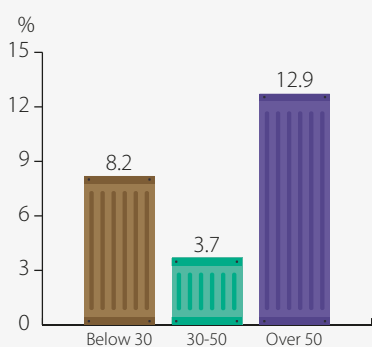


Male  
**5.5%**

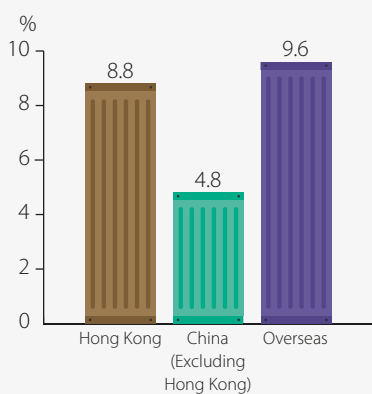


Female  
**6.7%**

#### By age group



#### By region



### Total number of new employee hires of the Group



No. of people  
**559**

New hire rate (%)  
**5.8%**

#### By gender

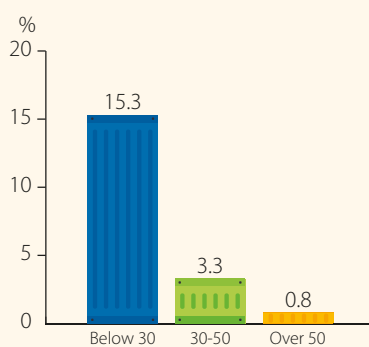


Male  
**6.2%**

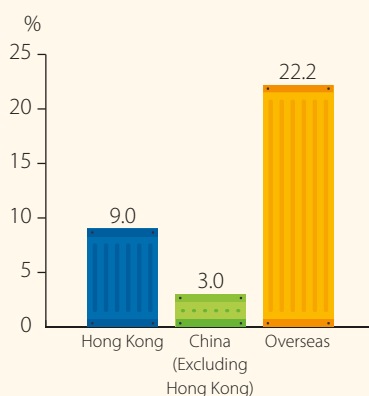


Female  
**2.9%**

#### By age group



#### By region





We seek to protect the rights and welfare of our employees while offering and maintaining competitive remuneration packages. For example, staff at the Group headquarters enjoys benefits such as paid leave (including annual leave, sick leave, maternity leave, paternity leave, marriage leave and bereavement leave), statutory social security benefits, medical insurance coverage and annual health checks. We also conduct annual salary reviews to understand the needs and concerns of our employees in a timely manner. This helps us to retain talent and gain sustainable competitive advantage.



#### INVESTING IN TALENT TRAINING AND DEVELOPMENT

The Group encourages our employees to take part in continuous and lifelong learning that can both support the development needs of the Group and prepare themselves to adapt to a rapidly changing market. We have established comprehensive training systems with reference to the Company's Human Resource Management Guidelines. Our terminal companies conduct relevant trainings to meet corresponding business needs. This provides our employees with a diverse range of internal and external trainings opportunities, initiatives and courses that are specific to different departments and positions to improve their professional skills, broaden global vision and fulfil their own values.

In 2017, the Group continued to invest in the development and training of our employees. For staff at the Group headquarters and terminal companies, the total training expenditure is USD1,874,275. The Group headquarters organised and participated in 27 internal and 82 external trainings in 2017, accumulating a total of 23,480 training hours<sup>15</sup> collected by 435 participants.

Note: <sup>15</sup> The statistics of training hours excluded the Group's terminal companies for now. We will explore ways to collect complete information for disclosures in future reports.

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

### Training Format

- ✓ Organising specialised trainings
- ✓ Professional lectures, seminars or workshops
- ✓ Inviting external experts to give themed lectures
- ✓ Activities and forums
- ✓ Management and professional courses

### Induction training

that includes an introduction to the Group, department functions and job requirements; work rules, regulations and employee conduct; and on-the-job trainings. This ensures that employees are equipped with the basic knowledge of the Group to fulfil the requirements of their positions.

### Professional development and skills trainings

that cover updates to operational and business functions, the latest management theories, and any changes in policies and regulations for employees to refresh the skills and knowledge required for their positions. During the reporting period, trainings were conducted on topics such as compliance, business environment, leadership, standardised operations, safe operations and business etiquette.

*"During this period, I gained better understandings of policy and data management from the Group headquarters through an active learning experience of listening, observing and practicing. I will seek to apply these methods to enhance my management capability in the future work."*

– Tang Pofeng at Yangzhou Yuanyang Terminal



◀ In 2017, the Group organised an exchange programme where 22 employees switched roles from the Group headquarters with selected terminal companies in China. This programme promoted a mutual understanding among employees and improved coordination between departments and terminal companies. The programme also offered our employees a platform to learn, develop and elevate.





- ▲ In November 2017, the Group held a Leadership Training Programme for Middle to Senior Management in Hong Kong with the participation of 17 mid- and senior-level managers. An instructor from a well-known training institution in Hong Kong as well as other professionals were also invited for a discussion on terminal operations and management. The programme strengthened the all rounded capabilities, such as strategic thinking, leadership and team building, of our mid- and senior-level managers, broadened their global vision and enhanced long-term planning abilities.

*"I am very grateful to the Group headquarters for giving me this training opportunity, to the instructor for teaching us and to the HR Department at the Group headquarters for their meticulous arrangement. In future, I will gradually absorb the knowledge and apply the theories into practices to leverage what I have learned to contribute to implementing the strategic planning of COSCO SHIPPING Ports."*

*-- Ren Haijun at Kumport Terminal*

### Trainings that build our culture and team spirit

to help employees develop a sense of belonging, increase morale, and build a culture of responsibilities and entrepreneurship.



- ▲ In November 2017, **Lianyungang New Oriental Terminal** organised an outdoor training programme that consisted of three sessions, each lasting for two days, with 156 employees participating.



- ▲ In September 2017, **Dalian Container Terminal** held an outdoor team building training programme with the participation of 400 employees.

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



By the end of 2017, the Group's **Kumport Terminal in Turkey, Dalian Container Terminal, Yingkou New Century Terminal, Lianyungang New Oriental Terminal and Asia Container Terminal** have obtained the OHSAS 18001 Occupational Health and Safety Management Systems certification. **Zhangjiagang Terminal and Jinzhou New Age Terminal**, respectively, have achieved Level 1 and Level 3 certificates of the Safety Production Standardisation for Transport Companies.

We continue to improve our employee appraisal system and incentive mechanism. In 2017, the Group launched a new 360-degree appraisal system where we conducted multiparty assessments on employees' performance and capabilities based on the principles of differentiation, comprehensiveness and fairness. Through the online appraisal system, employees can anonymously peer-evaluate the performance of other employees at the Group headquarters and those appointed to the terminals. Meanwhile, supervisors and department heads engage with the employees in the two-way communication to share the appraisal feedback and suggestions for improvement. The appraisal results form the implementation basis of annual bonus, salary adjustment, position changes and employee trainings in human resource development plans.



### Maintaining a Healthy and Safe Work Environment

The Group attaches great importance to the occupational health and safety of workers across our operations, including our employees and contractors. We uphold the principle of "safety comes first, precaution is crucial", and strive to prevent accidents from happening in the first place.<sup>16</sup>

In 2017, the Group recorded zero fatalities, 54 work-related injuries and 1,207 lost days for our employees during the year.

#### • CONTINUOUSLY IMPROVING OUR SAFETY MANAGEMENT SYSTEM

The Group strictly follows the COSCO SHIPPING's Regulations on Occupational Health and Safety Management. According to relevant local laws, regulatory requirements and business needs, our terminal companies continue to improve their handbook and guidelines on occupational health and safety management. They have defined work plans and targets that outline the responsibilities of each department and personnel at all levels and operational procedures. To effectively monitor the implementation of the Safety Responsibility System, the Group requires each department to sign the Safety Responsibility Statement at the beginning of each year, and integrates the latest safety targets and requirements into the employee performance appraisal system for regular assessment.

#### • ENHANCING SAFETY HAZARD IDENTIFICATION

The Group's terminal companies conduct regular and comprehensive safety inspections at the work locations. Our workplace safety specialists are responsible for examining potential hazards, identifying risks and carrying out preventive measures to reduce the risk of accidents. Once a problem is identified, they conduct in-depth analysis, rectify the potential safety hazards and ensure the problem is solved after re-examination. We also organise regular emergency drills that simulate accident scenes. This enhances the capabilities of our employees to handle accidents, reduce incidents and losses, and further enhance our control and management of safety risks.

Note: <sup>16</sup> For our approach to safety in our outsourcing management, please refer to Chapter 9 Win-win Cooperation: Building Sustainable Supply Chain Our Management Approach.





**Jinzhou New Age Terminal** adopted the following measures to eliminate any source of potential safety hazards:

- Ordering customised lifting cages to unlock containers that ensures the safety of loading and discharge workers (Fig.1)
- Using magnet tools to clear metal scrap in the yard area to improve traffic conditions of terminal equipment, prevent tyre bursts, and protect the safety of employees and pedestrians
- Ordering customised H-shaped container spreaders to perform off-site loading and discharge operations of ferronickel that can increase the lifting strength, protect the safety of loading and discharge workers, and reduce the risks of damaging the containers (Fig.2)

#### • BUILDING A CULTURE OF HEALTH AND SAFETY

We strive to build a health and safety culture in the workplace by raising the awareness of occupational health and safety and developing a sense of responsibility of our employees. In 2017, the Group continued to organise occupational health and safety trainings and activities such as the safety experience exchange programme among terminal companies. This enabled our employees to learn relevant rules and procedures, and enhanced their understanding of the latest safety laws and regulations, safety measures and technologies. In 2018, the Company is planning to launch the Safety Education and Training Platform as an effort to share relevant resources within the Group.

In August 2017, the Group and its terminal companies organised an exchange programme on safety education and training, where **Lianyungang New Oriental Terminal**, **Xiamen Ocean Gate Terminal** and **Yingkou New Century Terminal** shared their own experiences in safety management. In addition, the Company's Safety Committee paired eight terminal companies based on their safety performance. These terminal companies signed the Agreement on Building Safety Together of COSCO SHIPPING Ports to promote mutual learning, improve the Group's overall safety performance and ensure operational efficiency.





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



**COSCO-HIT Terminal** and **Asia Container Terminal** organised a model making family activity with the participation of 40 employees and their families.



**Ningbo Yuan Dong Terminal** held a mini marathon with the participation of 178 employees.



**Jinzhou New Age Terminal** celebrated the Spring Festival with a series of activities such as table tennis and Chess competitions.





## Fostering a Diverse and Inclusive Culture

Following relevant laws and regulatory requirements where we operate, the Group strictly prohibits child and forced labour. We uphold the principles of equality, diversity and anti-discrimination in employment as part of our effort to promote harmonious labour relations.

We encourage more interaction between the employer and employees, and continuously promote effective communication among individuals, departments, senior management and general employees through diverse channels. The Company has developed grievance mechanisms to handle employee complaints in its Human Resource Management Guidelines. It has also established a free speech mechanism where employees are encouraged to communicate any problems they encounter at work with the Company's senior management, the Department of Human Resources and Administration, corresponding department heads or the trade union. In 2017, we launched our internal newsletters, "The Ports News," and the WeChat official account, both of which have become the information sharing platforms for our employees at different locations. It has effectively shaped the core values and promoted cultural integration of COSCO SHIPPING Ports.

We also offer our employees support in maintaining work-life balance and achieving wellness and all-round development. During the reporting year, the Group organised sports, arts and family activities that have helped our employees relieve stress and increase camaraderie.



**Shanghai Pudong Terminal** organised a family activity called "Hand in Hand Painting" for its employees and their families at its trade union club.



**Shanghai Mingdong Terminal** held a photo contest themed "the most beautiful worker" with the participation of 22 employees.



