

COSCO SHIPPING Ports Limited Sustainability Report 2016



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

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>

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About This Report

This sustainability report is published by COSCO SHIPPING Ports Limited (“COSCO SHIPPING Ports”, “We” or “the Company”, together with our subsidiaries, are collectively referred to “the Group”), summarising the performance and progress of the Group for the period from 1 January 2016 to 31 December 2016 pertaining to environmental, social and governance aspects.

Basis of Preparation

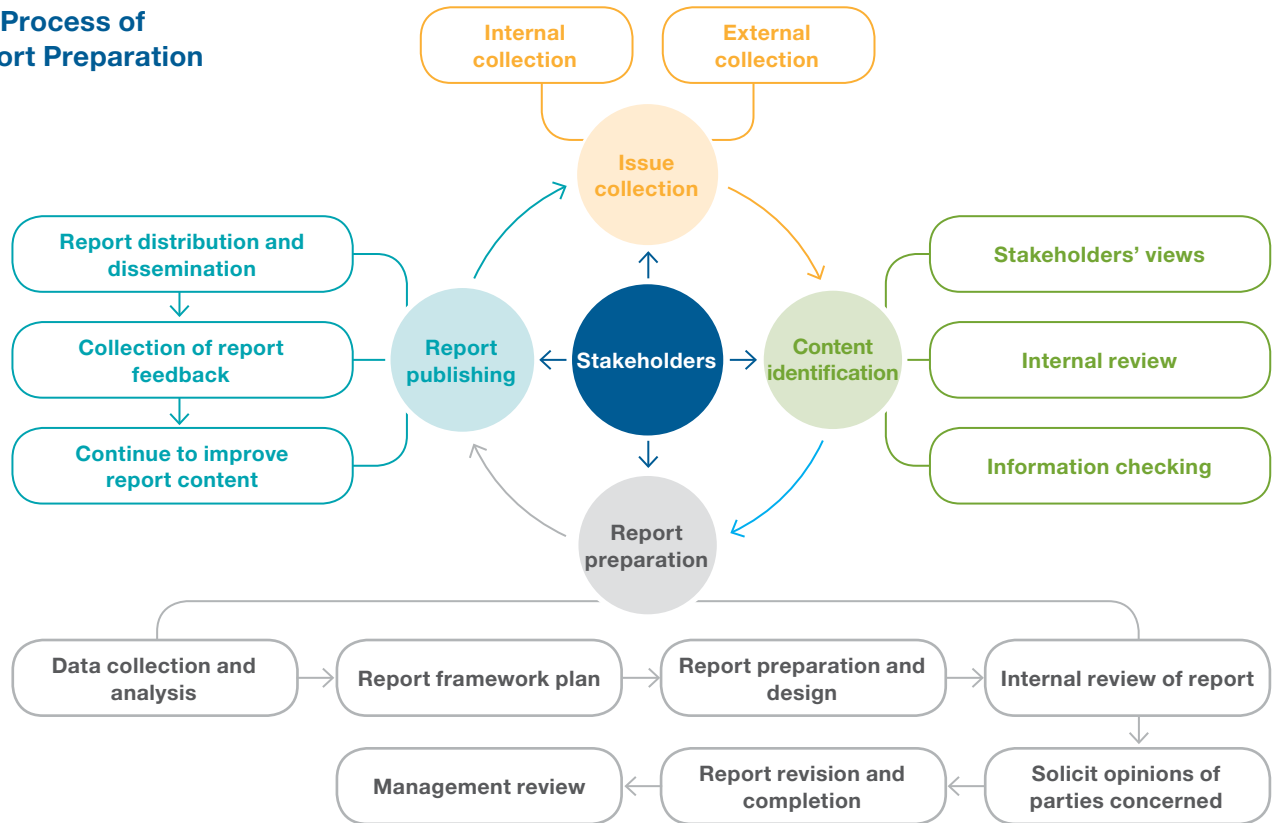
The preparation of this report was conducted mainly with reference to the core option of the Global Reporting Initiative (GRI) “G4 Sustainability Reporting Guidelines” and the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”). It takes into consideration of the interests of stakeholders and the business of COSCO SHIPPING Ports, highlighting the characteristics of the Group’s terminal business. Please refer to the appendices at the end of this report for information on the disclosure of the relevant indicators in the report.

Scope of Report

China Ocean Shipping (Group) Company (“COSCO”) and China Shipping (Group) Company (“China Shipping”) were restructured in December 2015, leading to the formal establishment of China COSCO Shipping Corporation Limited (“COSCO SHIPPING”) in February 2016. The Group seized this business restructuring opportunity to acquire a portfolio of terminal assets from China Shipping Ports Development Co., Limited (“CSPD”), which expanded the size of the Group’s terminal business portfolio. It is a strategic restructuring and transformation year of the Group and we take this opportunity to strengthen the communication with stakeholders and expand the reporting boundary of this sustainability report. The scope of the report last year included our headquarter and 5 terminal companies under our portfolio, which is expanded to 25 terminal companies this year. These companies account for over 90% of the Group’s 2016 terminal business profits.

In-scope companies for the report	Shareholdings
Headquarter	
COSCO SHIPPING Ports	
Bohai Rim	
1 Qingdao Qianwan Terminal	20%
2 Tianjin Five Continents Terminal	28%
3 Tianjin Euroasia Terminal	30%
4 Yingkou New Century Terminal	40%
5 Dalian International Terminal	40%
6 Yingkou Terminal	50%
7 Dalian Port Terminal	20%
8 Jinzhou New Age Terminal	51%
Yangtze River Delta	
9 Shanghai Pudong Terminal	30%
10 Shanghai Mingdong Terminal	20%
11 Ningbo Yuan Dong Terminal	20%
12 Lianyungang New Oriental Terminal	55%
13 Zhangjiagang Terminal	51%
14 Taicang Terminal	39.04%
15 Nanjing Longtan Terminal	16.14%
16 Yangzhou Yuanyang Terminal	55.59%
Pearl River Delta	
17 Yantian Terminal Phases I & II	14.59%
Yantian Terminal Phase III	13.36%
18 Guangzhou South China Oceangate Terminal	39%
19 COSCO-HIT Terminal	50%
20 Guangzhou Nansha Stevedoring Terminal	40%
21 Asia Container Terminal	60%
Southeast Coast and others	
22 Quan Zhou Pacific Terminal	82.35%
23 Xiamen Ocean Gate Terminal	70%
24 Jinjiang Pacific Terminal	80%
Oversea	
25 Piraeus Terminal	100%

The Process of Report Preparation



Data Sources

The data sources in the report include the Company's annual reports, internal documents, information and statistics. The currency involved in the report is the U.S. dollar, unless otherwise stated.

