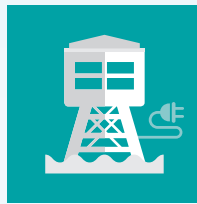




COSCO Pacific Limited

# Sustainability Report 2015



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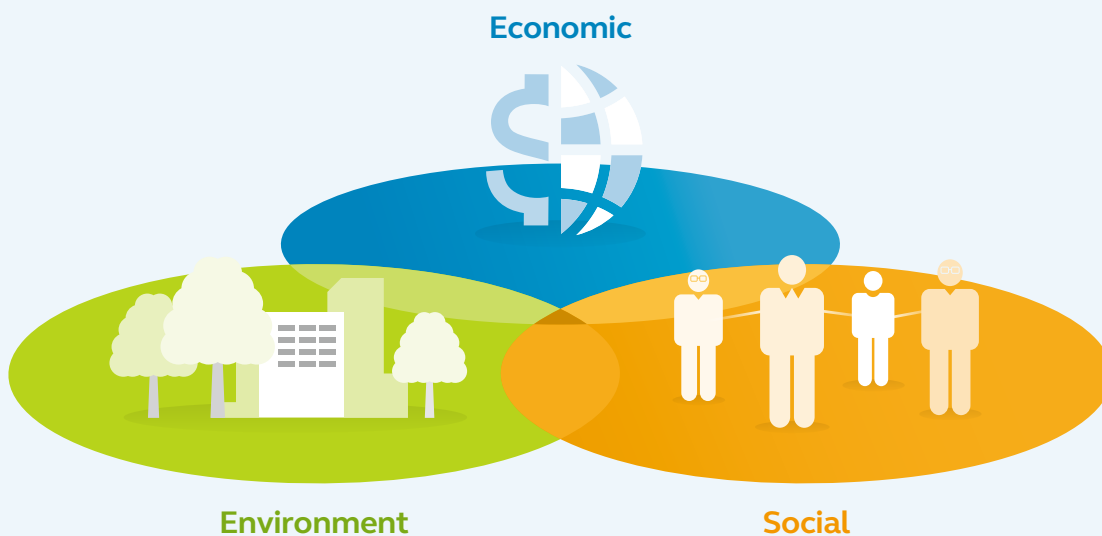
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# Ports and Terminals

Ports and terminals act as essential junctures for over 80% of the global trade handled by the shipping industry, connecting supply chains from regions across the globe. The shipping industry is increasingly taking a closer look at its environmental footprint and also looking to business partners at ports and terminals to support supply chain efforts by providing more environmentally friendly services. For port and terminal operators, understanding the value in operating with close consideration of environmental and social factors is essential to maintaining a competitive advantage in the industry, thereby securing their long-term financial performance and the economic development of regions that they serve.

As a global container terminal operator, COSCO Pacific views the greater integration of sustainability into our business model as an opportunity for our continued growth. With our sustainable business growth closely interwoven with our environmental and social impact, we look to focusing on implementing policies, adjusting our operations, and improving our environmental performance via upgrades to our hardware and processes. These ongoing efforts result in efficient resource consumption which in turn translates into the enhancement of our financial performance, while the development and well-being of our workforce ensures the smooth and efficient operation of our business.

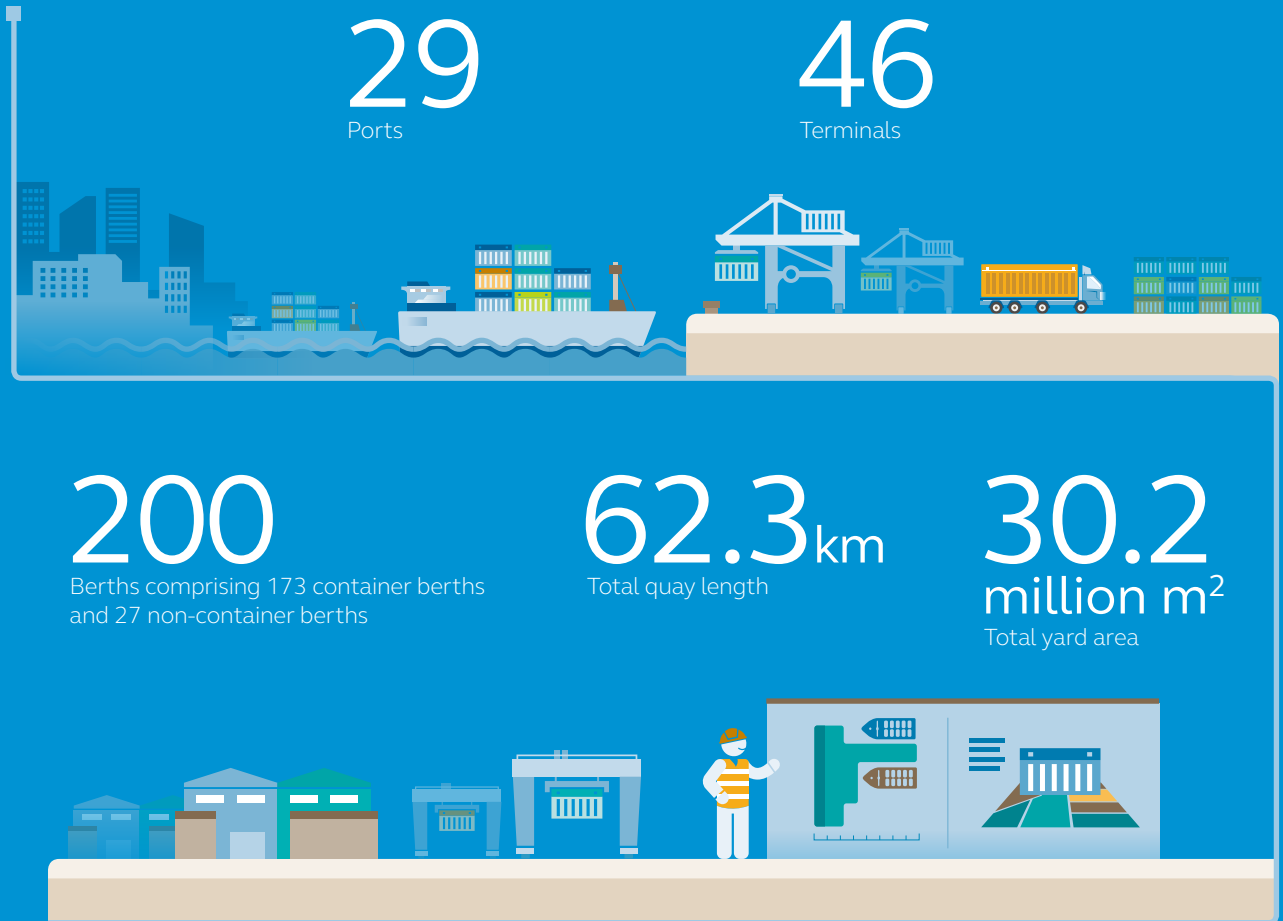
## Sustainable Business Model



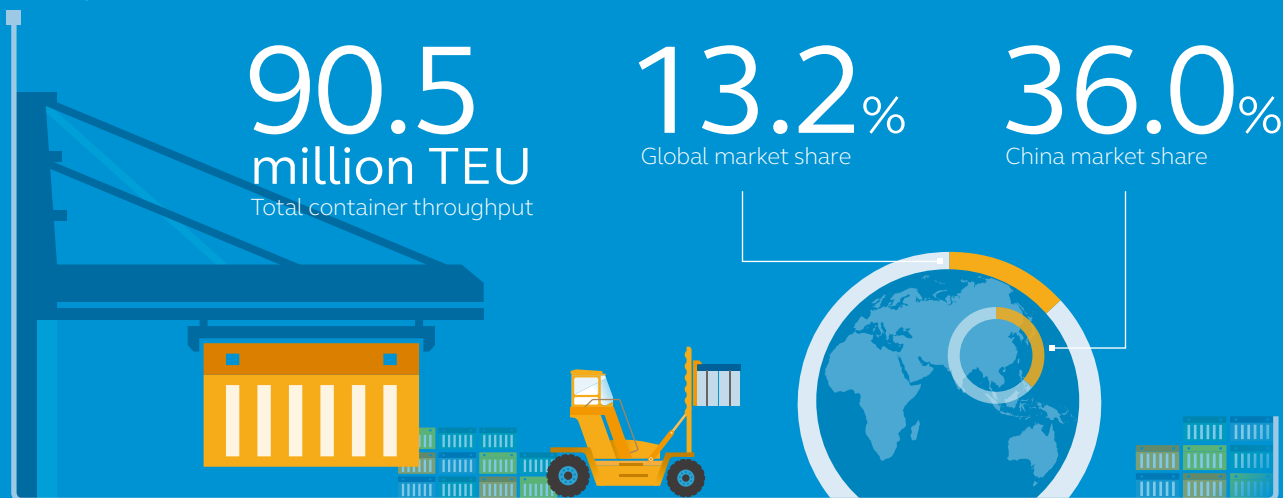
# Expand Global Terminal Network

Combined terminal portfolios of COSCO Pacific and CSPD on pro-forma basis in 2015

## Infrastructure and Facilities



## Throughput



# Expand Global Terminal Network

Combined terminal portfolios of COSCO Pacific and CSPD on pro-forma basis in 2015

## Throughput League Table

	Location (Ports)	Terminal Throughput (million TEU)
1	Qingdao	17.0
2	Shenzhen	12.2
3	Guangzhou	10.3
4	Shanghai	8.2
5	Dalian	5.3
6	Tianjin	4.6
7	Lianyungang	3.5
8	Yingkou	3.4
9	Ningbo	3.1
10	Piraeus	3.0
11	Port Said	3.0
12	Hong Kong	2.8
13	Nanjing	2.6
14	Antwerp	2.0
15	Singapore	1.5
	<b>Subtotal</b>	<b>82.5</b>
	<b>Others</b>	<b>8.0</b>
	<b>Total</b>	<b>90.5</b>