**COSCO-HIT Terminal** and **Asia Container Terminal** held a Christmas party with the participation of 127 employees.

## Chapter 7

# Customers First: Creating an Enduring Brand

### Our Commitments

Customers first, one of our core values, defines the Group's strategic focus to create and maintain competitive advantage. In light of recent industry trends such as the proliferation of larger vessels and alliance formation among shipping companies, the Group seeks to implement our long-term strategic plan to build a global network and a diversified portfolio of terminals. Most of our subsidiaries own deep-water berths that cater for the needs of larger vessels, and our terminals spread along the shipping routes of shipping alliances. With our expansive terminal network coverage, we strive to deliver high quality services and greater value to our customers while enhancing the Group's core competencies. At the same time, we dedicate ourselves to enhancing the management of our terminal companies, and continue to optimise our operating model. While we ensure our service provision is safe and compliant, we actively protect the rights of our customers, and value their opinions and suggestions. By keeping abreast of market dynamics and changing demand, we endeavour to innovate continuously to meet and even exceed the expectations of our customers.



Standardising  
management  
procedures



Optimising  
terminal  
operations



Improving  
customer  
services







## Chapter 7 Customers First: Creating an Enduring Brand

### Our Business Performance

Throughput of the Group for the year ended 31 December 2017			
	2017 (TEU)	2016 (TEU)	Change (%)
<b>Bohai Rim <sup>1</sup></b>	15,974,976	15,112,768	+5.7
Dalian Container Terminal <sup>2</sup>	6,758,148	5,866,247	+15.2
Dalian Dagang Terminal	24,582	21,094	+16.5
Tianjin Euroasia Terminal	2,469,753	2,232,973	+10.6
Tianjin Five Continents Terminal	2,580,943	2,571,772	+0.4
Yingkou Terminal <sup>3</sup>	3,011,107	3,456,184	-12.9
Jinzhou New Age Terminal	571,113	449,016	+27.2
Qinhuangdao New Harbour Terminal	559,330	515,482	+8.5
Qingdao Qianwan Container Terminal <sup>4</sup>	Not applicable	17,499,703	Not applicable
QPI <sup>5</sup>	12,270,000	Not applicable	Not applicable
<b>Yangtze River Delta</b>	19,630,693	18,508,168	+6.1
Shanghai Pudong Terminal	2,650,396	2,556,220	+3.7
Shanghai Mingdong Terminal	6,500,062	5,900,056	+10.2
Ningbo Yuan Dong Terminal	2,980,839	2,536,182	+17.5
Lianyungang New Oriental Terminal	2,872,563	3,100,243	-7.3
Zhangjiagang Terminal	735,918	675,062	+9.0
Yangzhou Yuanyang Terminal	489,108	454,104	+7.7
Nanjing Longtan Terminal	2,881,008	2,773,005	+3.9
Taicang Terminal	520,799	513,296	+1.5
<b>Southeast Coast and others</b>	5,079,660	4,533,026	+12.1
Xiamen Ocean Gate Terminal	1,501,001	1,131,197	+32.7
Quan Zhou Pacific Terminal	1,384,479	1,308,652	+5.8
Jinjiang Pacific Terminal	495,993	364,255	+36.2
Kao Ming Terminal	1,698,187	1,728,922	-1.8
<b>Pearl River Delta</b>	27,049,187	24,697,218	+9.5
Yantian Terminals	12,703,733	11,696,492	+8.6
Guangzhou Terminal <sup>6</sup>	10,856,559	10,567,976	+2.7
Hong Kong Terminal <sup>7</sup>	3,488,895	2,432,750	+43.4
<b>Southwest Coast</b>	1,357,005	1,138,057	+19.2
Qinzhou International Terminal	1,357,005	1,138,057	+19.2
<b>Overseas</b>	18,840,664	13,582,982	+38.7
Piraeus Terminal	3,691,815	3,470,981	+6.4
Zeebrugge Terminal	316,448	277,363	+14.1
NPH Group <sup>8</sup>	554,028	Not applicable	Not applicable
COSCO-PSA Terminal	2,044,536	1,809,428	+13.0
Reefer Terminal <sup>9</sup>	39,455	Not applicable	Not applicable
Euromax Terminal <sup>10</sup>	2,693,337	653,808	+311.9
Kumport Terminal	1,063,335	665,398	+59.8
Suez Canal Terminal	2,528,647	2,547,597	-0.7
Antwerp Terminal	2,166,096	1,922,281	+12.7
Busan Terminal	3,554,512	2,084,592	+70.5
Seattle Terminal	188,455	151,534	+24.4
<b>Total</b>	<b>87,932,185</b>	<b>77,572,219</b>	<b>+13.4</b>
<b>Total (included QPI in 2017 and Qingdao Qianwan Terminal in 2016)</b>	<b>100,202,185</b>	<b>95,071,922</b>	<b>+5.4</b>

Notes:

- 1: Excluded throughput of QQCT and QPI.
- 2: The merger of Dalian Container Terminal, Dalian Port Container Terminal Co., Ltd ("DPCT"), Dalian International Container Terminal Co., Ltd ("DICT") was completed in October 2017. The figure of DCT in FY2016 included the throughput of DPCT and DICT; while the figure of DCT in FY2017 included the throughput of "DICT and DICT for the first ten months and the throughput of DCT in November and December.
- 3: Yingkou Container Terminal and Yingkou New Century Terminal were put under same management in May 2017. Therefore, the throughput of the two terminals were combined within the throughput of Yingkou Terminal.
- 4: The throughput of QQCT was excluded since 1 January 2017.
- 5: The throughput of QPI was included since 1 May 2017.
- 6: The integration of operation of Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal was commenced in August 2017. Therefore, the throughputs of the two terminals were combined within the throughput of Guangzhou Terminal.
- 7: The co-management and operation of COSCO-HIT Terminal, Asia Container Terminal and Hongkong International Terminal was commenced on 1 January 2017. Therefore, the throughputs of COSCO-HIT Terminal and Asia Container Terminal were combined within the throughput of Hong Kong Terminal.
- 8: The throughput of NPH Group was included since 1 November 2017.
- 9: The throughput of Vado Reefer Terminal was included since 1 April 2017.
- 10: The throughput of Euromax Terminal was included since 1 October 2016.
- 11: The total throughput of bulk cargo (excluding QPI) in 2017 was 80,810,524 tons (FY2016: 80,821,924 tons), which was similar to last year. The throughput of Dalian Automobile Terminal Co., Ltd. was 711,040 vehicles (FY2016: 569,942 vehicles), representing an increase of 24.8%. The throughput of bulk cargo of QPI from May to December 2017 was 18,343,000 tons.



## Our Management Approach



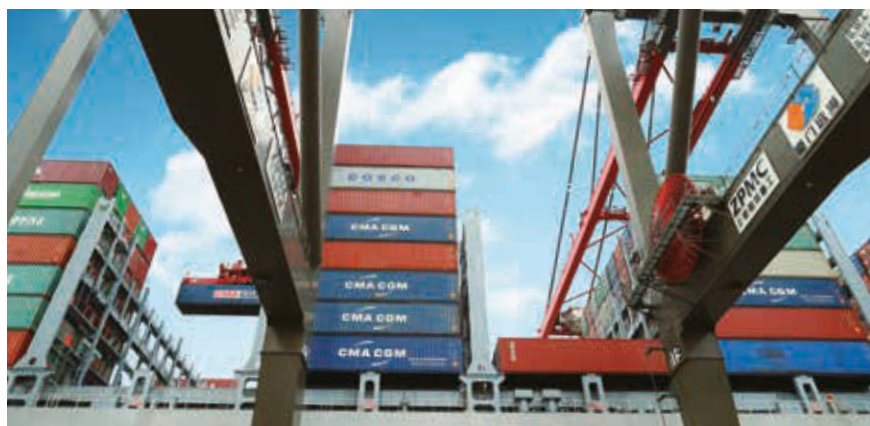
### STANDARDISING MANAGEMENT PROCEDURES

The Group has established uniform operating standards for core workflows relating to gate management, yard operations, and apron operations. Through our key performance indicator evaluation system, we comprehensively and effectively manage the performances of our subsidiaries in four areas: throughput and capacity, operations services, operational efficiency and resource consumption. Moreover, to lay a solid foundation for our continuous innovation and improvement, we encourage our sales team to adopt best practices that enhance our professional expertise and ensure the reliable provision of quality customer services.



### OPTIMISING TERMINAL OPERATIONS

The Group actively promotes the automation of gates and yards to improve the efficiency of container loading and discharge. With the adoption of innovative electronic information technologies, we strive to optimise workflows and operations for each department by implementing digitalisation that can improve both our safety performance and operational efficiency. This also enables us to provide customer services with higher quality and enhance our core competencies.



In 2017, the Group's terminal companies took various measures to optimise terminal operations with the following highlights:

- **Xiamen Ocean Gate Terminal** operates and manages the first fully automated container terminal in China, which is smart, safe, environmentally friendly, and capable of accommodating the world's largest over 20,000 TEU container vessels. Since the launch of its operations in March 2016, most of the terminal operations have been controlled by central computers that can perform efficient, smart and dynamic management of port equipment. Moreover, its adoption of automated rail mounted gantry cranes and the innovative design of container platform has significantly increased the container throughput, operational efficiency and economic performance, while achieving zero accidents.
- **Guangzhou South China Oceangate Terminal** applied the CATOS system of the South Korean company TSB to its terminal operations, bringing higher efficiency to workflow management and planning. For example, the deployment of the system's CHES technology allows the terminal to achieve optimal routing and scheduling for yard trucks. The successful application of the system has saved an estimated 26,000 kilometres of the travel distance of yard trucks each month, and has significantly reduced the costs of its fuel consumption.
- **Abu Dhabi Terminal<sup>17</sup>** is planning to adopt the optical recognition system, Radio Frequency Identification (RFID) technology and the automated barrier system at the entry and exit gates to automate gate operations, which will greatly reduce the gate handling time of trucks. Internal and external trucks will be equipped with RFID cards that allow operators to monitor the positions and movements of trucks at the yard, get more accurate real-time traffic information and make the best judgement. In addition, the unmanned, automated rail mounted gantry cranes can operate perpetually, which will offer highly efficient and stable services, increase the efficiency of yard operations and improve yard management.
- **Shanghai Mingdong Terminal** used 5.8G wireless transmission technology to carry out remote video monitoring and management of industrial-scale equipment such as gantry cranes and rubber-tyred gantry cranes that can enhance its safety management. The technical solution for remote video monitoring and management of rubber-tyred gantry cranes has been patented by the International Intellectual Property Office.

Note: <sup>17</sup> Abu Dhabi Terminal, which is not covered in the scope of this report, was cited here as an example.

## Chapter 7 Customers First: Creating an Enduring Brand



By the end of 2017, the Group's **Dalian Container Terminal**, **Zhangjiagang Terminal** and **Lianyungang New Oriental Terminal** have achieved the ISO9001 Quality Management certification.



### IMPROVING CUSTOMER SERVICES

Our service quality is dependent on whether we can grasp the real needs of our customers. Every year, the Group's terminal companies seek to obtain the service quality feedback from our clients, including shipping companies and consignors, through various channels such as regular customer satisfaction surveys, service hotlines, conferences, business visits, promotions and forums. We continue to improve our customer service and ensure that customer concerns are timely and properly handled, based on each terminal company's own operations. During the reporting period, there were no reported fines or non-monetary sanctions due to non-compliance with laws or regulations concerning products and services.

In 2017, the Group headquarters invited major shipping company clients to participate in an email questionnaire survey and provide satisfaction ratings in the areas of our sales and marketing, terminal equipment and facilities, loading and discharge efficiency, the service for vessel sailing schedule, container pick up and return process, yard planning, ship planning and relevant operators, emergency handling capacity and safety and security. Respondents awarded COSCO SHIPPING Ports' Sales and Marketing Department a full score of 5 (very satisfied), and nine subsidiaries of the Group scores of 4 (satisfied) or 5 (very satisfied).

In 2017, the Group's terminal companies strived to provide customers with higher quality services and improved customer satisfaction by actively innovating and upgrading our services:



- **Developing mobile apps:**  
**Lianyungang New Oriental Terminal** has completed Phase 2 of the online ordering and payment system by extending its application to IOS and Android mobile operating systems so that customers can conduct business transactions and track container information at any time.





**Guangzhou South China Oceangate Terminal** continued to deliver convenient services for customers by means of online business hall, WeChat ordering and online payment. Moreover, it launched the GNT information platform together with its WeChat official account to improve convenience for customers and employees inquiring about the services.