In the course of preparing the report, we have taken into consideration the presentation style of information, the representativeness of examples, and the design of the report layout, in order to achieve completeness and fairness in reporting.

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Chairman's Statement

**HUANG
Xiaowen**

Chairman



I am delighted to present the “Sustainability Report” of COSCO SHIPPING Ports for the year 2016 with you.

Ports and terminals are an integral part of global trade and transport, and most of the goods are traded through maritime transport across the world. Therefore, the continuous improvement of the operating efficiency and sustainable development of the ports and terminals will not only enhance the market competitiveness of the Company, but will also contribute positively to the development of the locations we operate.

2016 was a year where the Group went through restructuring and kicked start a new chapter. Following the restructuring, the terminal network of the Group has been further expanded. The Group’s terminal business will continue to seek achieving synergies with parent company COSCO SHIPPING, and continue to strengthen the Group’s competitiveness. Our business strategy has integrated sustainability into our business development priorities. Adopting a sustainable development approach, we seek to drive growth through enhancing the operational performance at terminals and developing into new businesses. We are committed to contribute to the growth of the entire shipping industry and creating additional value in the ever-changing business landscape.

In line with the development philosophy of “The Ports For ALL”, the synergies with parent company has been a key factor for the Group to play a role as a world-leading terminal business operator. We have adopted three core strategies to enhance the Group’s competitiveness and profitability:

1. Developing a global terminals portfolio: actively seeking terminal assets on a global basis that offer good potential value and long-term returns, so as to develop a comprehensive and well-balanced global terminal network;
2. Bringing into full play the synergies with parent company COSCO SHIPPING’s container fleet and the OCEAN Alliance: fully exploiting the unique advantages arising from COSCO SHIPPING’s container fleet and seizing significant market share within the OCEAN Alliance;
3. Strengthening control and management of the ports and terminals business: further integrating our existing terminals portfolio and increasing the value of these investments through building controlling stakes; increasing our influence in entire ports through equity investments in port groups; and adopting a unified management and information system to integrate terminal operations.

In the course of business development and enhancement of competitiveness, we emphasise the importance of sustainable development with area of focuses as: while we are expanding our terminal network and striving for success, we are committed to creation of long term value for stakeholders. The Group believes that honesty, integrity, and compliance are important manifestations of a successful company, and are the cornerstone for gaining the trust of stakeholders. The Group, while taking on the economic responsibility to the society, constantly pursuing a higher level of integrity, transparency, professionalism, and corporate governance. In order to maintain the transparency and accountability to the stakeholders, the Group continuously pursues a higher level of corporate governance and balance the interests of various parties.

Sustainability plays a key role in the fulfilment of corporate responsibility and development of a harmonious society, it also plays an integral part in risk management and long-term business development through globalisation. We actively respond to the increasing expectations from regulators and the capital market by driving to embed sustainability in our strategic plan. We constantly look for ways to enhance our business model and strengthen our internal systems and capabilities, in order to achieve long-term sustainable development.

Under the guidance of “The Ports For ALL” philosophy, the Group is actively promoting the construction of a global terminal network and striving to build a win-win sharing platform to create the greatest value for our stakeholders. The Group's five-year strategy has prepared us to focus in optimising market opportunities and continue to pursue professionalism, marketisation and internationalisation, in order to strengthen the corporate brand and influential power of the Group. The Group shall also intensify implementation and keep a far-sighted perspective, placing the overall interests and long-term interests of the stakeholders as top priority, seeking commonalities while pursuing changes, continually creating lasting value to all stakeholders.



HUANG Xiaowen
Chairman





Report by Vice Chairman

ZHANG Wei

Vice Chairman and Managing Director



COSCO SHIPPING Ports has always attached importance to creating value of the Company and long-term benefits to stakeholders. In 2016, the Group was transformed into a pure terminal operator through reorganisation, which has resulted in a stronger market position and strengthened competitive advantages of the Group.

After the business restructuring of COSCO and China Shipping, the size of the container fleet of COSCO SHIPPING, the parent company of the Company, is further expanded to approximately 1,600,000 TEU, ranking fourth in the world. As the flagship of the parent company's listed terminal business operator, COSCO SHIPPING Ports benefits from the advantages of a strong collaboration with container businesses of its parent company, and a stronger global network, further enhances its international competitiveness. The restructuring has created tremendous business opportunities through the acquisition of a portfolio of terminal network, it resulted in a stronger expansion of the terminal network and increase in market share of the Group. The restructuring has further strengthened the competitive advantages of the Group in Greater China and has enhanced the Group's leading position in the global container terminal industry.

Rooted in China, the Group has a global vision where the terminal portfolio covers five major coastal ports in Mainland China and overseas hub ports. COSCO SHIPPING Ports is the world's largest container terminal operator in terms of total throughput, which accounts for about 13.0% of the global market share. COSCO SHIPPING Ports is the fifth largest container terminal operator in the world in terms of equity throughput, which accounts for about 4.3% of the global market share^{Note}.

The Group is implementing a globalisation strategy and expanding our container terminal network globally. The Group operates and manages 180 berths in 30 terminal worldwide, including 158 container berths with an annual handling capacity of approximately 97,245,000 TEU. We are committed in providing quality and efficient services to customers at home and abroad, establishing mutually beneficial cooperation with business partners from various sectors,



Note: Data is sourced from Drewry's "Global Container Terminal Operations Annual Review and Forecast (2016)"

establishing the smooth exchange of goods, information and capital, and bringing about high quality of life for the communities we serve.