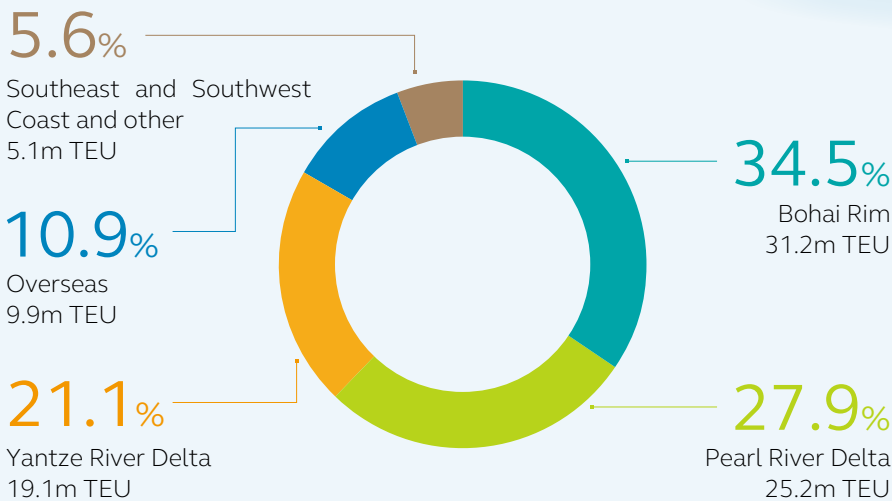
Note:

For further details of our container throughput performance in 2015 and 2016, please visit our corporate website [www.coscopac.com.hk](http://www.coscopac.com.hk).

## Terminal Portfolio in Europe, Mediterranean



## Throughput Mix by Regions



ean and U.S.A

## Terminal Portfolio in Asia





## Equity Interests in Terminals

### Bohai Rim

Dalian Automobile Terminal	30%
Dalian Dagang Terminal	35%
Dalian International Terminal	40%
Dalian Port Terminal	20%
Dongjiakou Ore Terminal	25%
Jinzhou New Age Terminal	51%
Qingdao New Qianwan Terminal	16%
Qingdao Qianwan Intelligent Terminal	31.2%
Qingdao Qianwan Terminal	20%
Qingdao Qianwan United Advance Terminal	5.6%
Qingdao Qianwan United Terminal	8%
Qinhuangdao New Harbour Terminal	30%
Tianjin Euroasia Terminal	30%
Tianjin Five Continents Terminal	28%
Yingkou New Century Terminal	40%
Yingkou Terminal	50%

### Yangtze River Delta

Jiangsu Yangtze Petrochemical Co.	30.4%
Lianyungang New Oriental Terminal	55%
Nanjing Port Longtan Container Co., Ltd.	16.14%
Ningbo Meishan New Harbour Terminal	20%
Ningbo Yuan Dong Terminal	20%
Shanghai Mingdong Terminal	20%
Shanghai Pudong Terminal	30%
Taicang Terminal	39.04%
Yangzhou Yuanyang Terminal	55.59%
Zhangjiagang Terminal	51%

### Southeast Coast and others

Jinjiang Pacific Terminal	80%
Kao Ming Terminal	20%
Quan Zhou Pacific Terminal	82.35%
Xiamen Ocean Gate Terminal	70%
Xiamen Tongda Terminal	70%

### Pearl River Delta

Asia Container Terminal	60%
COSCO-HIT Terminal	50%
Guangzhou Nansha Stevedoring Terminal	40%
Guangzhou South China Oceangate Terminal	39%
Yantian Terminal Phase I & II	14.59%
Yantian Terminal Phase III	13.36%

### Southwest Coast

Qinzhou International Terminal	40%
--------------------------------	-----

### Overseas

Antwerp Terminal	20%
COSCO-PSA Terminal	49%
Busan KBCT Terminal	19.99%
Kumport Terminal	26%
Piraeus Terminal	100%
Seattle Terminal	13.33%
Suez Canal Terminal	20%
Zeebrugge Terminal	24%

# Statement from Chairman and Vice Chairman

“ Navigating through the New Normal, the world’s major economies as well as companies are structuring their growth by actively addressing sustainability issues. To meet the challenges ahead, COSCO Pacific is proactively focusing on enhancing operational efficiency. Our sustainability performance has to be in a position to satisfy customer needs and contribute to a reduction of our environmental footprint – all at the same time.”

Dear Stakeholders,

We are delighted to present herewith our Sustainability Report (“Report”) for the year 2015. There are two key characteristics of our ports and terminals industry. We are intricately integrated into our communities, both economically and socially, and play an integral role as part of a wide variety of global supply chains. Notwithstanding these, we have to develop a sustainable business model to keep air and water pollution in check, reduce our overall environmental impact and avoid practices that threaten public health.

HUANG Xiaowen  
Chairman



ZHANG Wei  
Vice Chairman and  
Managing Director





In 2015, our industry faced increasing challenges from concentrated traffic volumes brought about by increasing ship size; and changing structure of alliances between shipping lines. Our obligations are three-fold: (1) provide tailor made services for the needs of customers; (2) provide quality services through the better use of natural resources in local communities; and (3) gain trust and support from customers through our performance. To contribute to a reduction of our environmental footprint, we focus on reducing emissions by deploying new technologies, optimising the process of cargo flow, and building sound relationships with customers, service providers, and government agencies to increase work productivity whilst keeping the environment green.

## Stronger Role in Sustainability

Our expanding terminal business has increased our role in driving sustainability. In March 2016, COSCO Pacific completed the acquisition of China Shipping Ports Development Co., Limited. We shall now focus on investing in, managing and operating a terminal portfolio which is one of the largest portfolios in the world. On a pro-forma basis in 2015, our total throughput reached 90.5 million TEU representing about 13.2% of the global market while total throughput in mainland China was 76.2 million TEU representing about 36.0% of the China market share in 2015. This portfolio provides comprehensive terminal services for over 800 international and domestic shipping routes in China connecting the busiest ports in the world. We therefore play a vital role in ensuring that our operations provide efficient terminal services to customers whilst keeping the environment green.

COSCO Pacific has a well-established terminal network with a strong presence in five major economic zones along the coastline of China and six other countries in the Eurasian region including Singapore, Belgium, Greece, Egypt, Turkey and South Korea. We proactively seek overseas terminal investment opportunities along the “One Belt, One Road” as the core focus of our “Going Global” strategy. Our latest investment in a container terminal in Turkey in 2015 further strengthened our presence in the Mediterranean region. Integrating into different cultural and operational environments overseas is another material issue as part of our global investment plan.



## Statement from Chairman and Vice Chairman



### ESG Disclosure Enhancement

Recognising that developing a framework for sustainable business practices is an on-going process, the objective of COSCO Pacific is to create long-term strategic and competitive advantages through Environmental, Social and Governance (ESG) disclosure, ultimately enhancing long-term shareholder value. The Corporate Governance Committee of our Board has continuously played an active role in consolidating existing sustainability initiatives and enhancing sustainability performance over the past three years. In 2015, COSCO Pacific was honoured with the “Gold Award in Financial Performance, Corporate Governance, Environmental Responsibility, and Investor Relations” from Asset magazine.

During the year, the Committee recommended the Company to study processes for how it may enhance ESG disclosure in its sustainability reports by tapping into the expertise of international sustainability consultants to build up a framework in the development of our sustainability report. Going forward, our sustainability development plan shall incorporate far reaching goals as well as a pathway for the continued development of our sustainability strategy.



## Sustainable Future

We will continue to capture investment opportunities in overseas hub ports by leveraging the global shipping network of our parent company's sizable container shipping fleet, which consisted of a total of 242 ports of call in 78 countries around the world as of 31 March 2016. From an industry perspective, two other related factors, i.e. bigger vessels and larger alliances of global container shipping lines are placing greater demands on ports and terminals to be selected as transshipment hubs along the trunk routes of the global shipping network.

As a global leader, we recognise the value of long-term initiatives. We will dedicate our on-going efforts to the development of a core-competency-driven framework. With this framework we shall centre our efforts on establishing a sustainable business model which will strategically fit in with the social and environmental opportunities that arise from our sustainable development. Once this business model has proved to be a success in addressing those societal challenges, we will scale it up and sustain it.

HUANG Xiaowen  
Chairman

20 May 2016

ZHANG Wei  
Vice Chairman and Managing Director

# 1 Our Business

COSCO Pacific is committed to sustainable corporate development via the pursuit of excellence.

Revenue of the group in 2015

**798**  
million (US\$)



Profit attributable to shareholders of COSCO Pacific<sup>1</sup>

**382**  
million (US\$)

Market capitalisation<sup>2</sup>

**3,269**  
million (US\$)



Total number of employees<sup>3</sup>

**2,916**

Notes:

1. Including the write back of provision on the disposal of the 21.80% equity interest in CIMC in 2013
2. Exchange rate for US\$1 = HK\$7.75007
3. Including employees of headquarters and subsidiaries of the Group.

## 1.1 Company Overview

### Company Profile

COSCO Pacific Limited (“COSCO Pacific” or the “Company”) is a global leader in the container-related industry. Our largest shareholder is China COSCO (Stock Code: 1919.HK). Our ultimate parent company, COSCO Group, is one of the largest integrated shipping enterprises in the world. We enjoy competitive advantages brought by the synergies and the long-term support from COSCO Group. COSCO Pacific is a limited liability company incorporated in Bermuda with our shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 1994.