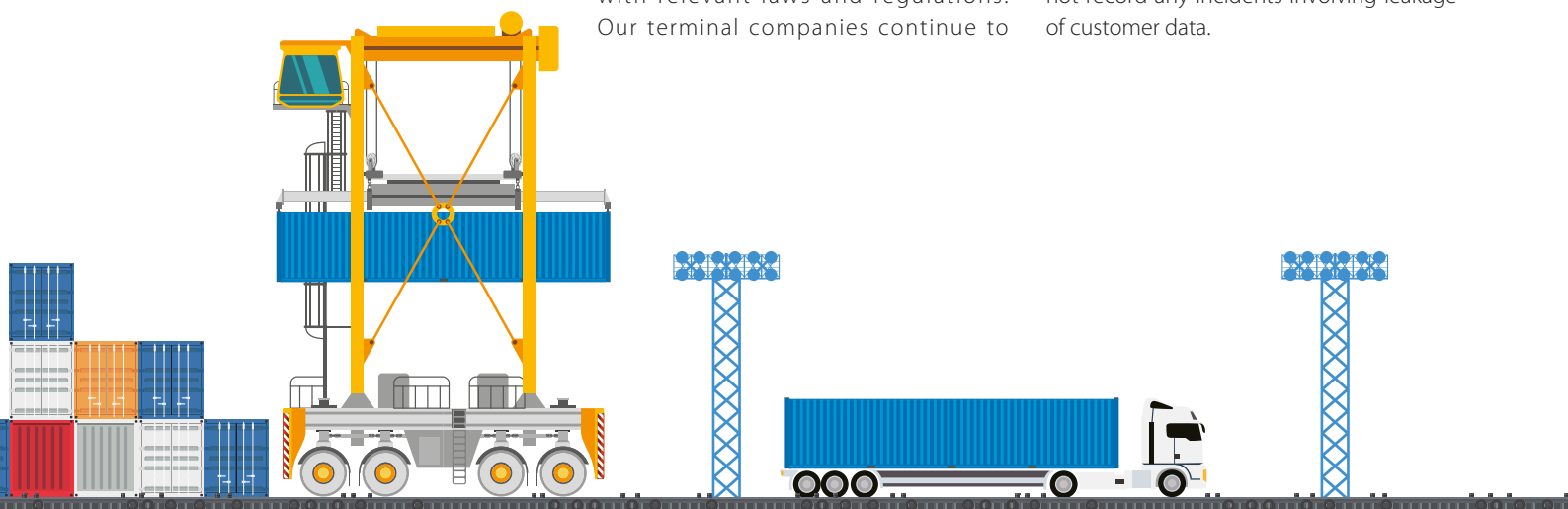
- **Building a service-oriented port:**  
In March 2017, **Xiamen Ocean Gate Terminal** established the "Seamen's Family", a recreational space equipped with facilities such as free Wi-Fi, a reading room, a video room, a convenience store and a gym for seamen to rest. Moreover, field patrol vehicles are used to provide free shuttle services for seamen when disembarking and boarding ships. These initiatives can not only solve the traffic problems when seamen stay at the terminal but also avoid safety hazards to better serve our customers and ships.



- **Integrating resources and innovating sales and marketing model:**  
In early 2017, **Quan Zhou Pacific Terminal** and **Jinjiang Pacific Terminal** launched the "joint sales and marketing" model. A joint sales committee from the two companies covering three port areas was established to coordinate sales and marketing, business and customer services, and resource sharing. This initiative has been well received by customers since its launch as it has allowed for more comprehensive and high quality services.

As a responsible company, we are committed to protecting customer data privacy and safety, and strictly comply with relevant laws and regulations. Our terminal companies continue to

improve data security management systems by implementing confidentiality policies and establishing Confidentiality Committees to ensure the appropriate use of customer information. We also attach great importance to enhancing the information safety awareness of our employees. Staff at the Group headquarters has signed the COSCO SHIPPING Ports Employee Statement of Confidentiality and Responsibility. In the event of any data breach incident or other violation of confidentiality regulations, staff are required to take immediate corrective action, and report to the Company's Confidentiality Committee to reduce relevant risks and enhance the Group's information security. During the reporting period, the Group did not record any incidents involving leakage of customer data.



## Chapter 8

# Green Development: Building “Green Ports”

### Our Commitments

With the Group’s commitments to building “green ports”, we have been focused on managing the environmental impacts that are most relevant to our operations and business activities, including energy consumption, greenhouse gas (GHG) emissions, air pollution, use of materials, effluents and waste. We strive to minimise our environmental impacts and our consumption of natural resources by establishing comprehensive and effective environmental management systems, adopting more advanced technology and equipment, and continuously investing in environmental protection measures. This can lead us to enhance operational efficiency, while realising the “double target” of the environmental and economic benefits. We also work closely with our stakeholders and brainstorm solutions together towards a shared future of green and low-carbon development to realise our commitment on green development.





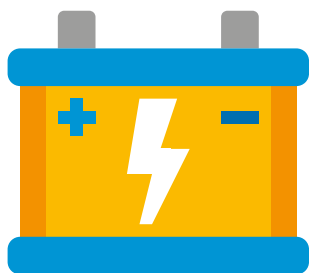


## Chapter 8 Green Development: Building "Green Ports"

### Our Environmental Performance<sup>18</sup>

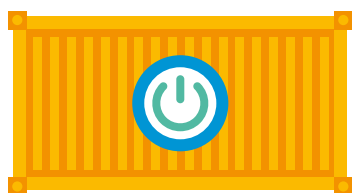
The Group's direct and indirect energy consumption in 2017

**4,364<sub>TJ</sub>**

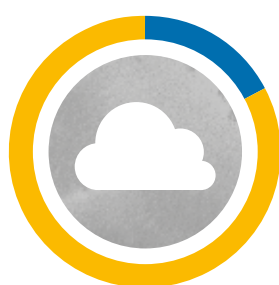


Direct and indirect energy consumption per million TEUs

**84<sub>TJ</sub><sup>19</sup>**



The Group's GHG emissions in 2017<sup>20</sup>



Direct GHG emissions (Scope 1)

**16%**

Indirect GHG emissions (Scope 2)

**84%**

### Our Management Approach



IMPROVING ENVIRONMENTAL  
MANAGEMENT SYSTEMS

The Group strictly complies with all environmental laws and regulatory requirements in the countries and regions where we operate, including but not limited to Environmental Protection Law of the People's Republic of China, Marine Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, Law of the People's Republic of China on Prevention and Control of Water Pollution,

The Group's total water consumption in 2017:

**2,615,609**  
cubic metres



and Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution.

- After identifying relevant environment issues, **Yantian International Terminal** has formulated the List of Applicable Laws and Regulations, which is updated and reviewed every half a year to ensure that its environmental guidance meets the requirements of the latest laws and regulations.

#### Notes:

<sup>18</sup> No environmental data is available from COSCO-PSA Terminal.

<sup>19</sup> Excludes the energy consumption from the Group headquarters.

<sup>20</sup> The sources of our direct GHG emissions are the use of diesel, gasoline, liquefied petroleum gas, liquefied natural gas and natural gas, while that of indirect GHG emissions are purchased electricity and heat. More information about the Group's environmental performance is detailed in Chapter 11 Appendices Key Performance Indicators of this report.



We require our terminal companies to establish comprehensive and specific environmental policies and management systems based on local laws and regulatory requirements and operational needs, and to designate relevant departments for effective implementation. To enhance our environment management capability, the Group encourages its terminal companies to take additional measures beyond the requirements of laws and regulations, and examine their effectiveness by conducting energy monitoring and control, regular inspections or annual performance evaluation. During the reporting period, there were no cases of environmental non-compliance within the Group.

- **Comprehensive environmental management:**

**Xiamen Ocean Gate Terminal** has formulated and implemented comprehensive environment management policies such as the Garbage Classification Manual, Environmental Hygiene Manual, Dust Prevention and Control Manual, and Shipboard Marine Pollution Emergency Plan. These policies have set up standards to guide work in environmental hygiene, use of materials, and prevention and control of marine pollution to avoid and minimise relevant environmental risks.

- **Leveraging data analytics:**

The engineering and technical department of **Shanghai Mingdong Terminal** conducts a monthly analysis of energy consumption data and tracks real-time environmental indicators such as carbon emissions, water consumption and energy consumption per TEU. It also formulates specific performance indicators annually based on the business needs and relevant regulations to guide daily work and improve its environmental performance.



- **Strengthening inspections and risk prevention:**

In 2017, **Guangzhou South China Oceangate Terminal** and **Dalian Container Terminal** conducted regular environmental management reviews and monitoring by assessing environmental risks, developing environmental emergency plans and drills and conducting inspections on emergency preparedness resources.

- By the end of 2017, **COSCO-HIT Terminal, Asia Container Terminal, Kumport Terminal in Turkey, Dalian Container Terminal** and **Yantian International Terminal** have achieved ISO 14001 Environmental Management Systems certification.

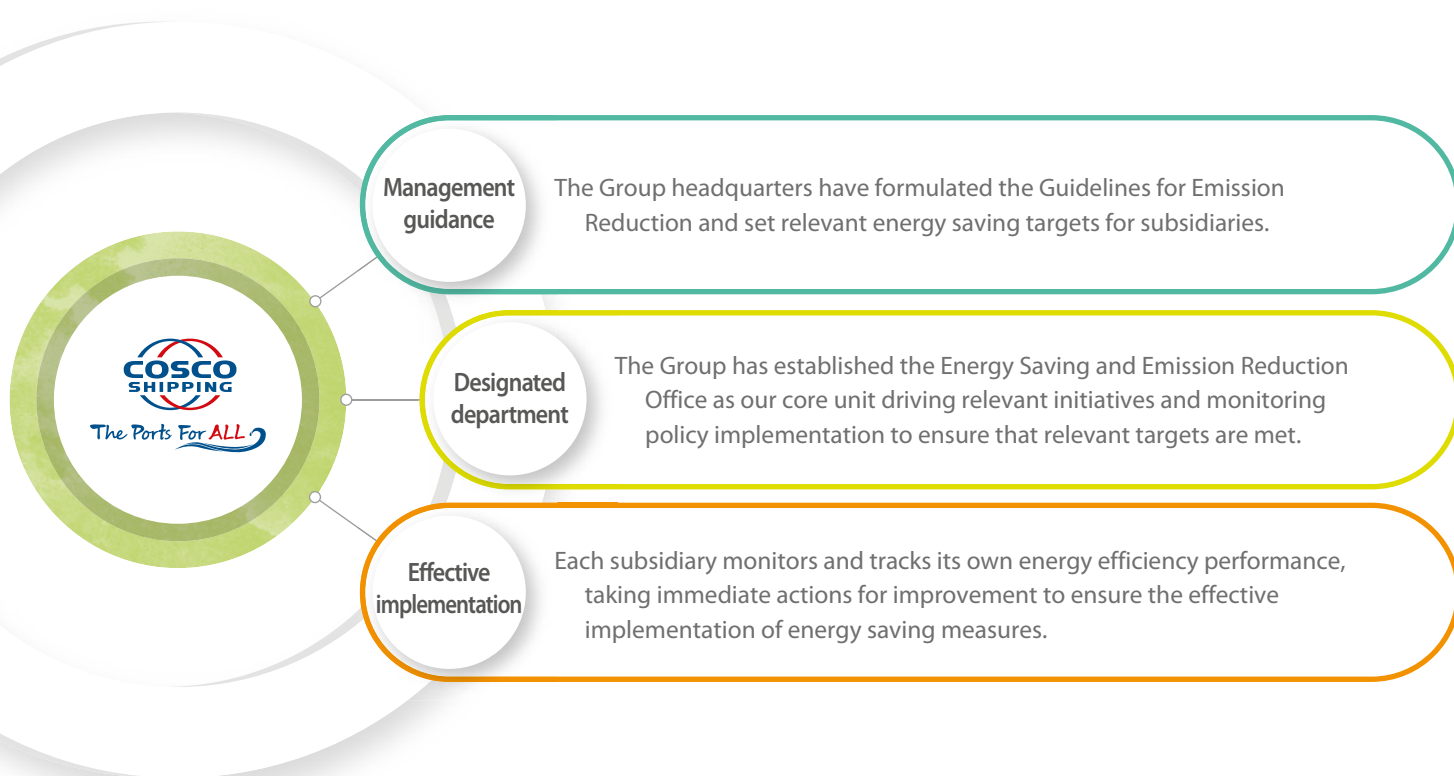
## Chapter 8 Green Development: Building “Green Ports”



### PROMOTING GREEN OPERATIONS AND DEVELOPMENT

- *Energy Saving and Carbon Emission Reduction*

In strict compliance with relevant laws and regulations, the Group has established a comprehensive management system for energy saving and carbon emission reduction. We conduct annual performance assessments on yard and quay crane power consumption of our subsidiaries. We continue to increase our green investment to promote the electrification and upgrade of port infrastructure. This has enabled us to adjust and optimise our energy consumption structure and reduce fossil fuel reliance. We will continuously minimise the environmental impacts from our operations by reducing the total energy consumption per TEU, air pollution and carbon emissions while improving operational efficiency.