We have formulated a five-year strategy with defined goals for the long-term development of the Group where equity throughput and profit growth will continue to be our key metrics. While seeking out opportunities to invest in China and overseas terminals projects, we look for ways to and strengthen the control of the existing terminals with enhanced management efficiency. Our five-year growth plan aspires us to achieve 50% growth in total assets, 60% growth in equity throughput and to double net profit from continuing operations by 2021.

The Group's philosophy of sustainability is interwoven with our strategic growth and business development priorities. In the face of the evolving business environment, shipping, terminal, warehousing and related industries are facing new opportunities and challenges. We will continually explore and integrate the sustainability into our global expansion plan. Resources integration and efficiency management will continue to be our focus, we will also seek to further explore growth opportunities, in order to create long-term value for community.

In this year, we have invited an external professional consultant to provide advisory assistance to management of the Group in updating our sustainability strategy in updating our sustainability strategy in view of the latest macroeconomic, environmental and social conditions. They have also conducted internal trainings to promote the awareness of sustainability and improved the process of preparation of data collection and report preparation. In addition, the consultant assists management in improving the quality of reports, with an objective to provide better visibility on sustainability to our stakeholders. In light of the Group's restructuring, we have expanded the scope of report for the current year. We have also stepped up our effort in stakeholders engagement by involving a higher number of internal and external stakeholders to participate in the survey, quantitative methods in conducting

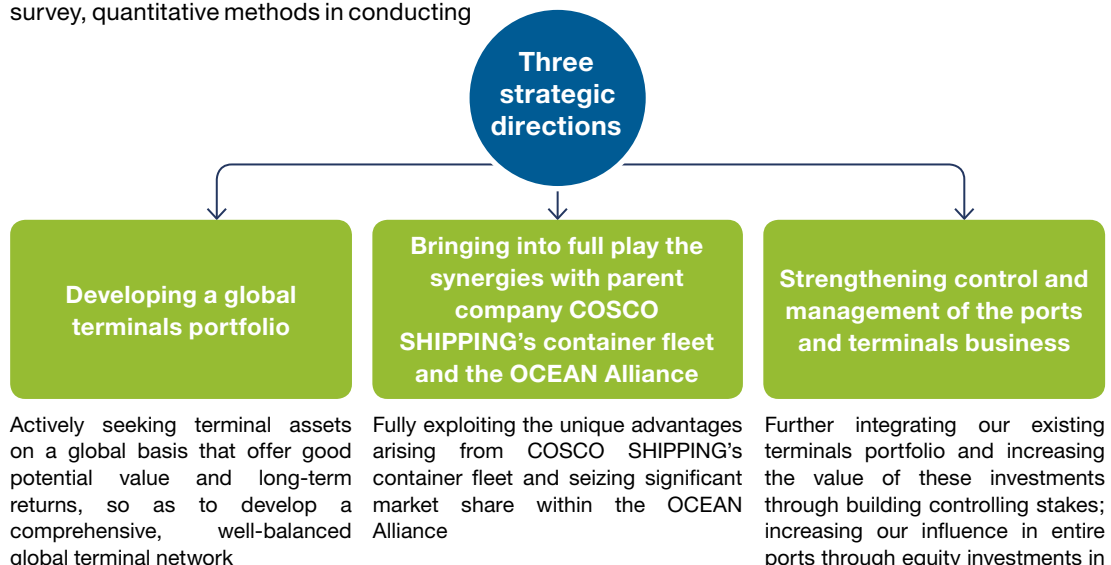
materiality assessment and adopting the process of interaction with our key stakeholders helps us to gain a more comprehensive understanding of the matters of concern to them, and helps us further enhance the comprehensiveness, relevance and transparency of the report.

In the process of creating value to stakeholders, the Group places importance to ethical and fair practices. We are committed to the strict compliance with relevant laws and regulations and upholds the rights and interests of investors, employees, customers, partners and other stakeholders. We also emphasise in workplace safety, talent development, collaboration with business partners, and quality customer services. The Group sets an example in community involvement. We strongly encourage our employees and business partners to fulfil their own environmental and social aspirations, and join our environmental and social efforts in striving for a more sustainable ecosystem.

Looking ahead to 2017, COSCO SHIPPING Ports will continue to develop the philosophy of "The Ports For ALL", implementing the three core strategies and fulfilling the five-year plan. We sincerely hope that all stakeholders will continue to support the development of COSCO SHIPPING Ports as always, and work with us to jointly create "the ports for all people"!



ZHANG Wei
Vice Chairman and Managing Director





About Us



The Company completed its restructuring in March 2016, with (1) the acquisition of CSPD and (2) disposal of Florens Container Holdings Limited (now known as Florens International Limited) (representing the container leasing, management and sales business of the Group), and was successfully transformed into a pure terminal operator. On 22 July 2016, the Company was renamed from COSCO Pacific Limited to “COSCO SHIPPING Ports Limited” for the establishment of clearer strategic goals. It also reflects the Group’s focus on the development of terminal operations comprehensively and highlights the synergistic relationship between the Group and the parent company.

Overview of Port Business

As of 31 December 2016, the Group had a total of 158 berths for container terminals in operation, with a total annual handling capacity of 97,245,000 TEU; and a total of 20 berths for bulk cargo in operation, with a total annual handling capacity of 49,950,000 tonnes.