### Corporate Structure



As of 31 December 2015

Notes:

1. Total number of share issued was 2,966,559,439 shares as of 31 December 2015 (31 December 2014: 2,940,437,862 shares; 31 December 2013: 2,912,325,528 shares)
2. From 10 August 2015 to 12 December 2015, the share trading of COSCO Pacific was suspended due to engaging in the process of re-organisation.
3. China Ocean Shipping (Group) Company (COSCO) held 52.85% interest of the issued share capital of China COSCO as of 31 December 2015 (31 December 2014: 52.80%; 31 December 2013: 52.80%)

Since listing on the Stock Exchange of Hong Kong in 1994 as a company solely engaged in container leasing, COSCO Pacific has diversified into the operation of terminals (“Terminals”), and the profit from this business has grown continuously ever since. In 2015, Terminals divisional revenue reached US\$487million representing 61.0% of the Group’s total revenue, while Terminals divisional profit reached US\$234 million representing 77.2% of the Company’s profit attributable to equity holders of the Company excluding the write back of provision on the disposal of 21.80% equity interest in CIMC in 2013.

In order to unlock the Company’s intrinsic value and deliver long-term shareholder return, COSCO Pacific has seized the opportunity of parental reorganisation to transform into a pure terminal operator by the divestment of FLORENS, and to expand our Terminals business by the acquisition of China Shipping Port Development. These two transactions were completed in March 2016. Our expanded global terminal portfolio will continue to receive strong support from our parental shipping fleet. This has further enhanced COSCO Pacific’s competitive edge to achieve our “Going Global” strategy and has built a solid foundation for a bright future.

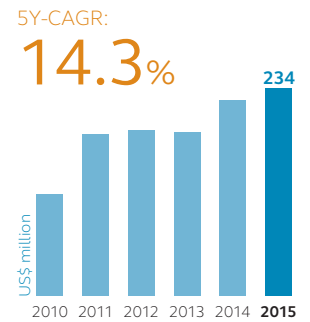
### Business Review

In 2015, the Group reported an 8.3% reduction of revenue to US\$798 million. Excluding the write back of provision on the disposal of the 21.80% equity interest in CIMC in 2013, profit attributable to equity holders of the Company increased by 3.3% to US\$302 million. Amidst a deceleration of global economic growth, our Terminals business reported a 5.7% profit growth to US\$234 million in 2015. However, profit from the Container Leasing, Management and Sale businesses fell by 13.5% to US\$83 million. For details of our financial performance, please refer to our Annual Report 2015.

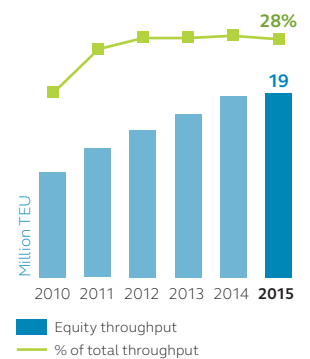
### Prospects

Given slow economic growth and more intense competition in the ports industry, COSCO Pacific will seize opportunities for development, expand its capacity and strengthen its competitiveness in 2016. The Group will also conduct prudent risk management while exploiting investment opportunities through the continuous implementation of its four areas of strategic focus, emphasising the development of its global port network, and striving to build global container hubs. These sustainable development strategies are expected to enhance COSCO Pacific’s profitability, strengthen its competitive edge and create sustainable growth in shareholder value.

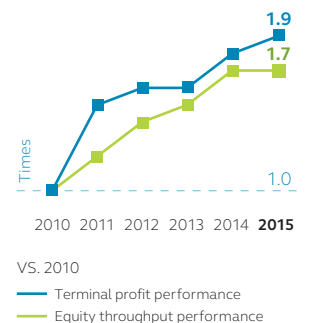
#### Satisfactory Terminal Profit Growth (2010-2015)



#### Equity Throughput Accounted for 28% of Total Throughput in 2015



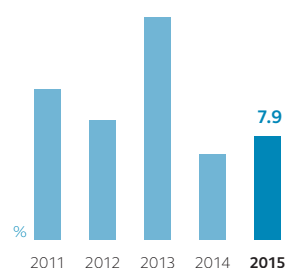
#### Terminal Profit Outperformed Throughput Growth (2010-2015)



## Our Business

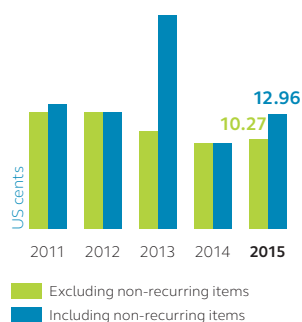
### Return on Equity Holders of the Company

# 7.9%



### Basic Earnings per Share

# US 12.96 cents



### Results Highlights

	2015	2014	Change
	million (US\$)	million (US\$)	%
Revenue <sup>1</sup>	798	870	-8.3
Operating profit after finance income and finance costs	184	181	+1.6
Share of profits less losses of joint ventures and associates	181	171	+5.8
Profit attributable to equity holders of the Company (Including the write back of provision on the disposal of 21.80% equity interest in CIMC in 2013)	382	293	+30.4
Profit attributable to equity holders of the Company (Excluding the write back of provision on the disposal of 21.80% equity interest in CIMC in 2013)	302	293	+3.3
	US cents	US cents	%
Basic earnings per share (Including the write back of provision on the disposal of 21.80% equity interest in CIMC in 2013)	12.96	10.01	+29.5
Basic earnings per share (Excluding the write back of provision on the disposal of 21.80% equity interest in CIMC in 2013)	10.27	10.01	+2.6
Dividend per share	5.184	4.004	+29.5
– Interim dividend	2.236	2.016	+10.9
– Final dividend	2.948	1.988	+48.3
Payout ratio	40.0%	40.0%	–
	million (US\$)	million (US\$)	%
Consolidated total assets	7,672	7,617	+0.7
Consolidated total liabilities	2,499	2,558	-2.3
Consolidated net assets	5,173	5,059	+2.3
Capital and reserves attributable to the equity holders of the Company	4,863	4,742	+2.5
Consolidated net debts	1,113	744	+49.7
	%	%	pp
Return on equity holders of the Company	7.9	6.3	+1.6
Return on total assets	5.0	3.9	+1.1
Net debt-to-total equity ratio	21.5	14.7	+6.8
Interest coverage	7.9 times	5.9 times	+2.0 times
Dividend Yield	4.7	2.8	+1.9

Note:

- The Group's revenue was generated from FLORENS, Piraeus Terminal, Guangzhou South China Oceangate Terminal, Quan Zhou Pacific Terminal, Yangzhou Yuanyang Terminal, Zhangjiagang Terminal, Jinjiang Pacific Terminal, Xiamen Ocean Gate Terminal and its subsidiary Xiamen Tongda Terminal and Plangreat and its subsidiaries.

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## Corporate Information

Company name	COSCO Pacific Limited
Headquarter	49/F COSCO Tower, 183 Queen's Road Central, Hong Kong
Place of incorporation	Bermuda
Registered office	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Listing information/Stock code	The Stock Exchange of Hong Kong Limited: 1199 Bloomberg: 1199 HK Reuters: 1199.HK
Chairman	Mr. HUANG Xiaowen
Vice Chairman and Managing Director	Mr. ZHANG Wei
Business domain	Transformation to a pure terminal operator since 24 March 2016
Website	<a href="http://www.coscopac.com.hk">www.coscopac.com.hk</a>
Contact details	Mr. SHEN Xuan General Manager of Investor Relations Department Tel: +852 2809 8130 Email: <a href="mailto:shenxuan@coscopac.com.hk">shenxuan@coscopac.com.hk</a>



# Our Business

## 1.2 Organisational Values

### Mission

#### Four Areas of Strategic Focus in creating value through efficiency



1 Focus on seizing development opportunities in hub ports in line with the trend towards mega-vessels

2 Focus on enhancing brand value by optimising the operational model of terminal subsidiaries



3 Focus on strengthening profitability through strategic approaches to equity investments in terminal projects

4 Focus on expanding global terminal portfolio by capitalising on opportunities from “One Belt, One Road” and “Yangtze River Economic Belt” initiatives



### Vision

#### Excellence through Specialisation

It takes a strong focus and a spirit of dedication to achieve the exquisite craftsmanship of a work of art or a profound business strategy. Thanks to specialisation and professionalism at every level of the Group, COSCO Pacific has enjoyed a long track record of exceptional performance in the different aspects of its operations and occupies a world-leading position in its industry. After years of evolving as a business, COSCO Pacific has now become a pure terminal operator and will henceforth focus on global development, so as to scale new heights as a Group.



### Core Values

COSCO Pacific is committed to sustainable corporate development via the pursuit of excellence. Our sustainability strategy can only be achieved through the creation of a harmonious and inclusive corporate culture, forming the base from which our corporation can grow.

Our core values are two-fold:

#### Excellence

Achieve excellence via efficiency, specialisation and professionalism; and

#### Trustworthiness

Promote trustworthiness via transparency, accountability and sustainability.





## 1.3 Corporate Governance

A strong Corporate Governance framework underpins our Vision, Mission and Values, strengthening the accountability of the Board and management and contributing to long term shareholder value. We firmly believe that such conduct will guide our continued development and sustainable growth.

COSCO Pacific remains in compliance with all applicable legislation and regulation. The Company's corporate governance practices are in compliance with the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company also refers to the Organisation for Economic Co-operation and Development (OECD) principles for corporate ethics in maintaining a high level of accountability and transparency. The Board is pleased to confirm that for the year ended 31 December 2015, the Company has fully complied with all code provisions in the Corporate Governance Code.

### Board of Directors

The Board of Directors of the Company is ultimately responsible for the leadership and control of the Company and its subsidiaries (together "the Group") and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs.

As of the date of this report, the Board of Directors of COSCO Pacific ("the Board") consists of 14 members and serves as the highest decision-making body. The Board comprises six (6) executive directors, three (3) non-executive directors, and five (5) independent non-executive directors.