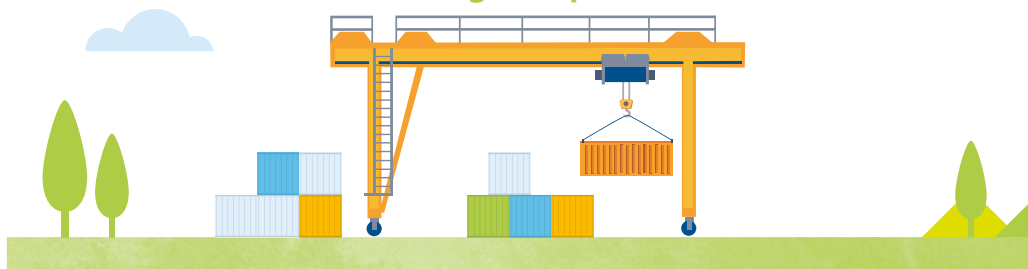






## Chapter 8 Green Development: Building “Green Ports”

### Adopting technologies for energy saving and emission reduction to build “green ports”



In 2017, the Group’s terminals made progress in building “green ports”, with the following highlights:

- **“Gas-to-electric” transition for rubber-tyred gantry cranes:** diesel generator sets replaced with lithium batteries, electric motors or hybrid power systems. **Lianyungang New Oriental Terminal** completed the “gas-to-electric” transition for six gantry cranes. Due to improved energy efficiency, this initiative can reduce operating cost by about RMB 910,000 in 2017, which is equal to reducing diesel consumption by about 229 tonnes and carbon emissions by about 868 tonnes. It can also reduce noise during operations, optimising environmental, economic and social benefits.
- **Dalian Container Terminal, Ningbo Yuan Dong Terminal, Xiamen Ocean Gate Terminal, Zhangjiagang Terminal, Quan Zhou Pacific Terminal, and Yantian International Terminal** have established **shore power systems for vessels berthing at the terminals**. Vessels can use shore power to turn off auxiliary engines while at-dock, which reduces the use of heavy fuel oil that in turn can reduce air pollutants and carbon emissions, reduce noise and improve energy efficiency.
- **Using port equipment and vehicles that are cleaner and more efficient:** By the end of 2017, **Yantian International Terminal, Ningbo Yuan Dong Terminal** and **Shanghai Mingdong Terminal** were using LNG tractors that transport containers, which can reduce air pollutants compared with traditional fuel use to improve surrounding air quality. In 2017, **Yantian International Terminal** purchased seven new electric patrol vehicles and repaired four electric trucks.

By the end of 2017,  
the Group's terminal  
companies have\* :



Traditional rubber tyred gantry crane (RTG)  
**18%**

Electrified rubber-tyred gantry crane (ERTG)  
**78%**

Hybrid rubber-tyred gantry crane (HRTG)  
**4%**

Note: \*no data is available from Zeebrugge Terminal and COSCO-PSA Terminal.



- In 2017, a number of the Group's terminals gradually incorporated **LED lighting, which is more durable and energy efficient**, at their yards, quay cranes, yard cranes and office areas. For example, **Quan Zhou Pacific Terminal** completed the replacement with 850 LEDs, reducing about 50% energy consumption. **Lianyungang New Oriental Terminal** also replaced 240 sets of high-pressure sodium lights of listing light poles with LEDs, which is expected to save 152,000 kWh electricity consumption every year.
- By **optimising container yard planning** and improving the information system in 2017, **Jinzhou New Age Terminal** managed to simplify and streamline its operations, improve its operational efficiency and reduce the idle time of equipment. This enabled the terminal to reduce about 130 litres of the daily fuel consumption for yard cranes as well as relevant energy consumption and air emissions.
- Our air emissions mainly come from the fuel use of heavy-duty equipment for terminal operations. To **meet air emissions standards**, **Ningbo Yuan Dong Terminal** has appointed an independent provider for monthly air monitoring and quality testing services. In addition, **Quan Zhou Pacific Terminal** is equipped with water trucks for dust control, while **Jinjiang Pacific Terminal** enhanced its management of engine exhaust emissions by regularly changing the engine exhaust pipes to prevent any exhaust from leaking.





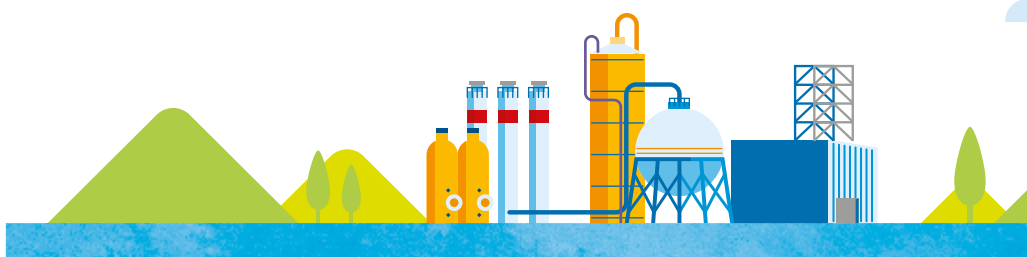
## Chapter 8 Green Development: Building "Green Ports"

### Managing water use and effluents:



- *Efficient resource use and appropriate disposal of effluents and waste*

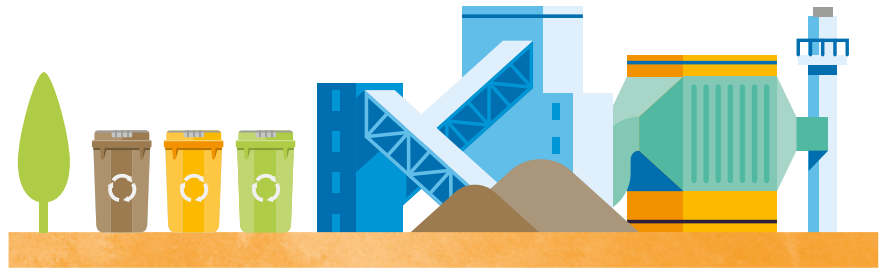
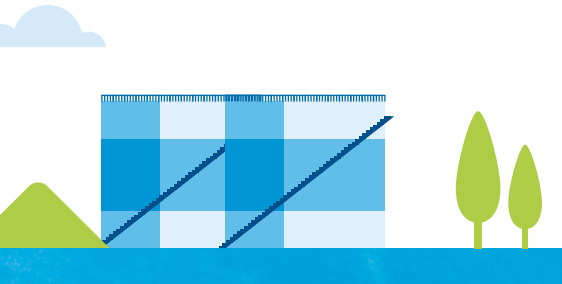
The Group encourages terminal companies to make best use of resources through reduction, reuse and recycling in order to limit effluents and waste from their production origins. We are also committed to disposing of effluents and waste in an appropriate and compliant manner.



- We endeavour to reduce water use in our operations despite water resource management not being material to the Group. Our terminal companies continue to improve water efficiency by monitoring and controlling their water consumption, adopting water-efficient equipment, improving on-site inspections, optimising water supply networks and repairing leaky water pipes.
- We have wastewater treatment stations and equipment in ports for wastewater management. Through timely monitoring, effective management and daily equipment maintenance, we strive to ensure that we meet or exceed effluent discharge standards at the country and local levels.

○ **Ningbo Yuan Dong Terminal** adopted Sequencing Batch Reactors (SBR) for wastewater treatment, where domestic sewage is discharged into the effluent treatment stations directly, and oily wastewater is processed by the oil-water separators before entering the effluent treatment stations for collective disposal. The waste oil that has been separated is then be collected and recycled by a qualified service provider. If the wastewater meets the water quality requirements after treatment, it can be reused for greenery irrigation and washing the ground. During the reporting period, the terminal reused about 30,000 tonnes of wastewater, which has saved about RMB200,000 worth of water consumption costs.

## Waste management and recycling:



In 2017, **Yangzhou Yuanyang Terminal** improved the existing drainage system to collect rainwater more effectively; it also appointed the Environmental Hygiene Department for its collective disposal. These measures have effectively reduced the impacts of rainwater that might contain coal ash on the water quality of Yangtze River after its direct discharge.

- In our operations, the Group encourages terminal companies to reduce waste generation by collecting and reusing recyclables, properly sort hazardous and non-hazardous wastes for separate storage, and ensure that they are disposed and recycled by qualified companies for waste disposal and recycling:
  - Municipal waste from our ports are stored in collection zones before being transferred in sealed containers to designated locations by the Environmental Hygiene Department for daily treatment;
  - We appoint qualified recycling companies or materials suppliers to dispose of waste tyres, waste wood and waste metal;
  - We collect and properly store hazardous wastes such as industrial solid waste, including oily metal and batteries, and production and maintenance generated waste oil, and appoint qualified companies for regular collection and handling.
- We continue to enhance the daily maintenance of machinery and equipment to ensure that they are in good condition. Some terminal companies further reduced the generation of waste oil through “gas-to-electric” transition for existing machinery.

## Chapter 8 Green Development: Building "Green Ports"



### RAISING ENVIRONMENTAL AWARENESS

The Group believes that to continuously improve our environmental performance and achieve our sustainability vision, the participation of our employees, suppliers and society is essential. We encourage environmentally conscious behaviours among our employees through green office management practices such as two-sided printing, measures to save paper and electricity, clean recycling and green procurement. In 2017, we organised various activities such as environmental compliance trainings, knowledge contests and lectures to promote the awareness of environmental protection and encourage more stakeholders to take actions to protect our environment.



### Shanghai Mingdong Terminal

organised the "Energy Saving Pioneers" programme to recognise employees with outstanding contributions to the practices of energy saving and environmental protection.

### Zhangjiagang Terminal

organised a brainstorming activity "Golden Ideas" in the form of "small innovations, small creations, small reforms, small designs and tackling small challenges" to address environmental protection. Employees shared their green ideas to help form green habits.







### The Environmental Awareness Committee of COSCO-HIT Terminal and Asia Container Terminal

organised two seminars to share green knowledge with their employees and contractors to enhance their awareness of environmental protection. In September 2017, 33 employees of the terminals also participated in the "No Car Day 2017" organised by Friends of the Earth (Hong Kong), who managed to reduce 115 kilogrammes of carbon emissions through commuting by public transport rather than private vehicles.

### Yantian International Terminal

The Environmental Committee joined activities such as "Red Packet Reuse & Recycling", the green flea market themed "Green Actions • Love and Happiness" and the Earth Hour, which has improved employees' awareness of environmental protection. The terminal also supports green office management and encourages its employees to reduce energy use and generate less waste whenever and wherever they can.



## Chapter 9

# Win-win Cooperation: Integrating Sustainability into Our Supply Chain

### Our Commitments

As the Group's businesses grow globally, our supply chain network extends to the different locations where we operate. The Group is committed to building equal and mutually beneficial supplier relationships. By keeping our procurement and supplier management highly transparent and responsible, the Group strives to establish solid and close collaboration with our supply chain partners to effectively foster sustainable growth of economic, environmental and social benefits along our supply chain.