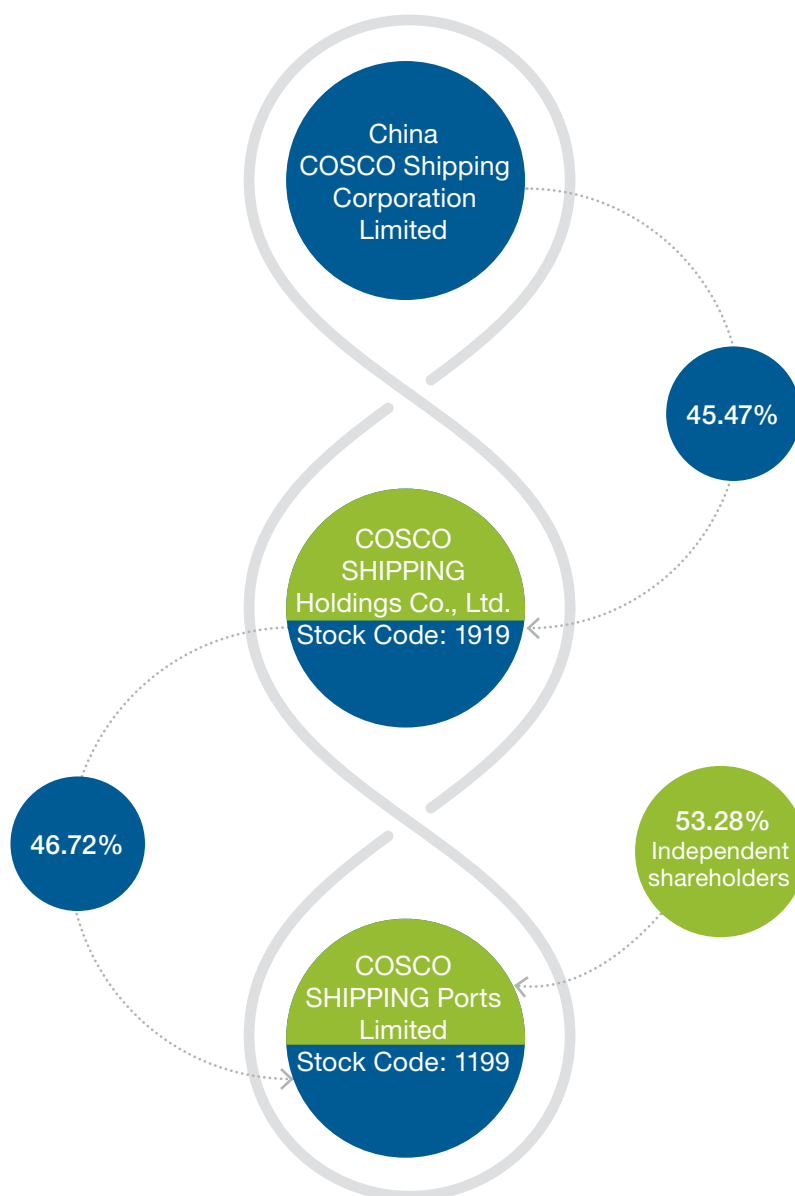
In 2016, the total throughput of the Group’s container terminals has increased by 5.1% year-on-year, achieving 95,071,922 TEU (2015: 90,485,975 TEU). The total throughput of controlling terminal companies was 15,735,175 TEU, accounting for 16.6% (2015: 16.8%); the total throughput of non-controlling terminal companies was 79,336,747 TEU (2015: 75,329,306 TEU), accounting for 83.4% (2015: 83.2%).

The total equity throughput of the Group’s container terminals has increased by 5.0% year-on-year, achieving 29,473,573 TEU. The total equity throughput of controlling terminal companies was 10,027,597 TEU, accounting for 34.0%; the total equity throughput of non-controlling terminal companies was 19,445,976 TEU, accounting for 66.0%.

In light of the slow global economic recovery and China’s economic slowdown, the total value of China’s import and export trade fell by 6.8% year-on-year in 2016, exerting pressure on the operations of the terminal industry. Despite these unfavourable factors, the Company strives to overcome the challenges of the economic situation by fully strengthening marketing and terminal project development work. The total container throughput of the terminals in 2016 still recorded an increase of 5.1% year-on-year, which performed better than the 1.3% growth of the total global container throughput.

Shareholder Structure

China COSCO Shipping Corporation Limited is the Company’s ultimate holding company, whereas COSCO SHIPPING Holdings Company Limited (stock code: 1919) is an intermediate holding company of the Company and holds 46.72% equity of the Company.



Worldwide Terminal Network



Total throughput (TEU)

95,071,922

Overseas

13,582,982



Piraeus
Piraeus Terminal

Port Said
Suez Canal Terminal

Istanbul
Kumport Terminal

Antwerp
Antwerp Terminal

Zeebrugge
Zeebrugge Terminal

Singapore
COSCO-PSA Terminal

Busan
Busan Terminal

Seattle
Seattle Terminal

Rotterdam
Euromax Terminal

China Terminal Network



Bohai Rim
32,612,471



Pearl River Delta
24,697,218



Yangtze River Delta
18,508,168



Southeast Coast and others
4,533,026



Southwest Coast
1,138,057



- Qingdao**
Qingdao Qianwan Terminal
- Dalian**
Dalian Port Terminal
Dalian International Terminal
Dalian Dagang Terminal
- Tianjin**
Tianjin Euroasia Terminal
Tianjin Five Continents Terminal
- Yingkou**
Yingkou Terminal
Yingkou New Century Terminal
- Jinzhou**
Jinzhou New Age Terminal
- Qinhuangdao**
Qinhuangdao New Harbour Terminal

- Yantian**
Yantian Terminal
- Guangzhou**
Guangzhou Nansha Stevedoring Terminal
Guangzhou South China Oceangate Terminal
- Hong Kong**
COSCO-HIT Terminal
Asia Container Terminal

- Shanghai**
Shanghai Pudong Terminal
Shanghai Mingdong Terminal
- Ningbo**
Ningbo Yuan Dong Terminal
- Lianyungang**
Lianyungang New Oriental Terminal
- Zhangjiagang**
Zhangjiagang Terminal
- Yangzhou**
Yangzhou Yuanyang Terminal
- Nanjing**
Nanjing Longtan Terminal
- Taicang**
Taicang Terminal

- Xiamen**
Xiamen Ocean Gate Terminal
- Quan Zhou**
Quan Zhou Pacific Terminal
- Jinjiang**
Jinjiang Pacific Terminal
- Kaohsiung**
Kao Ming Terminal

- Qinzhou**
Qinzhou International Terminal

Market Capitalisation, Assets and Liabilities

As of 31 December 2016, the total assets and total liabilities of COSCO SHIPPING Ports amounted to USD 6.79 billion and USD 2.02 billion, respectively; the net asset value was USD 4.77 billion; and the net asset value per share was USD 1.58. The total number of shares issued by the Company was 3,016,018,628 shares, with market capitalisation of approximately HKD 23.5 billion when calculated based on the closing price of HKD 7.79.