To overview and manage aspects of the business, members of the Board sit on a number of Committees that secure the effective governance of our organisation. These committees are the Executive, Audit, Remuneration, Nomination, Corporate Governance, Investment and Strategic Planning and Risk Management Committees.

The Nomination Committee selects directors through a fair and transparent process. Directors who are then appointed by the Board are also subject to retirement and re-election at the annual general meeting or special general meeting by shareholders. For further details on the nomination and selection of directors, please refer to pages 65 to 66 of Annual Report 2015 of the Company for details. The terms of reference of the Committees are also available on the website of the Company.

### Professional Conduct

At COSCO Pacific, we are highly committed to upholding professional and fair business practices and strive to create a principled and ethical environment. We do not tolerate corruption in any form. Our dedication to professional business conduct is upheld by our corporate policies, and enshrined in our Code of Conduct. The Code overviews definitions of anti-bribery, anti-corruption as well as conflicts of interest. It is applicable to all employees including senior management and members of the Board. Details on the Code are included in the staff handbook and training is provided by the Personnel and Administration Department to new employees as part of their induction.

As of report publication, the Board of Directors of COSCO Pacific ("the Board") consists of 14 members and serves as the highest decision-making body:



## Our Business

We are working towards a goal of developing a strategic sustainability framework that will underscore the value brought by our business in operating responsibly. This will be applicable across our business.

### Corporate Sustainability

Our Corporate Sustainability initiatives enable us to remain a responsible corporate citizen who better understands and serves the needs and priorities of our markets. Since 2012, COSCO Pacific has been included as a constituent of the Hang Seng Corporate Sustainability Benchmark Index (“HSSUSB”), as recognition of our efforts in being a responsible corporate citizen.

The Corporate Governance Committee of our Board has played an instrumental role in consolidating our Corporate Sustainability initiatives. COSCO Pacific was proud to produce its first Sustainability Report in 2014 and has taken steps to maintain the standard and scope of this disclosure in 2015. The Committee also reports on the social landscape affecting and impacting our business, and is working towards a goal of developing a strategic sustainability framework that will underscore the value brought by our business in operating responsibly. This will be applicable across our business.

Relevant programmes are spearheaded by our Investor Relations Department which is also responsible for the preparation of the Company’s Sustainability Report and in enhancing communication among our diverse range of stakeholders. This is inclusive of our shareholders, customers, suppliers, financial institutions and our employees. The Sustainability Report aims to expand on our role of being a good corporate citizen and aligning our vision of balancing people, profit and planet within a sustainable business.

### Risk Management and Compliance

Organisations continue to face an increasingly complex business environment, being affected by a variety of local and global risks. Effective risk management can heighten an organisation’s resistance against such external challenges, helping to successfully navigate the contemporary business landscape and capitalise on business opportunities.

The Board’s Risk Management Committee assists COSCO Pacific in understanding the risk landscape affecting our business and with setting the strategic direction for the Group’s risk management strategy and systems. Key risks that we tend to face are organised into the categories of financial, operational and compliance based risk. Procedures laid down by the Committee are relevant to the entire organisation and across departments. As a risk is identified, existing controls and systems are reviewed to determine if there is any gap in response or risk control, and if so, how may this be rectified or addressed as soon as possible.

## 1.4 Memberships and Charters

We continue to liaise closely with membership organisations, industry associations and the Government to stay at the forefront of regulation and developments in our sector. COSCO Pacific also values the diverse thought and perspective we obtain by convening with sustainability experts who keep us up to date on sustainability policy and best practice.

Organisation	Position
Business Environment Council	Council Member
China Free Trade Zone & Export Processing Zone Association	Executive Director
China Ports & Harbours Association	Vice Chairman
China Ports & Harbours Association – Containers	Chairman
China Ports & Harbours Association – Containers	Vice Chairman
China Ports & Harbours Association – Containers	Council Member
China Ports & Harbours Association – Containers	Member
Containers Owner Association	Member
Fujian Entry-Exit Inspection & Quarantine Bureau of PRC	Executive Director
Fujian Ports Association	Council Member
Guangdong Ports Harbour Association	Council Member
Guangdong Province Enterprise Federation	Member
Guangzhou Port Shipping Service Association	Member
Hong Kong Investor Relations Association	Member
Jiangsu Entry-Exit Inspection and Quarantine Bureau	Member
Pearl River Water Transport Council	Council Member
Quanzhou Ports Association	Chairman
Quanzhou Ports Association	Vice Chairman
Quanzhou Container Association	Vice President
Shanghai Association of Enterprises with Foreign Investment	Council Member
Shanghai International Shipping Institute	Executive Member
Shanghai Maritime “Containers” University Council	Executive Director
The Hong Kong Institute of Chartered Secretaries	Fellow/Member
The Hong Kong Institute of Directors	Former Chairman/Member
The Institute of International Containers Lessors	Member
The Hong Kong Management Association	Executive Committee/Member
Xiamen Investment Association of China’s Central Enterprises	Council Member

## 1.5 Awards and Recognitions

In 2015, COSCO Pacific was honoured with the “Gold Award in Financial Performance, Corporate Governance, Environmental Responsibility, and Investor Relations”, from Asset magazine. In acknowledgement of COSCO Pacific’s dedication to effective communication with its stakeholders, the organisation was also awarded the “Best Investor Relations Company” for the fourth year by Corporate Governance Asia Magazine. We also received the “Outstanding China Enterprise Award” from Capital magazine for the fourth consecutive year. For more details about our awards, please refer to our Annual Report 2015.

# 2

## Our Approach

We have referenced the core option of GRI G4 Sustainability Reporting Guidelines and the ESG Reporting Guide of the Hong Kong Stock Exchange.

The top five issues of concern to our stakeholders and sector:



**Labour Relations**

**Employment**



**Environmental Impact**

**Occupational Health and Safety**



**Local Communities**

## 2.1 About This Report

This is the second annual Sustainability Report (“Report”) of COSCO Pacific. It covers the calendar year ended 31 December 2015. All numerical data within the Report is presented as absolute figures and all financial data is expressed in US Dollars, unless otherwise specified.

As with the previous report published on 24 March 2015, this Report continues to focus on the sustainability issues material to COSCO Pacific and its stakeholders, covering the activities and impacts of its head office operations as well as a select group of the organisation’s largest subsidiaries and major terminal operations. The report at all times aims to portray a transparent and accountable view of the Corporation’s sustainability performance, overviewing both challenges and successes in equal measure.

The scope of the report remains the same as the previous annual Corporate Sustainability Report. The following internal stakeholders remain included in this Report because of their significant roles or profit contributions to COSCO Pacific. Profit contribution from these six internal stakeholders amounted to 45.9% of the Company’s profit attributable to shareholders in 2015 excluding the write back of provision on the disposal of 21.80% equity interest in CIMC in 2013, and therefore they represent a good proxy for the overall performance of the Group.

Select internal stakeholders	Equity interest
(1) Florens Container Holdings Limited (“FLORENS”)	100%
(2) Piraeus Container Terminal S.A. (“Piraeus Terminal”)	100%
(3) COSCO – HIT Terminals (Hong Kong) Limited (“COSCO – HIT Terminal”)	50%
(4) Asia Container Terminals Limited (“Asia Container Terminal”)	40%
(5) Guangzhou South China Oceangate Container Terminal Company Limited (“Guangzhou South China Oceangate Terminal”)	39%
(6) Xiamen Ocean Gate Container Terminal Co., Ltd. (“Xiamen Ocean Gate Terminal”)	70%

As COSCO Pacific continues to progress in its Environmental, Social and Governance disclosure, we shall look to expand the scope of the Report to include more of our terminal operations. Across our business, we continue to encourage responsible and sustainable operational practices. For more information on our other terminal businesses, please refer to our Annual Report 2015.

## 2.2 How We Report

The Report has been prepared with reference to the “core” option of the Global Reporting Initiative (“GRI”) G4 Sustainability Reporting Guidelines. In addition, we have referenced the ESG Reporting Guide of the Hong Kong Exchanges and Clearing Limited (“HKEx”). The Report also takes into account industry and location for specific sustainability issues. To facilitate greater transparency and aid the reader in navigating the Report a GRI G4 and HKEx content index has been included at the back of this Report.