Improving  
centralised  
management  
system



Responsible  
supplier  
selection



Dynamic  
management and  
collaboration



Enhancing  
safety in  
outsourcing  
management





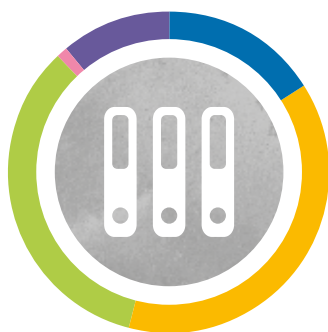


## Chapter 9 Win-win Cooperation: Integrating Sustainability into Our Supply Chain

### Our Supply Chain

By the end of 2017, the Group headquarters have a total of 104 suppliers, among which 95 suppliers are based in Hong Kong and the remaining nine are based in Mainland China. Our terminal companies manage their own procurement and suppliers, including various providers of materials, equipment and services for our daily operations and construction projects.

#### The Group's procurement expenditure by type\*



Terminal equipment and facilities

**16%**

Construction projects and maintenance

**38%**

Operation-related goods and services

**34%**

General office supplies

**1%**

Other goods and services

**11%**

#### The Group's procurement expenditure by geographical location of suppliers\*



China

**88%**

Other countries

**12%**

Note: \*No data is available from Shanghai Mingdong Terminal, Yantian International Terminal, Piraeus Terminal and COSCO-PSA Terminal.





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

### Our Management Approach



#### IMPROVING CENTRALISED MANAGEMENT SYSTEM

The Company continuously improves its centralised procurement and supplier management system by integrating its procurement platform and optimising supply chain structure. The Company strives to improve the supply chain management of its existing ports and terminals business to build a world-class supply chain management system.



In 2017, the Company continued to update and improve the supply chain management policies and procedures, such as its Supplier Management Manual and Procurement Manual, that are applicable to all of its suppliers and provide clear guidance for departments and subsidiaries on the supplier selection and evaluation process. In addition, we have specific guidelines in place for various types of procurement, for example, to provide equipment, infrastructure construction and consultancy services.





## RESPONSIBLE SUPPLIER SELECTION

We are committed to actively searching for and selecting socially and environmentally responsible suppliers to perform effective supply chain risk management. We require our suppliers to strictly comply with relevant laws and regulations, and comprehensively consider their sustainability commitments and performances. The Group headquarters and subsidiaries follow the criteria below when selecting their suppliers:



All potential suppliers are required to fill in the Supplier Self-examination Questionnaire on Social Compliance that is designed to foster their awareness of compliance and ensure that they meet our environmental and social standards.

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



### DYNAMIC MANAGEMENT AND COLLABORATION

Every year, the Group headquarters and subsidiaries conduct regular evaluation of suppliers based on comprehensive and quantifiable performance indicators. The sustainability performance of suppliers will directly influence their scores in the annual evaluation (full score is 100). There are seven performance indicators in the evaluation, including suppliers' basic qualifications, cost competitiveness, business innovation, customer services, quality control, contract fulfilment, and safety and environmental performance. The safety and environmental performance indicator covers the aspects of personal safety, food safety, environmental safety, commercial bribery and moral hazard. Based on the evaluation results, the Company categorises suppliers according to a grading system and strives to optimise its supply chain structure through rewards and punishments.

We are also committed to enhancing the efficiency of supply chain management and establishing close relationships with our suppliers through various channels such as business exchanges and seminars. We strive to improve the quality of our cooperation with suppliers, while strengthening our core competencies and capabilities to drive industry development. The Group actively explores more extensive and profound partnerships with outstanding industry suppliers, and endeavour to foster long-term, mutually beneficial collaboration with upstream and downstream supply chain partners for sustained industry growth.



In 2017, COSCO SHIPPING Ports continued to deepen strategic partnerships with its suppliers and actively engage with the industry:

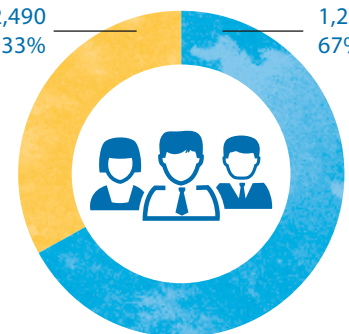
- In July, the Group signed an agreement with Shanghai Zhenhua Heavy Industry Co., Ltd. Involving quay cranes and automated rail-mounted gantry cranes for **Abu Dhabi Terminal** project. Against the backdrop of the Belt and Road initiative, this partnership demonstrated the R&D capabilities of both parties related to terminal construction and operations, particularly for automated terminals, enabling a continuous export of China's self-developed, innovative technologies in this field.
- In November, the Group attended the 2018 Convention between Carriers and Ports hosted by the OCEAN Alliance and COSCO SHIPPING Group. Representatives from 16 carriers and ports had an in-depth discussion on the new trends, models and pathways of cooperation, reached a consensus on strengthening partnerships and jointly released of "Boao Declaration: Co-creating a New Era for the Partnership between Carriers and Ports by Building a Community of Shared Future".



#### ENHANCING SAFETY IN OUTSOURCING MANAGEMENT

We actively fulfil our responsibilities of managing and supervising our contractors and sub-contractors who perform work at our terminals. The Company's Procurement Regulations clearly requires its subsidiaries to enhance outsourcing supervision and prevent outsourcing risks by conducting regular safety trainings and inspections, communicating potential safety hazards with the contractors and sub-contractors in a timely manner, and assisting them to address safety concerns.

2,490  
33%



- Supervised workers of joint ventures and associates
- Supervised workers of subsidiaries



#### The Group's terminal companies

Supervised workers<sup>21</sup>

**30** No. of injuries

Injury rate

**8** (Per 1000 workers)

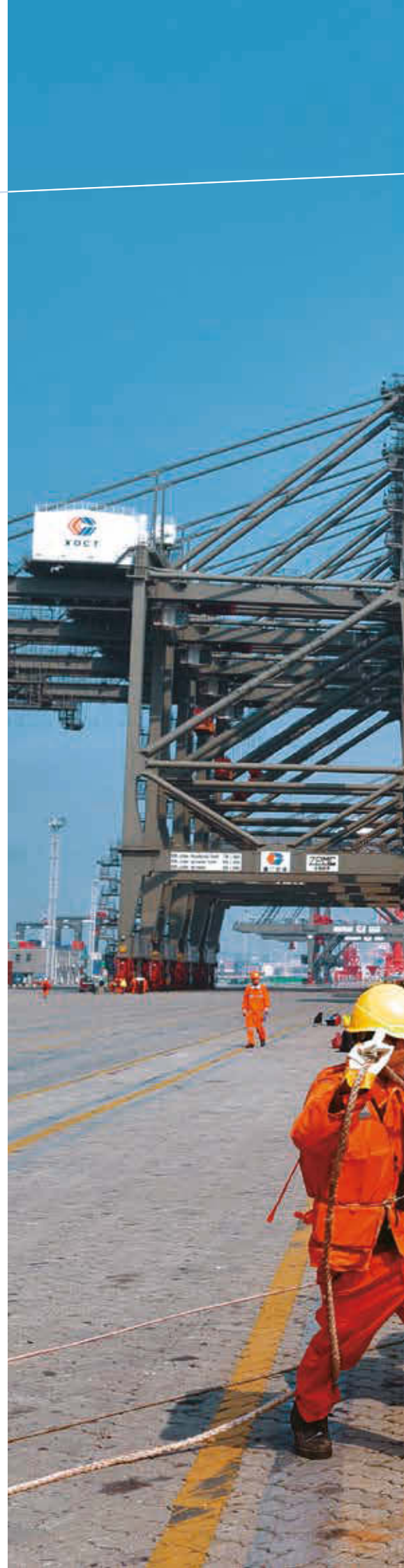
Note: <sup>21</sup> Supervised worker refers to an individual who performs regular work on-site for, or on behalf of, the Group within our operation but is not directly employed by the Group, including our contractors and sub-contractors who perform work at our terminals.



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



- In addition to following the Group's requirements, **Ningbo Yuan Dong Terminal, Zhangjiagang Terminal, Yangzhou Yuanyang Terminal, Qian Zhou Pacific Terminal and Jinjiang Pacific Terminal** have set up specific guidelines on outsourcing safety management and appointed relevant staff to supervise the implementation of relevant policies.
- **COSCO-HIT Terminal and Asia Container Terminal** require that their contractors and sub-contractors who perform work at the terminals must have relevant operation licences and safety certificates, including the Container Handling Industry Safety Training Certificate, the Shipboard Cargo Handling Basic Training and a crane license. The terminals have also set up the contractor management group and the safety and security department who are responsible for managing safety in their operations.
- In 2017, **Shanghai Mingdong Terminal** provided trainings on safety regulations and health and fire safety knowledge for 139 new employees and contracted staff.
- **Kumport Terminal in Turkey** and **Zeebrugge Terminal in Belgium** implemented work permit systems for contractors and sub-contractors for on-site hazard prevention and control.







## Chapter 10

# Investing in Communities: Moving Forward as One

### Our Commitments

As a responsible corporate citizen, the Group is keenly aware of the needs of local communities where we operate as we grow our businesses. We strive to be a positive influencer, leveraging our resources and technical advantages to provide employee support, sponsorships and donations, and drive local employment and development. We actively support COSCO SHIPPING's efforts in targeted poverty alleviation, and encourage our terminal companies to engage with local communities to create and maintain harmonious relationships, joining hands with our society to work together for progress.



Supporting COSCO  
SHIPPING's efforts  
in targeted  
poverty alleviation



Caring for local  
communities



Responsible  
overseas  
investment





## Chapter 10 Investing in Communities: Moving Forward as One

### Our Community Investment Contributions

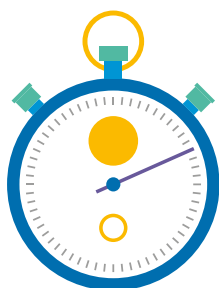
The Group's total number of employee volunteers was

**1,448<sup>22</sup>**



The Group's total employee volunteering hours was

**4,463**



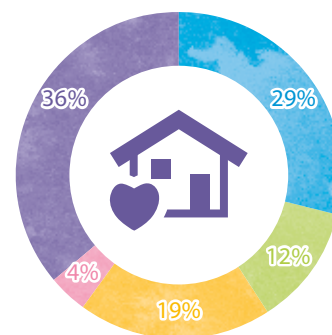
During the reporting period, the Group's total investment in the community was USD

**800,415**

including philanthropic spending such as monetary and in-kind donations



Community activities organised or joined by the Group in 2017 (a total number of 112)



- Education/youth development
- Poverty alleviation
- Environmental protection
- Nurturing industry talents
- Other charity activities

### Our Community Footprint



SUPPORTING COSCO SHIPPING'S EFFORTS IN TARGETED POVERTY-ALLEVIATION

- The Company joined the COSCO SHIPPING Charity Foundation in mid-2017 and donated RMB 4 million to Yongde County, Lincang City, Yunnan, China, where COSCO SHIPPING has been providing support for poverty alleviation. The donation has been used for building village roads, cultural squares, and clinics, and supporting educational development, ecological and environmental protection.
- Since 2013, COSCO SHIPPING has partnered with Yongde County to establish the "Spray • Wish" platform that provides one-to-one financial assistance to needy students to realise their academic dreams. In 2017, four Mainland Chinese employees of the Group headquarters actively supported the programme and will subsidise four children in Yongde County to complete their education from primary to middle school.

Note: <sup>22</sup> As the operation of Ningbo Yuan Dong Terminal was integrated into that of Beilun Third Container Co., Ltd. ("BTC"), we were unable to separate the numbers of employee volunteers and volunteering hours from BTC to Ningbo Yuan Dong Terminal, and thus reported on relevant information about BTC as a whole.



## CARING FOR LOCAL COMMUNITIES



**Dalian Container Terminal** continued to its efforts in caring for the left-behind children during the year. It visited local children from the Muyushan Primary School of Xianrendong Town of Zhuanghe City, and donated 26 computers, clothing and other supplies for the children's learning and daily use.



**Lianyungang New Oriental Terminal** organised the "Spring Bud" donation in 2017 to sponsor needy students to attend Huaihai Institute of Technology.



In 2017, **Guangzhou South China Oceangate Terminal** participated in "The 1,000 Talents, 100 Companies" programme, which was organised by the Nansha District of Guangzhou City to provide internship opportunities for young students from Guangdong, Hong Kong and Macao. It invited students to visit the terminal, and was awarded a certificate of appreciation by Nansha District's District Committee of Communist Youth League and Youth Federation. It also donated RMB 30,000 to Nansha Charitable Foundation to assist needy residents and special groups in Nansha District.