Market capitalisation approximately

23.5 billion HKD



Net asset value per share

1.58 USD

Net asset value

4.77

billion USD



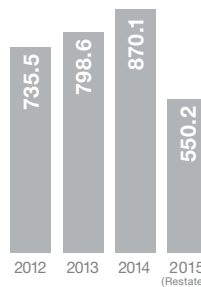


Business Performance

The total revenue for 2016 reached USD 5.6 hundred million, an increase of 1.1%, net profit was USD 2.8 hundred million, and return on equity holders of the Company as 3.5%*. The revenue generated from the terminal business reached USD 5.6 hundred million, and profit reached USD 2.4 hundred million. In 2016, the container throughput was 95,071,922 TEU, and the bulk cargo throughput was 80,821,924 tonnes. The equity throughput was 29,473,573 TEU and the equity throughput of bulk cargo was 27,049,465 tonnes.

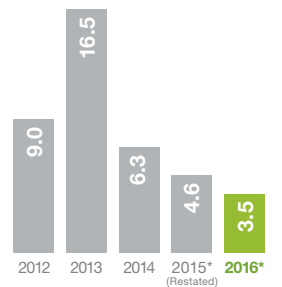
Revenue

US\$556.4 million



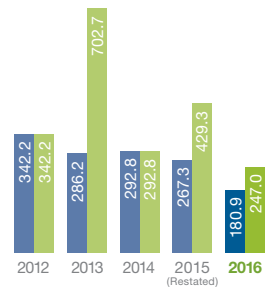
Return on Equity Holders of the Company

3.5%



Profit Attributable to Equity Holders of the Company

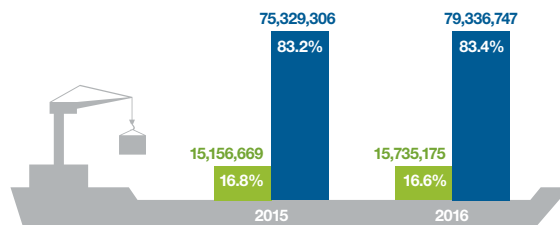
US\$247.0 million



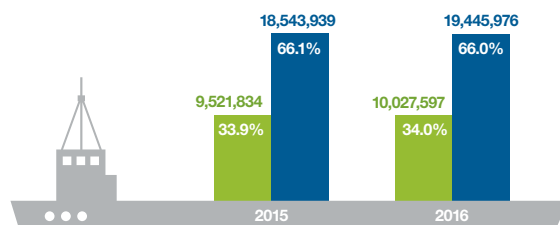
* Excluding discontinued operations ■ Excluding discontinued operations ■ Including discontinued operations



Total throughput of the Group's container terminals (TEU)



Total equity throughput of the Group's container terminals (TEU)



■ Terminal companies in which the Group has controlling stakes ■ Non-controlling terminal companies

Note: For details of business performance, please refer to the Annual Report 2016.

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 sustainable development of enterprises in order to maintain competitiveness in the market.

Organisation	Position
American Institute of Certified Public Accountants	Member
Board of Accountancy Washington State	Member
Certified Management Accountants of Ontario	Member
Chartered Institute of Management Accountants	Member
CPA Australia	Member
Hong Kong Institute of Certified Public Accountants	Member
Institute of Chartered Accountants of Scotland	Member
The Association of Chartered Certified Accountants	Member
Hong Kong Investor Relations Association	Member
The Hong Kong Institute of Chartered Secretaries	Member
The Hong Kong Institute of Directors	Member
Business Environment Council	Member
Hong Kong General Chamber of Commerce	Member
Chartered Professional Accountant of Ontario	Member
The Law Society of Hong Kong	Member
The Law Society of England & Wales	Member
Hong Kong Management Association	Council Member
The Institute of Internal Auditors	Member
Shanghai Association of Enterprises with Foreign Investment	Director
Shanghai International Shipping Institute	Executive Director
China Ports & Harbours Association	Director/Member
China Association of Port-of-entry	Director
China Ports & Harbours Association-Containers	Vice President/Member
National Technical Committee on Port of Standardization Administration of China ^{Note}	Member
China Aviation Trade Network ^{Note}	Member
APEC Port Services Network	Member
International Shipping Enterprise Alliance	Member
Shanghai Maritime University "Containerized" Magazine Council	Executive Director
Shanghai Maritime University "Water Transport Management" Magazine Council	Director
Chinese Seafarers Magazine ^{Note}	Member
Institute of Shanghai Maritime ^{Note}	Executive Director
Shanghai Transportation Trade Association	Member
Fujian Ports Association ^{Note}	Director
Fujian Entry-Exit Inspection and Quarantine Association ^{Note}	Executive Director
Xiamen Port Association ^{Note}	Member
Xiamen Talent Network ^{Note}	Member
Quanzhou Ports Association ^{Note}	President
Quanzhou Container Association ^{Note}	Vice Chairman
Lianyungang Port and Port Association ^{Note}	Member
Lianyungang City Enterprise Credit Management Association ^{Note}	Member
Jiangsu Entry – Exit Inspection and Quarantine Association ^{Note}	Member
Guangzhou Nansha District Longxue Street Chamber of Commerce ^{Note}	Honorary President