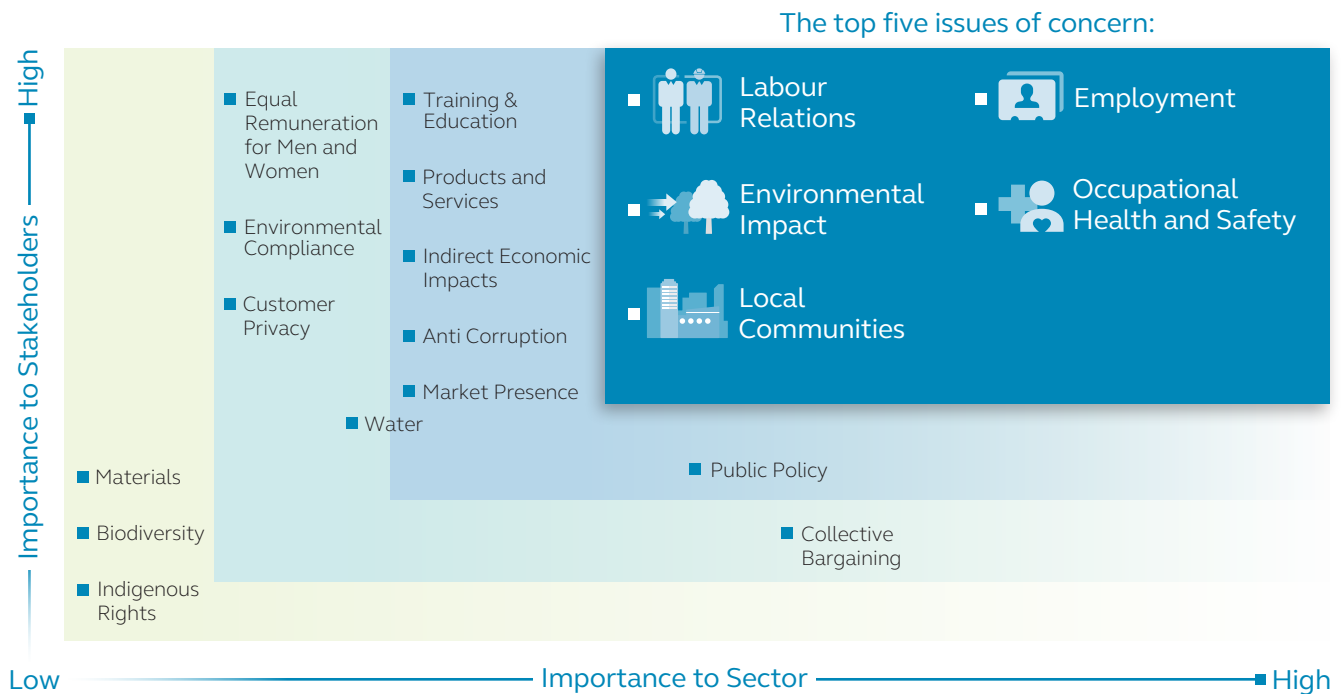
# Our Approach

## 2.3 Materiality Assessment

Materiality is a fundamental reporting principle of the GRI G4 guidelines. A materiality assessment is necessary to highlight relevant issues and topics which may be regarded as significant (“Material”) to the industry, COSCO Pacific, its subsidiaries and its stakeholders. A materiality assessment can also help to direct internal resources and draw attention to particular sustainability priorities.

A materiality assessment was conducted the previous year to define reporting content in line with the principle of materiality as recommended by the GRI G4 sustainability reporting guidelines. For this reporting year, COSCO Pacific has continued to report on the same material issues as highlighted the previous year. This was to maintain consistency in reporting on topics of importance and to demonstrate progress in the development of sustainable initiatives in these areas.

The materiality matrix below provides a list of sustainability priorities for COSCO Pacific. Issues presented towards the top-right hand corner of the matrix are considered to be of the highest importance to COSCO Pacific and its industry peers, while those located towards the bottom-left hand corner of the matrix represent concerns with relatively lower importance to both COSCO Pacific and the industry peers.



The result of the materiality assessment underscored a list of priority issues that reflect the most significant impact of COSCO Pacific. Issues concerning Employment, Environmental Impact, Non-discrimination and Local Communities were noted to be of the highest reporting priority.

To better understand our performance in each of these areas we provide performance metrics for these material issues, aligned with the standards of the GRI G4 Sustainability Reporting Guidelines covering Disclosures on Management Approach and Specific Standard Disclosures for each Material Aspect. We have also continued to report on the General Standard Disclosures under the GRI Guidelines.

The following table presents the material issues relevant to COSCO Pacific and their impact within and outside of the organisation. Respective material issues are represented by their corresponding GRI Material Aspects.

Material Aspect	Aspect Boundary Impact Location		Sections in this Report Where the Material Issue is Addressed
	Inside the Company	External	
Energy	✓		Environment
Emissions	✓	✓	Environment
Employment	✓	✓	People
Labour/Management Relations	✓		People
Occupational Health and Safety	✓		People
Local Communities	✓	✓	Communities

Note:

Multiple terms are used to describe sustainable development for corporations. Corporate Sustainability (CS) essentially refers to the balanced integration of environmental, social and corporate governance (ESG) considerations into overall business strategy and operations. It includes maintaining economic success and achieving commercial advantage, enhanced through operational efficiencies, strong brand value, reputation and the trust of shareholders, customers, clients, and affected communities. CS reporting and ESG disclosure are used interchangeably for the purpose of this report.



COSCO Pacific recognises the value brought to the organisation by the consideration of sustainability within its business functions. Our sustainable initiatives have resulted in cost savings, improved efficiency and a reduction in the Group’s overall environmental footprint. We pay particular attention to making greater utilisation of assets and further increasing our competitiveness through enhancing lean operations and reducing the operating/life-cycle costs.

Our sustainable initiatives have resulted in:



**Saving Cost**



**Improving Efficiency**



**Reduction in Our Environmental Footprint**



Recognising that developing a framework for sustainable business practices is not a one-off fix but rather than an on-going process, our objective is to create long-term strategic and competitive advantages through sustainability with the aim of ultimately enhancing long-term shareholder value and improving our environmental, social and governance disclosure.

### 3.1 People

#### Employment

At COSCO Pacific, we strive to remain inclusive with our growth, sharing our prosperity and success with our employees. We understand that the hard work, dedication and professionalism of our people provide the foundation from which we are able to develop, expand and enter new markets. In recognition of this commitment, we emphasise the professional growth of our employees, providing them with training opportunities and a competitive remuneration package commensurate with market standards.

Each of our subsidiaries has in place their own management policies covering various critical aspects of work including remuneration, employee benefits, working hours and holidays etc. Throughout our Group we place emphasis on developing and retaining the skill and talent required to succeed in this competitive environment in order to drive a sustainable future.

The charts and table below presents a detailed breakdown of COSCO Pacific’s workforce by age, gender and position

#### Total Workforce by Gender





Our human resources strategy takes into consideration the growth of COSCO Pacific’s annual production and operational targets as well as prevailing and future social and economic trends. This data helps us develop an annual staff recruitment plan which complements our strategic direction and development.

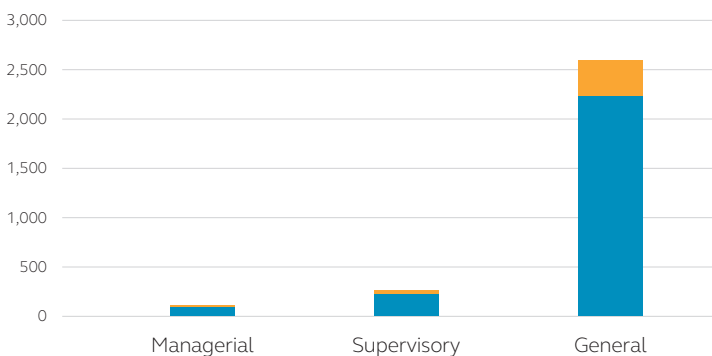
To drive productivity and efficient workplace operations that align with our corporate goals, our employees have a set of performance related KPIs associated with their position. These KPIs are communicated to employees and not only help to clarify expected performance and foster a sense of accomplishment, but also help the Personnel and Administration Department gauge productivity. The performance of our employees are also reviewed and evaluated on a regular basis for merit based promotions and pay rises.

At COSCO Pacific, we support the development of employee skillsets necessary for our success by conducting internal training programmes and encouraging employees to take part in external courses such as seminars, discussions and conferences held by both Government and professional bodies. Job rotation is also encouraged so that employees gain first hand understanding of other aspects of the business, bringing back this expertise to their own role.

The core values of COSCO Pacific are cooperation, mutual respect and responsibility; these principles are embedded and upheld throughout our operations by means of open communication.

Rate for Employee Turnover and New Employee Hires in 2015, by Gender and Age	Total	Gender		By Age		
		Male	Female	Below 30	30-50	Over 50
<b>Total Number &amp; Rates of Employee Turnover, broken down by gender &amp; age group</b>						
Total (number)	214	171	43	101	92	21
Total (rate)	7.4%	5.9%	1.5%	3.5%	3.2%	0.7%
<b>Total Number &amp; Rates of New Employee Hires, broken down by gender &amp; age group</b>						
Total (number)	196	177	19	152	38	6
Total (rate)	6.7%	6.0%	0.7%	5.2%	1.3%	0.2%

Total Workforce by Employment Level and Gender



Managerial Position by Age Group



Supervisory Position by Age Group



General Position by Age Group



## Our Work

At COSCO Pacific, safety is of utmost priority and is ensured through a number of policies, initiatives and protocols that ingrain safety into our corporate DNA.

### Worker Relations

Across our Group, we pride ourselves on our robust communication channels that help us stay in touch with various aspects of our business. This open and frank communication is characteristic of operations across our organisation and helps us to promptly address any concerns or issues as they arise. With our core values being cooperation, mutual respect and responsibility, discussion of contemporary business concerns helps us to formulate solutions and drive our progress and development in the long run.

To maintain this dialogue, we regularly host meetings, conferences and seminars. This provides our employees with regular opportunities for discussion with management, creating a culture of cohesion and mutual respect. We have also developed a company magazine and have created an official WeChat account to connect with staff globally.

### Occupational Health and Safety

A safe workspace is one where our employees and contractors are allowed the freedom to continue with their work without having to constantly worry about their well-being. At COSCO Pacific, safety is of utmost priority and is ensured through a number of policies, initiatives and protocols that ingrain safety into our corporate DNA.

Each of our subsidiaries has in place a safety management system which stipulates day to day operational and safety procedures, as well as emergency response plans. These systems have been developed considering local and national regulations as well as industry standards.

We believe that ensuring a safe workspace is the responsibility of every employee. At the beginning of each year, our departments establish “Safety Production Responsibility” requirements, and set up specific targets and indicators tied to staff performance. Fulfilment of these safety related KPIs will factor into employee appraisals and is a criteria in their remuneration. Departments and their staff are evaluated on either a monthly or quarterly basis against the fulfilment of these KPIs and in accordance with their own performance management systems.