## Chapter 10

### Investing in Communities: Moving Forward as One



In 2017, **Ningbo Yuan Dong Terminal** organised the “Port Visit for a Thousand People” programme and the “Big Port in Small Classrooms” programme at local primary schools. It also supported the philanthropic initiative of Ningbo Charity Federation and the trade union’s fund for mutual support of Ningbo Zhoushan Port Group by raising a donation of RMB 50,000 with the participation of 887 BTC employees.



**Zhangjiagang Terminal** donates RMB 80,000 each year to support the development of New Tuanjie Village in its neighbouring community. In November 2017, its 30 employees and their families volunteered to participate in a charity walk themed “Walking and Loving Our Port City”. The event was jointly organised by Zhangjiagang Charity Federation, Zhangjiagang Charity Foundation, China Lingshan Council for the Promotion of Philanthropy and Wuxi Lingshan Foundation, and was supported by Zhangjiagang Baixing Volunteer Association.



Every year, **Quan Zhou Pacific Terminal** seeks to engage with the local community through donations for local kindergartens, the association of the elderly and primary schools during the Children’s Day, Chung Yeung Festival and the Teachers’ Day.



For years, **Yantian International Terminal** has provided summer internship opportunities for students from Dalian Maritime University and Shenzhen University. It also visits the nursing home of Yantian District during every Spring Festival and Chung Yeung Festival. In addition, it has provided long-term support for the Hope School of Dahai Village in Yunnan such as building school facilities, offering scholarships and organising summer exchange programmes for students.



In 2017, **COSCO-HIT Terminal** and **Asia Container Terminal** organised the event "Community Graffiti Day @ the Terminals", where participants expressed their creativity through graffiti art to cultivate a diverse, inclusive and harmonious community. Moreover, the "Career Fun Day" was organised to help youth prepare for their careers.

## Chapter 10 Investing in Communities: Moving Forward as One



### RESPONSIBLE OVERSEAS INVESTMENT

**Piraeus Terminal ("PCT") in Greece** is the first large container terminal company in Europe wholly owned by the Group when Chinese companies "go global". We encourage PCT to fulfil its corporate social responsibility and give back to local communities in Greece to foster a favourable business environment.



#### Localising the team

PCT has provided over 2,000 local jobs since its establishment. Except for the five senior executives, all supervisory and general staff were recruited locally from Greece. PCT believes that local managers have the best knowledge of local laws and regulations, customs, the culture and the market. Only through trust and support can a company build win-win relationships with the local community.



#### Deepening local economic ties

When selecting suppliers, PCT prefers products "made in Greece" and "made in China" under the same conditions, to foster closer economic ties between the two countries.



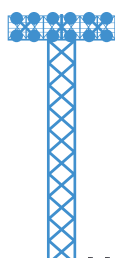
#### Building team camaraderie

As eating is a social activity, PCT provides free lunch for its employees and encourages them to establish their own lunch management groups. Every year, PCT appoints four outstanding foreign employees to the Group headquarters for learning and exchange.



#### Caring for local communities

At Easter and Christmas in 2017, PCT donated Euro 15,026 worth of food to local needy families. Since 2015, PCT has also provided financial support to the neighbouring Sixth Primary School of Perama and Neo Ikonio Primary School on the repairs, purchases and upgrades of school facilities and equipment. In 2017, PCT donated Euro 1,578 to the Sixth Primary School of Perama for purchasing equipment of computer labs.







In addition, by the end of 2017, the Group's **Kumport Terminal in Turkey** has indirectly contributed to the employment of over 4,500 local people; it also pays attention to the employment issue for people with disabilities and has provided jobs for 18 people with disabilities.



*"I have been working at Kumport Terminal for over three years. The company provides us with comprehensive benefits, adequate safeguards and equal opportunities, and we have a comfortable working environment in the new office building. I am honoured and very proud of being a member of Kumport family."*

*— Songül Akpolat of Kumport Terminal*

In October 2017, **Kumport Terminal** donated TRY 26,760 to the İbrahim Özyayın Middle School for the renovation of all the school premises, bringing care to the community.

## Chapter 11

# Appendices

### Key Performance Indicators

Workforce statistics		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters
<b>Total workforce</b>					
Employees	No. of people	<b>9,683</b>	6,303	3,088	292
Supervised workers	No. of people	<b>3,725</b>	2,490	1,235	–
Self-employed	No. of people	<b>1</b>	–	1	–
<b>Employee composition</b>					
<b>By employment type</b>					
Full-time	No. of people	<b>9,678</b>	6,301	3,085	292
Part-time	No. of people	<b>5</b>	2	3	–
<b>By region</b>					
Hong Kong	%	<b>5.3</b>	6.6	–	32.2
China (ex-Hong Kong)	%	<b>82.0</b>	80.0	88.0	62.3
Overseas	%	<b>12.7</b>	13.4	12.0	5.5
<b>By gender</b>					
Male	%	<b>87.0</b>	87.6	86.9	72.3
Female	%	<b>13.0</b>	12.4	13.1	27.7
<b>By age group</b>					
Below 30	%	<b>22.4</b>	20.9	26.9	7.9
30 – 50	%	<b>67.6</b>	68.4	66.2	66.4
Above 50	%	<b>10.0</b>	10.7	6.9	25.7
<b>By employee category</b>					
Managerial position	%	<b>1.3</b>	1.5	0.7	3.4
Supervisory position	%	<b>7.2</b>	7.7	3.0	39.1
General position	%	<b>91.5</b>	90.8	96.3	57.5

Workforce statistics		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters
<b>Employee turnover</b>					
<b>By region</b>	No. of people	<b>548</b>	398	141	9
	Turnover rate (%) <sup>23</sup>	<b>5.7</b>	6.3	4.6	3.1
	Hong Kong	No. of people	39	–	6
	China (ex-Hong Kong)	No. of people	259	123	3
	Overseas	No. of people	100	18	–
	Hong Kong	%	9.4	–	6.4
	China (ex-Hong Kong)	%	5.1	4.5	1.6
	Overseas	%	11.8	4.8	–
	<b>By gender</b>				
	Male	No. of people	341	119	4
<b>By age group</b>	Female	No. of people	57	22	5
	Male	%	6.2	4.4	1.9
	Female	%	7.3	5.5	6.2
	Below 30	No. of people	123	56	–
	30-50	No. of people	171	66	8
	Above 50	No. of people	104	19	1
	Below 30	%	9.4	6.7	–
	30-50	%	4.0	3.1	4.1
	Above 50	%	15.4	9.0	1.3

Note: <sup>23</sup> 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.



## Chapter 11 Appendices

Workforce statistics		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters
<b>New employee hires</b>					
	No. of people	<b>559</b>	405	144	10
	New hire rate (%) <sup>24</sup>	<b>5.8</b>	6.4	4.7	3.4
<b>By region</b>					
Hong Kong	No. of people	<b>46</b>	36	–	10
China (ex-Hong Kong)	No. of people	<b>239</b>	144	95	–
Overseas	No. of people	<b>274</b>	225	49	–
Hong Kong	%	<b>9.0</b>	8.7	–	10.6
China (ex-Hong Kong)	%	<b>3.0</b>	2.9	3.5	–
Overseas	%	<b>22.2</b>	26.6	13.2	–
<b>By gender</b>					
Male	No. of people	<b>522</b>	384	133	5
Female	No. of people	<b>37</b>	21	11	5
Male	%	<b>6.2</b>	7.0	5.0	2.4
Female	%	<b>2.9</b>	2.7	2.7	6.2
<b>By age group</b>					
Below 30	No. of people	<b>332</b>	235	95	2
30-50	No. of people	<b>219</b>	162	49	8
Above 50	No. of people	<b>8</b>	8	–	–
Below 30	%	<b>15.3</b>	17.9	11.4	8.7
30-50	%	<b>3.3</b>	3.8	2.4	4.1
Above 50	%	<b>0.8</b>	1.2	–	–

Note: <sup>24</sup> New hire rate calculated as: Total new employees divided by total number of employees.

Workforce statistics		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters
<b>Occupational Health and Safety</b>					
	No. of people <sup>25</sup>				
<b>Work-related fatality</b>		<b>0</b>	0	0	0
<b>Injury<sup>26</sup></b>		<b>84</b>	47	37	0
<b>Lost day<sup>27</sup></b>	No. of days	<b>1,942</b>	923	1,019	0
<b>Occupational disease<sup>28</sup></b>	No. of case(s)	<b>0</b>	0	0	0
<b>Absentee<sup>29</sup></b>	No. of days	<b>14,592</b>	9,704	4,131	757
<b>Employees</b>					
Injury	No. of employees	<b>54</b>	45	9	–
Lost day	No. of days	<b>1,207</b>	779	428	–
Absentee	No. of days	<b>13,102</b>	9,560	2,785	757
Injury rate <sup>30</sup>	Per 1000 employees	<b>6</b>	7	3	–
Lost day rate <sup>31</sup>	%	<b>0.05</b>	0.05	0.06	–
Absentee rate <sup>32</sup>	%	<b>0.54</b>	0.61	0.36	1.04
<b>By Gender</b>					
<b>Male</b>					
Injury	No. of employees	<b>53</b>	45	8	–
Lost day	No. of days	<b>1,198</b>	779	419	–
Absentee	No. of days	<b>10,519</b>	8,032	2,262	225
<b>Female</b>					
Injury	No. of employees	<b>1</b>	–	1	–
Lost day	No. of days	<b>9</b>	–	9	–
Absentee	No. of days	<b>2,583</b>	1,528	523	532

Notes:

<sup>25</sup> Supervised workers were included in calculation.

<sup>26</sup> Each injury, including work-related fatality case, results in at least 1 lost day.

<sup>27</sup> 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.

<sup>28</sup> 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.

<sup>29</sup> 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.

<sup>30</sup> 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.

<sup>31</sup> 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.

<sup>32</sup> Absentee rate was calculated as: Total absentee days divided by total scheduled working days.

## Chapter 11 Appendices

Workforce statistics		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters
<b>By Region</b>					
<b>Hong Kong</b>					
Injury	No. of employees	5	5	–	0
Lost day	No. of days	465	465	–	0
Absentee	No. of days	1,222	465	–	757
<b>China (ex-Hong Kong)</b>					
Injury	No. of employees	9	2	7	–
Lost day	No. of days	341	86	255	–
Absentee	No. of days	6,677	5,250	1,427	–
<b>Overseas</b>					
Injury	No. of employees	40	38	2	–
Lost day	No. of days	401	228	173	–
Absentee	No. of days	5,203	3,845	1,358	–
<b>Supervised workers</b>					
Injury	No. of employees	30	2	28	–
Lost day	No. of days	735	144	591	–
Absentee	No. of days	1,490	144	1,346	–
<b>Total scheduled working days during the reporting period</b>		<b>170,861</b>	83,361	87,500	–
Injury rate	Per 1000 employees	8	0.8	23	–
Lost day rate	%	0.43	0.17	0.68	–
Absentee rate	%	0.87	0.17	1.54	–



Workforce statistics		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters
Collective bargaining agreements					
Employees from 12 terminal companies 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 terminal companies	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 terminal companies 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					
With relevant provisions	No. of terminal companies	10	5	5	Not applicable
Board of Directors: Composition					
By gender					
Male	In number	14	Not applicable	Not applicable	Not applicable
Female	In number	1	Not applicable	Not applicable	Not applicable
By age group					
40-50	In number	6	Not applicable	Not applicable	Not applicable
51-60	In number	6	Not applicable	Not applicable	Not applicable
60 above	In number	3	Not applicable	Not applicable	Not applicable

## Chapter 11 Appendices

Training and development		The Group headquarters	
<b>By gender</b>		Cumulative headcount of employees trained <sup>33</sup>	435
		Total training hours	23,480
		Average training hours received by employees	80
	Male	Cumulative headcount of employees trained	314
	Female	Cumulative headcount of employees trained	121
	Male	Average training hours	80
<b>By employee category</b>	Female	Average training hours	80
	Managerial position	Cumulative headcount of employees trained	11
	Supervisory position	Cumulative headcount of employees trained	170
	General position	Cumulative headcount of employees trained	254
	Managerial position	Average training hours	80
	Supervisory position	Average training hours	80
	General position	Average training hours	80

Note: <sup>33</sup> For the Group headquarters, each department submitted relevant training statistics by cumulative headcount and was not able to provide information about the percentage of employees trained.