Note: English translation

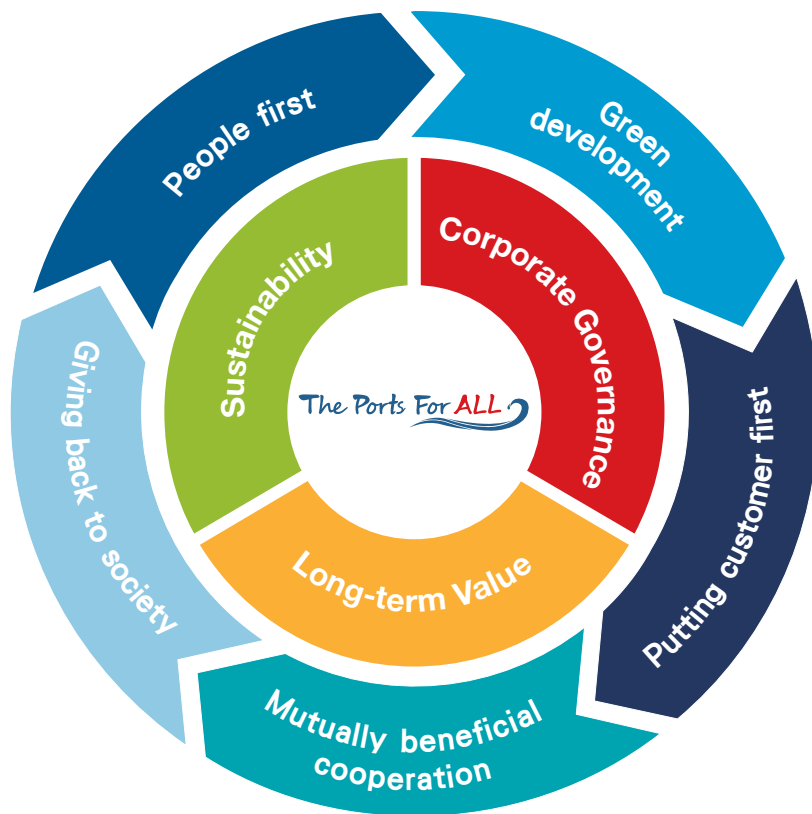
Awards and Honours

- On 14 February 2017, The Hong Kong Institute of Directors published its Report on The HKIoD Corporate Governance Score-card 2016, and the Company was honoured as one of the ten companies with the highest CGI scores, demonstrating that our efforts in corporate governance are highly valued by the industry;
- In 2016 the Company was awarded “Shipping In-House Team of the Year” by Asian Legal Business, a leading legal magazine, and ranked as top ten “Most Innovative In-House Legal Team” by Financial Times, a well recognised business newspaper;
- Awarded “Gold Award for Corporate Governance, Environmental Responsibility and Investor Relations” by The Asset magazine;
- Awarded “Best Investor Relations Company” by Corporate Governance Asia magazine for the fifth consecutive years;
- Awarded “Outstanding China Enterprise Award” by Capital magazine for the fifth consecutive years;
- The Company’s 2015 Annual Report was awarded “Excellence Award for H Share & Red Chip Entries” by The Hong Kong Management Association. It was also recognised with a “Chairman’s Letter Silver Award” and “Written Text Honours” in the Marine Transportation category at the 2016 ARC Awards.



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Our Approach to Sustainability



Our Philosophy

Sustainable development is an important element of “The Ports For ALL” philosophy, which the Group is committed to growing towards. With “The Ports For ALL” as our development philosophy, COSCO SHIPPING Ports will work towards becoming the global leader in terminal operation business. The Group endeavours to establish a platform that creates values to the shipping industry and routes that connect globally, with an aim to achieve our vision of building the ports for all people.

By moving forward and embracing change, the Group will set a new strategic direction in business. The Group is committed to adding value for stakeholders, holding firmly to a belief in integration and sharing, and building trust with relentless efforts in transparency and information disclosure, as well as improving the Company’s sustainable performance. With the Group’s globalised operations, we will integrate the sustainable development philosophy into the Group’s strategic plan in a holistic way so as to realise a balanced and long-lasting growth among enterprises, the environment and the communities, while enhancing our operating efficiency and brand value.

As a terminal business operator with prominent international influence, the Group adheres to the development philosophy of “innovation, harmony, green, open and sharing”, and actively implements the green and environmental protection policy with “green port operations” as our principle. The green port operation principle focuses on long-term planning, environmental governance, energy conservation, resource recycling, ecological protection, and efficient logistic operations. The Group has put on a great emphasis on attracting and retaining talent. The Group also strengthens the sense of responsibility and mission towards green awareness among staff, and promote low-carbon development.

In the context of rapid changes in the global economic environment and increasingly complex environmental and social issues, the Group will continue to evolve our sustainable development business model, actively promote and maximise the integrated value of economic, environmental and social aspects, so as to strive to achieve long-term stable growth and create long-term returns for investors of the Company. With the gradual implementation of the Group’s globalisation strategy, we are committed to upholding integrity and combating non-compliance arisen from investments. From recruitment to participating in local community development, we do our best to create a business environment favourable to local economic and social development.



Commitment to Stakeholders

The Group understand the importance of stakeholders' engagement. By the means of questionnaires, interviews and meetings, we actively listen to suggestions and opinions on how the Group can drive sustainable development and areas of innovation and improvement from investors, customers, employees and suppliers.

Recently, with increased attention paid to the sustainable development performance of companies in the international capital market, we have formulated and conscientiously implemented the annual communication plan for stakeholders, so as to further strengthen the breadth and depth of communication between the Group and stakeholders. In order to ensure fairness and openness of communication, the Group has commissioned an independent consultant to provide advisory assistance to management of the Group in engaging our stakeholders. Internal and external stakeholders, including investors are invited to participate in in-depth discussions on the materiality assessment of sustainability issues of the Group, in order to provide the basis and guidance for the future direction and strategic sustainable development plan of COSCO SHIPPING Ports in an open and pragmatic manner.