Some of our subsidiaries go a step further in spearheading their own health and safety initiatives. At Piraeus Terminal, expatriate staff are provided with accident insurance, while a resident General Practitioner is maintained on staff to respond to any injuries that may arise from an unforeseen incident. In accordance with local and European regulations and standards, staff are informed of health and safety protocol at the terminal during their induction and thereafter on a regular basis.

At our Guangzhou South China Océangate Terminal, annual health checks are organised for employees, while the company goes a step further in purchasing social insurance and protection from major illnesses.

The table here below displays the OHS Data for COSCO Pacific subsidiaries (Asia Container Terminal, COSCO-HIT Terminal, Guangzhou South China Oceangate Terminal, Piraeus Terminal and Xiamen Ocean Gate Terminal). COSCO Pacific Headquarter & FLORENS OHS data are not included in this table.

	Total No.	by Gender	
		M	F
Number of staff involved in work-related fatalities	1.0	1.0	0.0
Number of staff involved in work-related injuries	27.0	27.0	0.0
Injury Rate per 100 employees	0.1	0.1	0.0
Lost days due to work-related accidents and disease	1,755.0	1,755.0	0.0
Lost days due to other sick leave (not related to work-related injuries)	2,430.0	1,699.0	731.0
Lost day rate	16.9	16.4	19.8
Absentee rate	0.067%	0.065%	0.079%



## 3.2 Environment

At COSCO Pacific, we endeavour to minimise our environmental impact so that we are able to continue to develop sustainably as a business while operating in harmony with the local environment. Our approach to acting responsibly involves considering inherent environmental risk as a result of our activities, then devising approaches and solutions to mitigate these concerns as they arise. This enables us to be a successful and enterprising business in the long term, being environmentally friendly with a consideration of business success.

We are committed to implementing principles of sound environmental management as we develop our business operations. We refer to international best practice on environmental management through our partnerships with NGO's, sustainability consultants, and industry associations. COSCO Pacific complies with all domestic and international regulations with the aim of becoming a greener terminal operator and leasing company.

### Influencing Our Suppliers

As a leading terminal operator we rely on an array of suppliers to maintain the quality of services that we provide. We are also aware of our ability to influence the environmental performance of these organisations and mitigate risk in our supply chain. In order to manage the environmental performance of these organisations, we have committed to developing a green procurement policy. Specific clauses are also embedded into our tender and contractual requirements covering a series of environmental and social criteria, urging our suppliers to consider social and environmental standards in areas where they operate.

# Our Work

## Engaging Employees

At COSCO Pacific we take steps to ensure that our employees have a vested interest in the management of the environment, taking ownership of environmental initiatives and efforts in their operations. At our Guangzhou South China Oceangate Terminal we engage our employees on environmental issues through a series of Key Performance Indicators related to environmental management. The fulfilment of these indicators is tied to employee salary and the distribution of a bonus.

At COSCO-HIT Terminal and Asia Container Terminal, our teams remain dedicated to enhancing the environmental awareness of staff through various initiatives such as recycling used paper, reducing carbon emissions, promoting savings in water consumption and by supporting the initiatives of local NGO's.

## Energy and Emissions

Discussions at the COP 21 Conference saw mainland China commit to ambitious carbon reduction targets by 2030, aiming to reduce carbon emissions per unit of GDP by 65% below 2005 levels. In response to these contemporary climate change challenges and policy developments, COSCO Pacific continuously seeks to reduce energy consumption from our terminals, containers and buildings.

As a centralised authority on our reduction initiatives, our Energy Saving Office programme overviews policies to reduce energy consumption and emissions, aligning with national emission reduction and energy savings targets committed at the COP 21 conference and in the 13th Five-Year Plan of the People's Republic of China. Each of our subsidiaries monitors their energy consumption and analyses their performance to determine if they have met specified targets. If these have not been met, then corrective measures are taken to improve the effectiveness of energy reduction processes.

Compared with Previous Year

Target: Energy consumption to be reduced by

↓ 8% or more

Carbon emissions reduced by

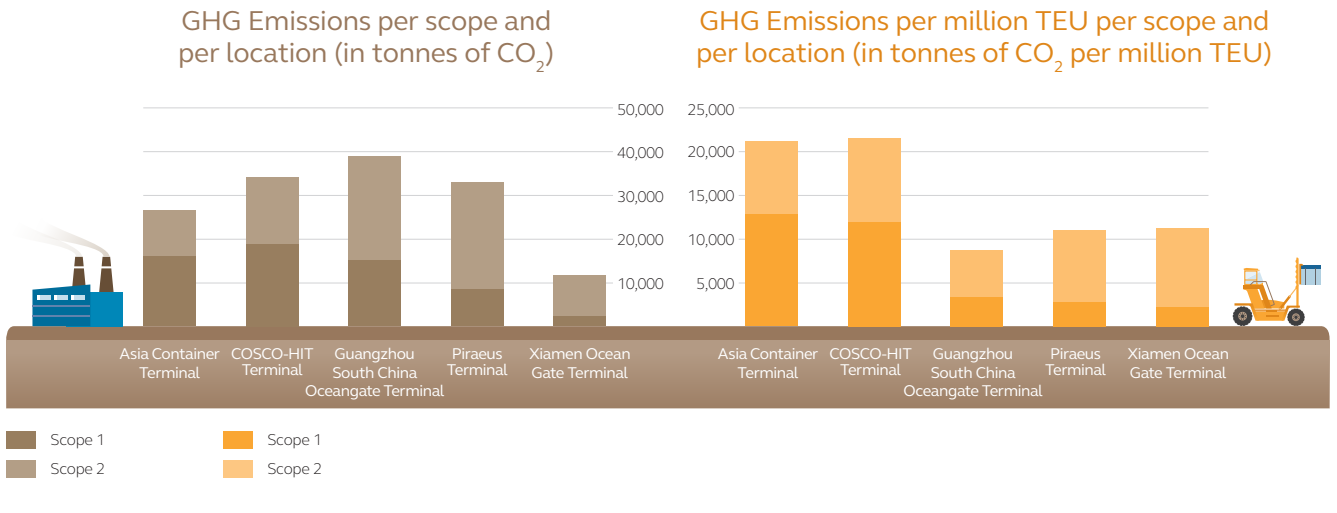
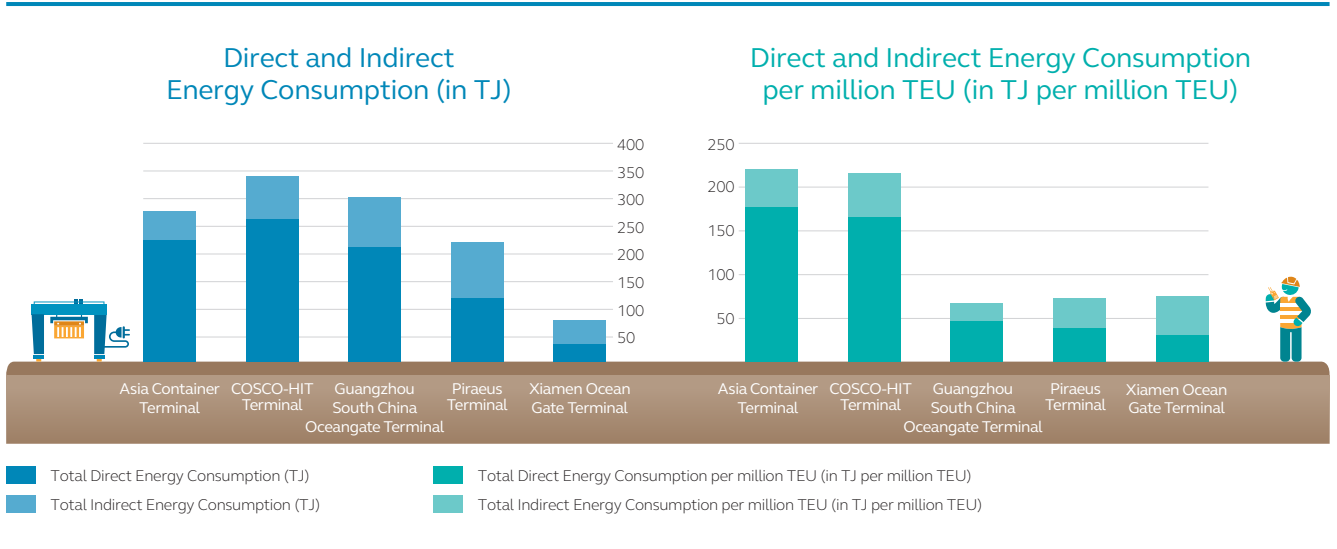
↓ 10% or more

	Total Throughput (Million TEU)			Total Energy Consumption (TJ)			Direct GHG Emissions (tons of CO <sub>2</sub> e) Scope1			Indirect GHG Emissions (tons of CO <sub>2</sub> e) Scope2		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Asia Container Terminal	1.25	1.14	N/C	276	N/C	N/C	16,017	N/C	N/C	10,541	N/C	N/C
COSCO-HIT Terminal	1.58	1.64	1.64	340	499	331	18,868	28,463	13,875	15,280	21,498	14,878
Guangzhou South China Oceangate Terminal	4.49	4.65	4.45	301	349	381	15,118	17,191	20,095	23,979	23,722	22,411
Piraeus Terminal	3.03	2.99	2.52	218	217	N/C	8,415	8,789	N/C	24,782	19,208	N/C
Xiamen Ocean Gate Terminal	1.03	0.81	0.61	77	94	59	2,257	5,160	2,786	9,355	2,804	2,149

Notes:

1. Substantial terminal facilities were upgraded in 2014. Therefore figures in 2013 were not included as this data would not be comparable.
2. Figures included all energy used (i.e. diesel and power) by these terminals and its contractors.
3. Note that COSCO Pacific Headquarter and FLORENS have not been included in this table and the following charts as their energy consumption are not significant.