Environmental performance (1)		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters
<b>Direct energy consumption and greenhouse gas (GHG) emissions</b>					
Diesel	Litre	<b>59,065,133</b>	39,056,679	20,008,454	–
Gasoline	Litre	<b>1,294,114</b>	1,013,777	261,777	18,560
Liquid petroleum gas (LPG)	Litre	<b>13,405</b>	5,288	8,117	–
Liquefied natural gas (LNG)	Litre	<b>18,001,030</b>	18,001,030	–	–
Natural gas	m <sup>3</sup>	<b>407,908</b>	407,908	–	–
<b>Indirect energy consumption and GHG emission</b>					
Purchased electricity	kWh	<b>441,835,179</b>	308,404,540	132,937,184	493,455
Purchased heating	MJ	<b>6,005</b>	6,005	–	–
<b>Energy use<sup>34</sup></b>					
Direct energy use	TJ	<b>2,773</b>	1,996	776	1
Indirect energy use	TJ	<b>1,591</b>	1,110	479	2
Total energy use	TJ	<b>4,364</b>	3,106	1,255	3
Energy intensity	TJ per TEU	<b>84</b>	89	73	Not applicable
	TJ per m <sup>2</sup>	<b>Not applicable</b>	Not applicable	Not applicable	0.0004
<b>GHG emissions<sup>35</sup></b>					
Direct GHG emissions (Scope 1)	tonnes CO <sub>2e</sub>	<b>68,579</b>	43,299	25,248	32
Indirect GHG emissions (Scope 2)	tonnes CO <sub>2e</sub>	<b>347,895</b>	236,760	110,746	389
Total GHG emissions	tonnes CO <sub>2e</sub>	<b>416,474</b>	280,059	135,994	421

Notes:

<sup>34</sup> The energy consumption for different fuel types was calculated based on gross calorific values, density or conversion factors provided by governments and research institutes. The sources include: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2017> and [http://w.astro.berkeley.edu/~wright/fuel\\_energy.html](http://w.astro.berkeley.edu/~wright/fuel_energy.html). 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.

<sup>35</sup> GHG emission was calculated based on the 100-year Global Warming Potentials, provided by the Intergovernmental Panel on Climate Change (IPCC) in its Fourth Assessment Report (CO<sub>2</sub>: 1, CH<sub>4</sub>: 25, N<sub>2</sub>O: 298).

(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 the Stock Exchange of Hong Kong;

(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).

(5) The statistics above do not include the fugitive emissions generated by the fire suppression systems, refrigeration and air conditioning systems and other indirect GHG emissions (Scope 3). We aim to disclose further details in future reports.



## Chapter 11 Appendices

Environmental performance (2)		The Group	Joint ventures and associates	Subsidiaries	The Group headquarters
<b>Total water withdrawal by source</b>					
Municipal water supplies	m3	<b>2,592,635</b>	1,413,776	1,177,659	1,200 <sup>36</sup>
Waste water from another organisation	m3	<b>10,756</b>	10,756	–	–
Other water utilities	m3	<b>12,218</b>	–	12,208	10
Total water consumption	m3	<b>2,615,609</b>	1,424,532	1,189,867	1,210
Water consumption intensity	m <sup>3</sup> per TEU	<b>0.05</b>	0.04	0.07	Not applicable
	m <sup>3</sup> per m <sup>2</sup>	<b>Not applicable</b>	Not applicable	Not applicable	0.19
<b>Use of materials</b>					
Engine oil and hydraulic oil	kg	<b>571,847</b>	248,265	323,582	–
Grease	kg	<b>42,358</b>	17,381	24,977	–
Tyre	kg	<b>600,171</b>	346,690	253,481	–
Paper	kg	<b>64,495</b>	52,857	8,825	2,813
<b>Waste generation</b>					
Solid chemical waste <sup>37</sup>	kg	<b>2,758,617</b>	1,743,230	1,015,387	–
Liquid chemical waste <sup>38</sup>	kg	<b>238,782</b>	134,941	103,841	–
Other hazardous wastes <sup>39</sup>	kg	<b>10,170</b>	10,170	–	–
Wooden pallets	kg	<b>178,600</b>	178,600	–	–
Wastewater discharge	m <sup>3</sup>	<b>510,315</b>	197,460	312,855	–
Other waste types <sup>40</sup>	kg	<b>8,640</b>	8,640	–	–
<b>Waste recycling<sup>41</sup></b>					
Tyre recycled	kg	<b>226,430</b>	114,420	112,010	–
Waste paper recycled	kg	<b>37,646</b>	33,520	350	3,776 <sup>42</sup>
IT equipment recycled	kg	<b>7,100</b>	4,740	2,060	300
Other waste recycled <sup>43</sup>	kg	<b>167,808</b>	2,680	164,990	138

Notes:

<sup>36</sup> Water consumption of the Group headquarter at Hong Kong was excluded.

<sup>37</sup> Including waste oil rags, oil sludge, scrap wire rope, scrap metal, oil drums and paint buckets.

<sup>38</sup> Including waste lead-acid batteries and waste lubrication oil.

<sup>39</sup> Including medical wastes and other contaminated wastes.

<sup>40</sup> Including pressure tank wastes, spiral grinding wastes and sludge wastes.

<sup>41</sup> Our solid, liquid chemical wastes and other hazardous wastes were collected by qualified third-parties for recycling and processing, and were not listed below again.

<sup>42</sup> Including waste paper that were consumed outside the reporting period.

<sup>43</sup> Such as wooden pallets, wastewater, toner cartridges, and light tubes. As some of the waste is handled by the recycler, we cannot provide specific recycling weights by type. We will explore how to disclose more detailed information on recycling in future reports.

## GRI G4 Content Index

GRI G4 Indicator and Explanation		Section Reference		Page(s)	Remarks
General Standard Disclosures					
Strategy and Analysis					
G4-1	Statement from the most senior decision-maker of the organisation	Chapter 2	Chairman’s Message	4-5	
		Chapter 3	Vice Chairman’s Message	6-7	
Organisational Profile					
G4-3	Name of the organisation	Chapter 1	About this Report	2-3	
G4-4	Primary brands, products and services	Chapter 4	Business Overview	8-17	
G4-5	Location of headquarters		–	–	The Group is headquartered in Hong Kong
G4-6	Number of countries where the organisation operates	Chapter 4	Business Overview	8-17	
G4-7	Nature of ownership and legal form	Chapter 4	Business Overview	8-17	
G4-8	Markets served	Chapter 4	Business Overview	8-17	
G4-9	Scale of the organisation	Chapter 4	Business Overview	8-17	
		Chapter 7	Our Business Performance	48	
G4-10	Workforce data	Chapter 6	Our Workforce Profile	36	
G4-11	Percentage of total employees covered by collective bargaining agreements	Chapter 11	Key Performance Indicators	87	
G4-12	Supply chain description	Chapter 9	Our Supply Chain	66	
G4-13	Significant changes to organisation size, structure, ownership or supply chain		–	–	No significant change
G4-14	Report how precautionary approach is addressed	Chapter 4	Corporate Governance	24-25	
G4-15	Externally developed economic, environmental, and social charters, principles or other initiatives	Chapter 4	Our Approach to Sustainability	18-19	
G4-16	Memberships in association and/or national/ international advocacy organisations	Chapter 4	Our Approach to Sustainability	18-19	
Identified Material Aspects and Boundaries					
G4-17	Entities included in the financial statements, mention those not covered by this report	Chapter 4	Business Overview	8-17	
G4-18	Process for defining report content and the aspect boundaries	Chapter 5	Stakeholder Engagement and Materiality Assessment	26-33	
G4-19	Material aspects identified in the process of defining report content	Chapter 5	Materiality Assessment	32-33	
G4-20	Aspect boundary within the organisation for each material aspect	Chapter 11	Boundary Mapping of Material Topics of COSCO SHIPPING Ports	100	
G4-21	Aspect boundary outside the organisation for each material aspect	Chapter 11	Boundary Mapping of Material Topics of COSCO SHIPPING Ports	100	
G4-22	Effect of and reasons for any restatements of information provided in previous reports		–	–	Not applicable
G4-23	Significant changes in the scope/ aspect boundary	Chapter 1	Introduction	2-3	No significant change in aspect boundary

## Chapter 11 Appendices

GRI G4 Indicator and Explanation		Section Reference	Page(s)	Remarks
<b>General Standard Disclosures</b>				
<b>Stakeholder Engagement</b>				
G4-24	List of stakeholders engaged	Chapter 5 Stakeholder Engagement	26-31	
G4-25	Basis of identification and selection of stakeholders	Chapter 5 Stakeholder Engagement	26-31	
G4-26	Stakeholder Engagement approach and frequency	Chapter 5 Stakeholder Engagement	26-31	
G4-27	Key topics and concerns raised by stakeholders and the organisation's response	Chapter 5 Stakeholder Engagement	26-31	
<b>Report Profile</b>				
G4-28	Reporting period	Chapter 1 Introduction	2-3	
G4-29	Date of most recent previous report	Not applicable	–	The previous report was published in May 2017
G4-30	Reporting cycle	Chapter 1 Introduction	2-3	
G4-31	Contact point	Chapter 1 Contact us	3	
G4-32	GRI in accordance option chosen	Chapter 1 Introduction	2-3	
G4-33	External assurance	Chapter 1 Introduction	2-3	
<b>Governance</b>				
G4-34	Governance Structure	Chapter 4 Corporate Governance	24-25	
<b>Ethics &amp; Integrity</b>				
G4-56	Organisation's values, principles, standards and norms of behaviour	Chapter 4 About COSCO SHIPPING Ports	8-25	

GRI G4 Indicator and Explanation		Section Reference	Page(s)
<b>Specific Standard Disclosures</b>			
<b>Environmental</b>			
<b>Materials</b>			
G4-DMA	Management Approach	Chapter 8 Our Commitments	52
		Our Management Approach	54-63
G4-EN1	Materials used by weight or volume	Chapter 8 Our Environmental Performance	54
		Chapter 11 Key Performance Indicators	90
<b>Energy</b>			
G4-DMA	Management Approach	Chapter 8 Our Commitments	52
		Our Management Approach	54-63
G4-EN3	Energy consumption within the organisation	Chapter 8 Our Environmental Performance	54
		Chapter 11 Key Performance Indicators	89



GRI G4 Indicator and Explanation		Section Reference		Page(s)
Specific Standard Disclosures				
Environmental				
Emissions				
G4-DMA	Management Approach	Chapter 8	Our Commitments	52
			Our Management Approach	54-63
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Chapter 8	Our Environmental Performance	54
		Chapter 11	Key Performance Indicators	89
G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	Chapter 8	Our Environmental Performance	54
		Chapter 11	Key Performance Indicators	89
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Chapter 8	Our Management Approach	54-63
Effluents and Waste				
G4-DMA	Management Approach	Chapter 8	Our Commitments	52
			Our Management Approach	54-63
G4-EN23	Total weight of waste by type and disposal method	Chapter 11	Key Performance Indicators	90
Products and Services				
G4-DMA	Management Approach	Chapter 8	Our Commitments	52
			Our Management Approach	54-63
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Chapter 8	Our Management Approach	54-63
Compliance				
G4-DMA	Management Approach	Chapter 8	Our Commitments	52
			Our Management Approach	54-63
G4-EN29	Monetary value of significant fines and total number of non-monetary sanction for non-compliance with environmental laws and regulations	Chapter 8	Our Management Approach	55
Supplier Environmental Assessment				
G4-DMA	Management Approach	Chapter 9	Our Commitments	64
			Our Management Approach	68-72
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Chapter 9	Our Management Approach	68-72