Carry out stakeholder engagement survey in accordance with GRI "Sustainability Report Guidelines (G4)"



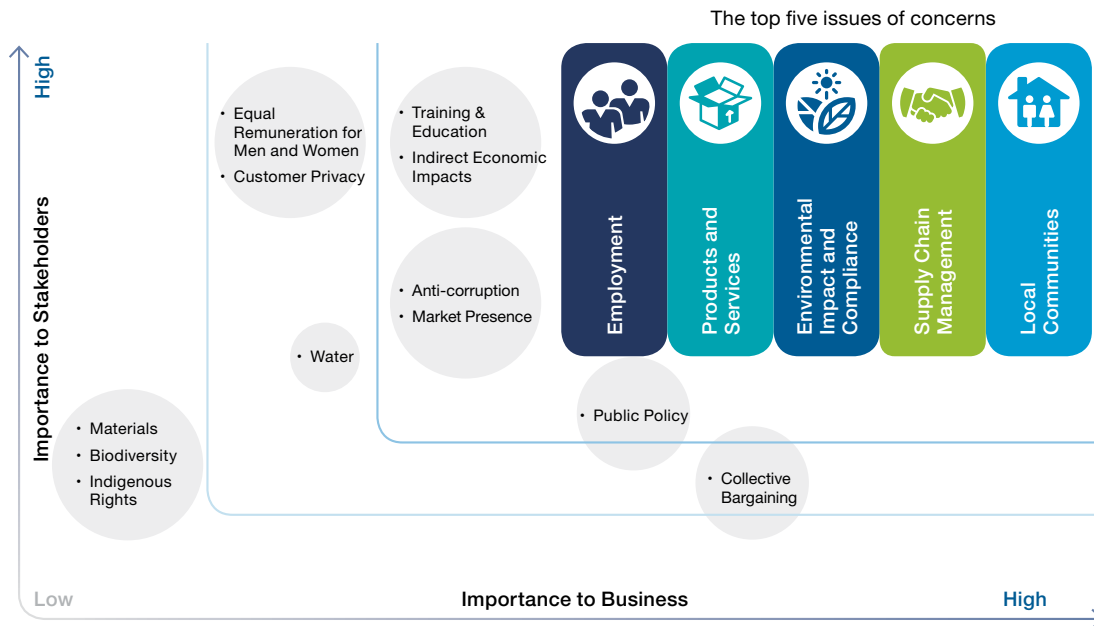
Organise stakeholders' issues of concerns



Evaluate, analyse and prioritise the issues of concerns

Materiality Assessment

In this year's materiality assessment, we have adopted a scientific model to assess the priority of material issues to facilitate the Group to formulate reasonable and progressive sustainable development plans and programmes. It also helps the Group to focus on reporting on key issues of stakeholders' concerns.



According to the stakeholders' feedback and the results of the materiality assessment, we have identified the following key issues. This year, "Products and Services" is newly identified as one of the key sustainability issues, reflecting that stakeholders are paying more attention to the service quality and corporate brand of the Group. This is closely related to the ongoing business and provision of services to international customers by the Group in recent years. In this report, we will make further disclosures on the following material issues:

- **Commitment to Staff**
- **Commitment to Customers**
- **Commitment to the Environment**
- **Commitment to Supply Chain**
- **Commitment to the Community**







Corporate Governance

Adherence to the Standard of Good “Corporate Governance”

The corporate governance framework of COSCO SHIPPING Ports aims to ensure that the highest standards of corporate conduct are presented within the Company. The Group places great importance on corporate governance processes and systems so as to achieve our corporate objectives, ensure greater transparency and protect shareholders’ interests. The Board of Directors of the Company (the “Board”) maintains and enhances the Company’s practices and policies in a timely, transparent, effective and accountable manner. The Board strongly believes that good corporate governance practice forms the core of a well-organised management.

The Company has applied the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the “Corporate Governance Code”). The Company also refers to the Organisation for Economic Co-operation and Development (OECD) principles for a set of ethics to maintain a high level of corporate accountability and transparency.

The Company believes that commitment to good corporate governance is essential to the sustainability of the Company’s businesses and performances. The Company is pleased to confirm that for the year ended 31 December 2016, we have fully complied with the code provisions of the Corporate Governance Code.

The Company has made continuous effort to promote high standards of corporate governance, strengthen the relationship with investors and operate with transparency. As a result, the Company is widely recognised by stakeholders in the market and has been included as a constituent of the Hang Seng Corporate Sustainability Benchmark Index.

Board of Directors

COSCO SHIPPING Ports has a comprehensive corporate governance structure, clear roles and responsibilities for the directors and management, and a sound system of election and replacement of directors through shareholders’ meetings. As of 25 April 2017 (the date on which the Board approved this report), the Board comprises of 15 members. Among them, four are executive

directors, six are non-executive directors and five are independent non-executive directors. The Board members also serve in various committees to ensure effective supervision of the management and enterprise. These committees include the Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee, Investment and Strategic Planning Committee and Risk Management Committee. The various committees have respective responsibilities and authorities, and the members of the committees are entitled to making decisions for relevant matters within the scope of their powers. These committees have the authority to review specific matters, and to report and make recommendations to the Board as appropriate for approval.

To ensure independence, accountability and responsibility in Board functions, the posts of Chairman and Managing Director are separated and each plays a distinctive role. The Chairman, Mr. HUANG Xiaowen, who is a non-executive director, is responsible for setting the Group’s strategy and business directions, managing the Board and ensuring that the Board is functioning properly with good corporate governance practices and procedures. The Vice Chairman and Managing Director, Mr. ZHANG Wei, who is an executive director, supported by other Board members and the senior management, is responsible for managing the Group’s business, including implementation of major strategies set by the Board, making day-to-day decisions and co-ordinating overall business operations. In addition, he guides and motivates senior management to achieve the Group’s objectives.

The Company has six non-executive directors and five independent non-executive directors who are not involved in the day-to-day operation and management of the Group’s business. The six non-executive directors have contributed innovative views for the Board decisions based on their rich experience in terminal operations management, accounting and financing and corporate management. Their expertise helps the Group to develop its strategy. The five independent non-executive directors, representing one-third of the Board, have well-recognised experience in areas such as accounting, law, banking and/or