The graphs below represent the total direct and indirect energy consumption for the selected internal stakeholders of COSCO Pacific<sup>3</sup>.



Our approach to managing our emission footprint at our terminals involves reducing our usage of fossil-based fuels and retrofitting our hardware so that it runs on electricity. We also continue to place emphasis on creating an efficient energy consumption strategy by investing in energy saving technology and initiatives. Our commitments have been captured under the “COSCO Pacific Energy Saving and Emissions Reduction Management Specifications” initiated at our headquarters. Under this policy, the Energy Savings and Emissions Reduction Steering Group, relevant departments and employees work together to strengthen the management of energy consumption by investments in fixed assets, maintenance of production facilities, and by raising awareness on energy savings practices.

## Our Work

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### Our movement to become a “green port” operator

Upgraded Hardware and Training of Employees



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Electrified rubber tyred gantry cranes



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Upgraded high mast lights to LED lights



### Greening Terminals

Our Guangzhou South China Oceangate Terminal closely monitors energy consumption from the use of fossil fuels and electricity. To reach our goal of reducing energy consumption by 5% per container, each department is encouraged to stick closely to their targets and push for improvements, when and where they are needed, streamlining processes and raising an awareness amongst employees on the need to save energy.

Guangzhou South China Oceangate Terminal’s vision is to develop a “Green Port”, using environmentally friendly technology. Such a port may increase short term costs due to upgraded hardware and training of employees, but will provide savings in the long term due to reduced overhead costs. Customers will ultimately benefit from these upgrades as cost savings are passed onto them.

A key step in becoming a Green Port is the electrification of existing infrastructure. For example, the electrification of field bridges at Guangzhou South China Oceangate Terminal will reduce both energy consumption and carbon emissions. The port has succeeded so far in electrifying 64 field bridges leading to savings of 3,578 tonnes of standard coal (108,824.9 GJ) per year. Other notable upgrades have involved upgrading high mast lights to 400kWh LED lights, saving 236,520kWh of energy per year.

Our other terminals have also taken steps to improve their performance and become green ports. It is estimated that after retrofitting work is completed, 297 tonnes of standard coal (TCE) will be saved. For example Xiamen Ocean Gate Terminal electrified 10 rubber tyred gantry cranes.



Emphasising the role of efficient processes and systems, Piraeus Terminal rationalised the use of its straddle trucks this year, resulting in fuel savings of over 14%.

At COSCO-HIT Terminal and Asia Container Terminal, an environmental committee has been set up to audit the energy efficiency policy, established according to ISO 14001 standards. Both terminals have a target of saving 100 kWh of electricity and 8,000 litres of fuel consumption per annum. Dedicated funding has been set aside for any upgrades or renovations for terminals to reach their yearly CO<sub>2</sub> reduction target of 2%.

### Greening Containers

At FLORENS, we have a target of reusing 99.5% of all our retired containers to maximise their lifecycle and reduce waste. This is achieved by selling these containers to both brokers and end users.

In June 2015, following a study on the improved corrosion resistance of high-strength steel, 500 high-strength steel containers, each over 9 feet tall, were manufactured and tested to comply with ISO standard. With corrosion resistance improving 20% both the lifespan and maintenance costs of the container have been reduced with savings of 20% expected on maintenance. These containers also weigh 10% less and so reduce fuel costs and carbon emissions saved through transport, amounting to savings of 800kg of CO<sub>2</sub>/TEU per year.

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Our Retired Container  
Reuse Target at  
FLORENS



## 3.3 Community

As a responsible corporate citizen, we engage local communities in regions where we operate. Community initiatives that we support involve engagement with and development of the local area. Our involvement with the local community results in synergy that improves the well-being of local residents while also feeding back into the business.

We frequently participate with local non-profit organisations, sponsoring and supporting their activities in the development of our operating regions. Our involvement is usually within a diverse array of areas that feed back into our business. Community activities can support corporate management functions, corporate governance and corporate social responsibilities. For example Piraeus Terminal continues to have close involvement with the local communities, refurbishing local schools and making donations to communities in need. In 2015, COSCO Pacific joined the Steering Committee of Transportation and Logistics Advisory Group at Business Environment Council as a consultant and adviser in terms of the latest issues of transportation in Hong Kong.

## 4

# Our On-going Efforts

Traditionally port and terminal operators emphasised policies oriented around maximizing economic development. They focused on building infrastructure and connecting transportation networks so as to expand and facilitate the flow of goods. Although this objective remains unchanged, social and environmental concerns have grown in importance over recent years. In the 21st century, an evaluation of global competitive advantage of the port and terminal industry is increasingly based on social and environmental considerations.

Going forward, ramping up stakeholder involvement will take on increased importance for achieving sustainable operations at port facilities. We are planning to hold facilitated sessions with internal and external stakeholders to determine data for performance assessments and methods for quantifying and







analysing key performance indicators. By involving stakeholders throughout this process, we would like to strengthen our stakeholder engagement initiatives and ensure that they have a voice in the process of making operations more sustainable. We will dedicate our efforts to provide high quality and relevant information to support our terminal operations in relation to their sustainable development.

By fostering inclusive dialogue with the widest number of shareholders, partners, financial institutions, institutional investors, clients, suppliers and employees, we will set ourselves on journeys towards sustainability. During this collaboration, we will also invite stakeholders to comment on our sustainability reports. You are cordially invited to participate in the following stakeholder feedback survey by sending your comments to Ms. May LIU (Email: [mayliu@coscopac.com.hk](mailto:mayliu@coscopac.com.hk)).

- |                                                                                                             |                                                              |                                                                                      |
|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------------------------|
| <p>1. <b>HUANG Xiaowen</b><br/>Chairman of the Board,<br/>Non-executive Director</p>                        | <p>6. <b>CHAN Hang, Ken</b><br/>Deputy Managing Director</p> | <p>9. <b>ZHANG Dayu</b><br/>Deputy Managing Director</p>                             |
| <p>2. <b>ZHANG Wei</b><br/>Vice Chairman of the Board<br/>and Managing Director,<br/>Executive Director</p> | <p>7. <b>ZENG Xiaomin</b><br/>Deputy Managing Director</p>   | <p>10. <b>LUI Sai Kit, Eddie</b><br/>Financial Controller</p>                        |
| <p>3. <b>FANG Meng</b><br/>Deputy Managing Director,<br/>Executive Director</p>                             | <p>8. <b>GUAN Shuguang</b><br/>Deputy Managing Director</p>  | <p>11. <b>HUNG Man, Michelle</b><br/>General Counsel &amp;<br/>Company Secretary</p> |
| <p>4. <b>DENG Huangjun</b><br/>Deputy Managing Director,<br/>Executive Director</p>                         |                                                              |                                                                                      |
| <p>5. <b>WONG Tin Yau, Kelvin</b><br/>Deputy Managing Director,<br/>Executive Director</p>                  |                                                              |                                                                                      |



## Stakeholder Feedback Survey

Thank you for your interest in COSCO Pacific’s Sustainability Report 2015. 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 Pacific? (Please select only one)

- Shareholder
- Director
- Business Partner
- Customer
- Banker
- Contractors and Supplier
- Media
- Fund manager and Investor
- Analyst
- Employee
- Government Department
- Trade and Industry Association
- Non-governmental Organisation
- Other, please specify:

### 2. How would you rate the content of COSCO Pacific’s 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 Pacific’s 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 regard to COSCO Pacific’s Sustainability Report:

## Contact Information

Please feel free to contact us with any comments or suggestion you may have related to this Report by contacting Ms. May LIU at the address included below:

**Ms. May LIU**

**COSCO Pacific Limited**

Deputy General Manager of Investor Relations Department and  
Member of Corporate Governance Committee

Address: 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.

Telephone: (852) 2809 8131

Email: mayliu@coscopac.com.hk

## Appendix 1: COSCO Pacific GRI & HKEx ESG Guide Content Indexes

GRI Indicator	HKEx ESG Reporting Guide General Disclosures & KPI's	GRI General and Specific Standard Disclosures	2015 Report and other References	Page No.
<b>Strategy and Analysis</b>				
G4-1		Statement from the most senior decision-maker of the organisation	Statement from Chairman and Vice Chairman	6-7
<b>Organisational Profile</b>				
G4-3		Name of the organisation	Statement from Chairman and Vice Chairman	6
G4-4		Primary brands, products, and services	1. Our business – 1.1 Company Overview	10
G4-5		Location of the organisation's headquarters	1. Our business – 1.1 Company Overview	10
G4-6		Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Ports and Terminals	4-5
G4-7		Nature of ownership and legal form	1. Our business – 1.1 Company Overview	10
G4-8		Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Ports and Terminals 1. Our business – 1.1 Company Overview	4-5 10
G4-9		Scale of the organisation	1. Our business – 1.1 Company Overview	10
G4-10	KPI A1.1	Total number of employees	1. Our business – 1.1 Company Overview	10
G4-11		Percentage of total employees covered by collective bargaining agreements	There is no formal collective bargaining agreement in place.	
G4-12	KPI C1.1	Organisation's supply chain	Currently there is no information on supply chain.	
G4-13		Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	2. Our Approach – 2.1 About this Report	18
G4-14		Explanation of whether and how the precautionary approach or principle is addressed by the organisation	1. Our business – 1.3 Corporate Governance	15
G4-15		Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	1. Our business – 1.4 Memberships and Charters	17
G4-16		Memberships of associations	1. Our business – 1.4 Memberships and Charters	17