## Chapter 11 Appendices

GRI G4 Indicator and Explanation		Section Reference		Page(s)
Specific Standard Disclosures				
Social - Labour Practices and Decent Work				
Employment				
G4-DMA	Management Approach	Chapter 6	Our Commitments	34
			Our Management Approach	37-45
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Chapter 6	Our Management Approach	38
		Chapter 11	Key Performance Indicators	83-84
Labour/ Management Relationship				
G4-DMA	Management Approach	Chapter 6	Our Commitments	34
			Our Management Approach	37-45
G4-LA4	Minimum notice periods regarding operational changes, including whether it is specified in collective agreements	Chapter 11	Key Performance Indicators	87
Occupational Health and Safety				
G4-DMA	Management Approach	Chapter 6	Our Commitments	34
			Our Management Approach	37-45
G4-LA6	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	Our Management Approach	42
		Chapter 11	Key Performance Indicators	85-86
Training and Education				
G4-DMA	Management Approach	Chapter 6	Our Commitments	34
			Our Management Approach	37-45
G4-LA9	Average hours of training per year per employee, by gender and by employee category	Chapter 6	Our Management Approach	39
		Chapter 11	Key Performance Indicators	88
Equal Opportunities				
G4-DMA	Management Approach	Chapter 6	Our Commitments	34
			Our Management Approach	37-45
G4-LA12	Composition of governance bodies and breakdown of employees by indicators of diversity	Chapter 6	Our Management Approach	36
		Chapter 11	Key Performance Indicators	82, 87
Supplier Assessment for Labour Practices				
G4-DMA	Management Approach	Chapter 9	Our Commitments	64
			Our Management Approach	68-72
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	Chapter 9	Our Management Approach	68-72

GRI G4 Indicator and Explanation		Section Reference		Page(s)
Specific Standard Disclosures				
Social - Human Rights				
Supplier Human Rights Assessment				
G4-DMA	Management Approach	Chapter 9	Our Commitments	64
			Our Management Approach	68-72
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Chapter 9	Our Management Approach	68-72
Social – Local Communities				
Local Communities				
G4-DMA	Management Approach	Chapter 10	Our Commitments	74
			Our Community Footprint	76-81
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Chapter 10	Our Community Footprint	76-81
Supplier Assessment for Impacts on Society				
G4-DMA	Management Approach	Chapter 9	Our Commitments	64
			Our Management Approach	68-72
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Chapter 9	Our Management Approach	68-72
Product Responsibility				
Product and Service Labelling				
G4-DMA	Management Approach	Chapter 7	Our Commitments	46
			Our Management Approach	49-51
G4-PR5	Results of surveys measuring customer satisfaction	Chapter 7	Our Management Approach	49-51
Customer Data Privacy				
G4-DMA	Management Approach	Chapter 7	Our Commitments	46
			Our Management Approach	49-51
G4-PR8	Substantiated complaints regarding breaches of customer privacy and losses of customer data	Chapter 7	Our Management Approach	51
Compliance				
G4-DMA	Management Approach	Chapter 7	Our Commitments	46
			Our Management Approach	49-51
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Chapter 7	Our Management Approach	49-51



## Chapter 11 Appendices

### The Stock Exchange of Hong Kong Limited's Environmental, Social and Governance Reporting Guide

A. Environmental		Section Reference	Page(s)
<b>A1 Emissions</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Chapter 8 Our Commitments Our Management Approach	52 54-63
KPI A1.1	The types of emissions and respective emissions data	Chapter 8 Our Environmental Performance Chapter 11 Key Performance Indicators * The Group hasn't collected relevant air emissions data.	54 89
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	Chapter 8 Our Environmental Performance Chapter 11 Key Performance Indicators	54 89
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	Chapter 11 Key Performance Indicators	90
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Chapter 11 Key Performance Indicators	90
KPI A1.5	Description of measures to mitigate emissions and results achieved	Chapter 8 Our Management Approach	54-63
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives, and results achieved	Chapter 8 Our Management Approach	54-63
<b>A2 Use of Resources</b>			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Chapter 8 Our Commitments Our Management Approach	52 54-63
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)	Chapter 8 Our Environmental Performance Chapter 11 Key Performance Indicators	54 89
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Chapter 8 Our Environmental Performance Chapter 11 Key Performance Indicators	54 90
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Chapter 8 Our Management Approach	54-63
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Chapter 8 Our Management Approach	54-63
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable	–

A. Environmental		Section Reference		Page(s)
A3 The Environment and Natural Resources				
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources	Chapter 8	Our Commitments Our Management Approach	52 54-63
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Chapter 8	Our Commitments Our Management Approach	52 54-63
B. Social				
B1 Employment				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Chapter 6	Our Commitments Our Management Approach	34 37-45
KPI B1.1	Total workforce by gender, employment type, age group, and geographical region	Chapter 6 Chapter 11	Our Workforce Profile Key Performance Indicators	36 82
KPI B1.2	Employee turnover rate by gender, age group and geographical regions	Chapter 6 Chapter 11	Our Management Approach Key Performance Indicators	38 83
B2 Health and Safety				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Chapter 6	Our Commitments Our Management Approach	34 37-45
KPI B2.1	Number and rate of work-related fatalities	Chapter 6 Chapter 11	Our Management Approach Key Performance Indicators	42 85-86
KPI B2.2	Lost days due to work injury	Chapter 6 Chapter 11	Our Management Approach Key Performance Indicators	42 85-86
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Chapter 6	Our Management Approach	37-45

## Chapter 11 Appendices

### B. Social

#### B3 Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Chapter 6	Our Commitments Our Management Approach	34 37-45
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Chapter 6 Chapter 11	Our Management Approach Key Performance Indicators	39 88
KPI B3.2	The average training hours completed per employee by gender and employee category	Chapter 6 Chapter 11	Our Management Approach Key Performance Indicators	39 88

#### 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	Chapter 6	Our Commitments Our Management Approach	34 37-45
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Chapter 6	Our Management Approach	37-45

#### B5 Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain	Chapter 9	Our Commitments Our Management Approach	64 68-72
KPI B5.1	Number of suppliers by geographical region	Chapter 9	Our Supply Chain	66
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	Chapter 9	Our Commitments Our Management Approach	64 68-72

#### 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	Chapter 7	Our Commitments Our Management Approach	46 49-51
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Chapter 7	Our Management Approach	49-51



## B. Social

### 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	Chapter 4	Corporate Governance	24-25
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		There was no case of corruption during the reporting period.	–
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Chapter 4	Corporate Governance	24-25

### 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	Chapter 10	Our Commitments Our Community Footprint	74 76-81
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Chapter 10	Our Community Investment Contributions	76
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Chapter 10	Our Community Investment Contributions	76

## Chapter 11 Appendices

### 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	Disclosure details	Impact within the Group	Impact on stakeholders outside of the Group			
			Shareholders/ investors	Suppliers	Customers	Adjacent communities and environment
<b>Employees</b>	Employment	✓ <sup>44</sup>	✓		✓	
	Labour relations	✓	✓		✓	
	Occupational health and safety	✓	✓		✓	
	Training and education	✓	✓		✓	
	Equal opportunities	✓	✓			
	Product and service labelling	✓	✓		✓	✓
<b>Products and services</b>	Customer privacy	✓	✓		✓	✓
	Compliance	✓	✓	✓	✓	✓
	Energy use	✓	✓		✓	✓
<b>Environmental influence and compliance</b>	Emission	✓	✓			✓
	Effluents and wastes	✓	✓			✓
	Products and services	✓	✓		✓	✓
	Compliance	✓	✓		✓	✓
<b>Supply chain management</b>	Evaluation on social and environmental performance of suppliers	✓	✓	✓	✓	✓
<b>Local communities</b>	Local communities	✓	✓			✓

<sup>44</sup> The "tick" indicates that the material topic and its relevant influence on the Group is relevant for that stakeholder group.

## Verification Statement



### VERIFICATION STATEMENT

#### Scope of Verification

Hong Kong Quality Assurance Agency ("HKQAA") has been engaged by COSCO SHIPPING Ports Limited (Stock Code: 1199) ("COSCO SHIPPING Ports") (formerly named as "COSCO Pacific Limited") to undertake an independent verification for its Sustainability Report 2017 (Refer to as "The Report"). The scope of HKQAA's verification covers the data and information associating to the sustainability performance of COSCO SHIPPING Ports and its 20 subsidiaries, joint ventures, and associates (Refer to as "COSCO SHIPPING Ports and principle companies") for the period 1<sup>st</sup> January 2017 to 31<sup>st</sup> December 2017. This is the 4<sup>th</sup> Report that COSCO SHIPPING Ports published to communicate its commitments, efforts and progress of performance towards sustainability.

#### Level of Assurance and Methodology

The process applied in this verification was based on international standard. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion and the extent of this verification process undertaken was in accordance with the core aspects of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 4 (G4) ("GRI Standard"), as well as the Environmental, Social and Governance (ESG) Reporting Guide of The Stock Exchange of Hong Kong Limited (SEHK).

In order to understand the process that COSCO SHIPPING Ports and principle companies adopted to ascertain the key sustainability issues and impacts, the Report compilation process was discussed including stakeholder engagement and materiality assessment processes. Also, system and process for collecting, collating and reporting sustainability performance data were verified. Our verification procedure performed covered reviewing of relevant documentation, interviewing responsible personnel with accountability for preparing the reporting contents and verifying the 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 is responsible for the collection and presentation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Report. Our verification activities are independent from COSCO SHIPPING Ports.

#### Conclusion

On the basis of our verification results and in accordance with the verification procedures undertaken, it is the opinion of the HKQAA's verification team that:

- The Report illustrates the sustainability performance of COSCO SHIPPING Ports and principle companies on the significant aspects in a balance, comparable, clear and timely manner;
- The data and information states in the Report are reliable and complete.

COSCO SHIPPING Ports and principle companies have been engaging with its stakeholders continuously and being very responsive to the feedbacks gathered from the stakeholder engagement process by improving its disclosure regarding the material issues that are of importance to the company and high level of interest by stakeholders. The Report reflects appropriately the sustainability context and materiality of COSCO SHIPPING Ports and principle companies.

#### Signed on behalf of Hong Kong Quality Assurance Agency

Bryan Peng  
Assistant Director,  
Manufacturing & Service Business Division  
March 2018



## Chapter 11 Appendices

### Report Survey Questionnaire

Thank you for your interest in COSCO SHIPPING Ports' Sustainability Report 2017. 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)

- |                                                   |                                                         |
|---------------------------------------------------|---------------------------------------------------------|
| <input type="checkbox"/> Shareholder              | <input type="checkbox"/> Fund manager and investor      |
| <input type="checkbox"/> Director                 | <input type="checkbox"/> Analyst                        |
| <input type="checkbox"/> Business Partner         | <input type="checkbox"/> Employee                       |
| <input type="checkbox"/> Customer                 | <input type="checkbox"/> Government Department          |
| <input type="checkbox"/> Banker                   | <input type="checkbox"/> Trade and industry association |
| <input type="checkbox"/> Contractors and supplier | <input type="checkbox"/> Non-governmental Organisation  |
| <input type="checkbox"/> Media                    | <input type="checkbox"/> 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:

## 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 Port Container Terminal Co., Ltd. <sup>45</sup>	Dalian Container Terminal
Euromax Terminal Rotterdam B.V.	Euromax Terminal
Guangzhou South China Oceangate Container Terminal Company Limited	Guangzhou South China Oceangate Terminal
Jiangsu Yantze 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
Nansha Stevedoring Corporation Limited of Port of Guangzhou	Guangzhou Nansha Stevedoring Terminal
Nantong Tonghai Port Co., Ltd.	Nantong Tonghai Terminal
Ningbo Meishan Bonded Port New Harbour Terminal Operating Co., Ltd.	Ningbo Meishan Terminal
Ningbo Yuan Dong Terminals Limited	Ningbo Yuan Dong Terminal
Noatum Container Terminal Bilbao, S.L.	Bilbao Terminal
Noatum Container Terminal Valencia, S.A.U.	Valencia Terminal

Note: <sup>45</sup> The merger of Dalian International Container Terminal Co. Ltd., Dalian Port Container Terminal Co. Ltd. and Dalian Container Terminal completed in 2017, the Group holds 19% in Dalian Container Terminal, the enlarged entity, after the completion.

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Company Name	Abbreviation
<b>Terminal company</b>	
Noatum Port Holdings, S.L. and its subsidiaries	NPH 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
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
<b>Others</b>	
twenty-foot equivalent unit	TEU





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