## Appendix 1: COSCO Pacific GRI & HKEx ESG Guide Content Indexes

GRI Indicator	HKEx ESG Reporting Guide General Disclosures & KPI's	GRI General and Specific Standard Disclosures	2015 Report and other References	Page No.
<b>Identified Material Aspects and Boundaries</b>				
G4-17		Entities included in the organisation's consolidated financial statements	2. Our Approach – 2.1 About this Report	18
G4-18		Process for defining the report content and the aspect boundaries. Explain how the organisation has implemented the reporting principles for defining report content	2. Our Approach – 2.3 Materiality Assessment	20
G4-19		Material Aspects identified in the process for defining report content	2. Our Approach – 2.3 Materiality Assessment	21
G4-20		Aspect Boundary within the organisation for each material aspect	2. Our Approach – 2.3 Materiality Assessment	21
G4-21		Material Aspect outside the organisation for each material aspect	2. Our Approach – 2.3 Materiality Assessment	21
G4-22		Effect of any restatements of information provided in previous reports, and the reasons for such restatements	2. Our Approach – 2.1 About this Report	18
G4-23		Significant changes from previous reporting periods in the scope and aspect boundaries	2. Our Approach – 2.1 About this Report	18
<b>Stakeholder Engagement</b>				
G4-24		List of stakeholder groups engaged by the organisation	COSCO Pacific did not conduct any stakeholder engagement this year.	
G4-25		Basis for identification and selection of stakeholders with whom to engage	COSCO Pacific did not conduct any stakeholder engagement this year.	
G4-26		Approach to stakeholder engagement	COSCO Pacific did not conduct any stakeholder engagement this year.	
G4-27		Key topics and concerns that have been raised by stakeholder groups through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	COSCO Pacific did not conduct any stakeholder engagement this year.	
<b>Report Profile</b>				
G4-28		Reporting period	2. Our Approach – 2.1 About this Report	18
G4-29		Date of most recent previous report	2. Our Approach – 2.1 About this Report	18
G4-30		Reporting cycle	2. Our Approach – 2.1 About this Report	18
G4-31		Contact point for questions regarding the report or its contents	Contact Information	33
G4-32		'In accordance' option the organisation has chosen, GRI Content Index, reference to the External Assurance Report	2. Our Approach – 2.2 How we report	19
G4-33		Policy and current practice with regard to seeking external assurance for the report	There is no external assurance for the Report.	
<b>Governance</b>				
G4-34		Governance structure of the organisation, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social impacts	1. Our business – 1.3 Corporate Governance	15

## Appendix 1: COSCO Pacific GRI & HKEx ESG Guide Content Indexes

GRI Indicator	HKEx ESG Reporting Guide General Disclosures & KPI's	GRI General and Specific Standard Disclosures	2015 Report and other References	Page No.
<b>Ethics &amp; Integrity</b>				
G4-56		Organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	1. Our business – 1.2 Organisational Values	14
<b>Energy</b>				
G4-DMA	GD-B1, KPI B2.3		3. Our Work – 3.2 Environment	25
G4-EN3	KPI B1.2, KPI B2.1	Energy consumption within the organisation	3. Our Work – 3.2 Environment	27
<b>Emissions</b>				
G4-DMA	GD-B1, GD-B3, KPI B3.1		3. Our Work – 3.2 Environment	25
G4-EN15	KPI B1.2	Direct greenhouse gas (GHG) emissions (Scope 1)	3. Our Work – 3.2 Environment	27
G4-EN16	KPI B1.2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	3. Our Work – 3.2 Environment	27
G4-EN18	KPI B1.2	Greenhouse gas (GHG) emissions intensity	3. Our Work – 3.2 Environment	27
G4-EN19		Reduction of greenhouse gas (GHG) emissions	3. Our Work – 3.2 Environment	26
<b>Employment</b>				
G4-DMA	GD-A1		3. Our Work – 3.1 People	22
G4-LA1	KPI A1.1, KPI A1.2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	3. Our Work – 3.1 People	23
<b>Labour/Management Relations</b>				
G4-DMA			3. Our Work – 3.1 People	23
G4-LA4		Minimum notice periods regarding operational changes, including whether it is specified in collective agreements	There is no formal collective bargaining agreement in place.	
<b>Occupational Health and Safety</b>				
G4-DMA	GD-A2, KPI A2.3		3. Our Work – 3.1 People	24
G4-LA6	KPI A2.1, KPI A2.2, KPI A2.3	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	3. Our Work – 3.1 People	24
<b>Local Communities</b>				
G4-DMA	GD-D1, KPI D1.1		3. Our Work – 3.3 Community	29
G4-SO2		Operations with significant actual and potential negative impacts on local communities	3. Our Work – 3.3 Community	29

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## Appendix 2: Glossary

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Carbon Footprint Repository for Listed Companies	an online platform created by EPD which enables listed companies in Hong Kong to disclose their carbon footprints and share carbon management strategies and practices.
Drewry Maritime Research (Drewry)	Drewry is a specialist research company for the maritime sector.
Environment/Environmental Footprint	the effect that the company and its activities has on the environment.
Global Reporting Initiative (GRI)	<p>GRI is a leading organisation in the sustainability field. GRI promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development.</p> <p>(GRI official website; available at: <a href="https://www.globalreporting.org/information/about-gri/what-is-GRI/Pages/default.aspx">https://www.globalreporting.org/information/about-gri/what-is-GRI/Pages/default.aspx</a>) (GRI G4 – the latest sustainability reporting guideline released by GRI in May 2013.)</p>
Greenhouse Gases (GHG)	“gases that trap heat in the atmosphere” (US EPA), which include Carbon Dioxide (CO <sub>2</sub> ), Methane (CH <sub>4</sub> ), Nitrous Oxide (N <sub>2</sub> O), etc.
Materiality Assessment	the process of identifying, defining and prioritizing the environmental, social and governance (ESG) issues that matter most to the business and its stakeholder. One of the key elements of materiality assessments is stakeholder engagement.
Material Issues/Aspects	issues/aspects or concerns that are important to stakeholders.
Specific Standard Disclosure	one of the reporting components of GRI G4 reporting standard.
Stakeholders	stakeholders are the people who have an interest in a particular matter. In a corporate context, stakeholders are people who have an effect or are affected by the actions of a business as a whole. For example, internal stakeholders can be members of staff and external stakeholders can be suppliers/contractors of a business.
Stakeholder Engagement	facilitating dialogue with stakeholders through focus group discussions/face-to-face interviews/questionnaires and by collecting any feedback, suggestions and views on topics such as the sustainability vision/goal/policies/practice of a business.
Subsidiary	an entity (including structured entities) over which the group has control.
Sustainability	sustainable development is defined as ‘meeting the needs of the present without diminishing the ability of future generations to meet their needs’ (Our Common Future, Brundtland Report (1987)). In a corporate context, the three critical factors – environmental, social and governance (ESG) are used to measure the level of sustainability of a company.
TEU	twenty-foot equivalent unit

### Appendix 3: Abbreviation of Companies

Company Name	Abbreviation
COSCO Pacific Limited	COSCO Pacific or the Company
COSCO Pacific Limited and its subsidiaries	the Group
COSCO Container Lines Company Limited	COSCON
China COSCO Holdings Company Limited	China COSCO
China Ocean Shipping (Group) Company	COSCO
China Ocean Shipping (Group) Company and its subsidiaries	COSCO Group
China Shipping Container Lines Company Limited	CSCL
China Shipping Container Lines (Hong Kong) Co, Limited	CSCLHK
China Shipping (Group) Company	China Shipping Group
China Shipping (Hong Kong) Holdings Co., Limited	CSHK
China Shipping Ports Development Co., Limited	CSPD
<b>Terminal Company</b>	
Antwerp Gateway NV	Antwerp Terminal
APM Terminals Zeebrugge N.V.	Zeebrugge Terminal
Asia Container Terminals Limited	Asia Container Terminal
CJ Korea Express Busan Container Terminal Corp.	Busan KBCT Terminal
COSCO-HIT Terminals (Hong Kong) Limited	COSCO-HIT Terminal
COSCO-PSA Terminal Private Limited	COSCO-PSA Terminal
Dalian Automobile Terminal Co., Ltd.	Dalian Automobile Terminal
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Dalian Dagang Terminal
Dalian International Container Terminal Co., Ltd.	Dalian International Terminal
Dalian Port Container Terminal Co., Ltd.	Dalian Port Terminal
Guangzhou South China Oceangate Container Terminal Company Limited	Guangzhou South China Oceangate Terminal
Jiangsu Yantze Petrochemical Co., Ltd.	Jiangsu Yantze Petrochemical Co
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
Ningbo Meishan Bonded Port New Harbour Operating Co., Ltd	Ningbo Meishan New Harbour Terminal
Ningbo Yuan Dong Terminals Limited	Ningbo Yuan Dong Terminal

<b>Terminal Company</b>	
Piraeus Container Terminal S.A.	Piraeus Terminal
Plangreat Limited	Plangreat
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	Dongjiakou Ore Terminal
Qingdao New Qianwan Container Terminal Co., Ltd.	Qingdao New Qianwan Terminal
Qingdao Qianwan Container Terminal Co., Ltd.	Qingdao Qianwan Terminal
Qingdao Qianwan Intelligent Container Terminal Co., Ltd.	Qingdao Qianwan Intelligent Terminal
Qingdao Qianwan United Advance Container Terminal Co., Ltd.	Qingdao Qianwan United Advance Terminal
Qingdao Qianwan United Container Terminal Co., Ltd.	Qingdao Qianwan United Terminal
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
Shanghai Container Terminals Limited	Shanghai 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
Xiamen Haitou Tongda Terminal Co., Ltd.	Xiamen Tongda 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 Terminal
Yingkou New Century Container Terminal Co., Ltd.	Yingkou New Century Terminal
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	Zhangjiagang Terminal
<b>Container Leasing, Management and Sale Company</b>	
Florens Container Holdings Limited and its subsidiaries (Disposed on 24 March 2016)	FLORENS
<b>Discontinued Operation</b>	
China International Marine Containers (Group) Co., Ltd.	CIMC





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