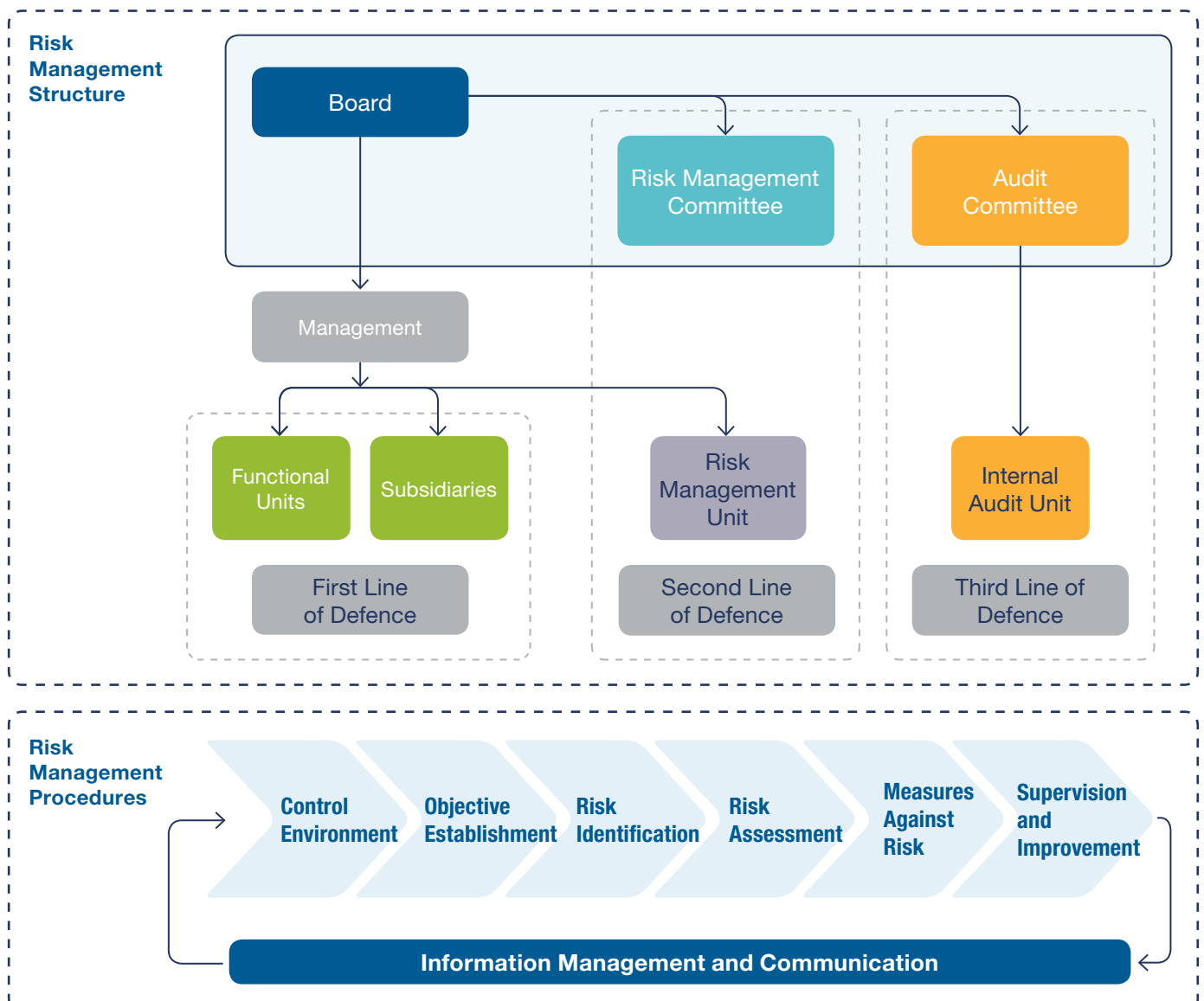
commercial fields. Their insights, diverse skills and practical business experience help the future development of the Company. They ensure that matters are fully discussed and no individuals or groups dominate the Board’s decision-making process. In addition, they ensure the Board maintains a high standard of financial, regulatory and other mandatory reports and provide an adequate check-and-balance to safeguard the interests of shareholders and the Company as a whole.

The Importance of “Effective Risk Management” and Carrying out “Internal Controls”

The Board is responsible for establishing, maintaining and assessing the effectiveness of the Group’s risk management and internal control systems to safeguard the interests of the shareholders. The Company has established an operation-based risk management and internal control systems according to the control environment, risk assessment and corresponding strategies, supervision and improvement,

information management and communications components based on the “Three Lines of Defence” model. The Group’s risk management and internal control framework is based on the COSO framework established by Committee of Sponsoring Organisations of the Treadway Commission, the “General Risk Management Guidelines for State-owned Enterprises” issued by the State-owned Assets Supervision and Administration Commission of the State Council, and the guide on “Internal Control and Risk Management” issued by the Hong Kong Institute of Certified Public Accountants.

The risk management framework of the Company includes both risk management structure and procedures. The risk management and internal control report for 2016 was approved by the Group’s Risk Management Committee and Audit Committee and was submitted to the Board for reviewing and evaluating the effectiveness of the risk management and internal control systems for the year 2016. For details, please see the 2016 Annual Report from pages 48 to 75.





7 Commitment to Staff



Personnel Recruitment and Retention

Employees are fundamental to a business' success. The hard work and dedication of our staff formed a solid base for the Group's business expansion and exploitation of new markets. COSCO SHIPPING Ports has always consistently applied "putting people first" as our management philosophy. We continuously work hard to build sustainable human resources and strive to attract and retain outstanding talents. We provide employees with competitive compensation packages and various training opportunities, unleash employees' potential and provide coaching on long-term development of career goals and path.

Whether an applicant is a recent graduate or an industry veteran, selecting the right employee has an enormous impact on the long-term stability and growth of the Group's business. We use fair and impartial hiring practices to bring in outstanding talent to the Group. We have established an equitable performance evaluation system and are devoted to providing employees with fair and competitive compensation and benefits. We have implemented a performance-based compensation system to increase employees' motivation and thereby increase the operating efficiency of the business as a whole. Employees' performance are regularly assessed and internal promotions are based on various factors including the assessments and the performance of the Company. We aim at creating opportunities for our own employees to encourage them to grow with the company. Our strategic human resources planning is based on the Group's performance of the company and accounts for general trends in social and economic development. We develop our annual hiring plan based on the business needs while ensuring the sustainability of human resources.

We encourage employees' development through incorporating their personal values into our corporate values. By establishing a sound employee management system, we protect the legal rights and interests of our employees and ensure they work in a safe environment. We arrange regular trainings, organise regular recreational activities, encourage employees to participate in community work. We help employees attain a work-life balance and show care to their families. We promote the Company's success and business achievements and share them with our employees and their families to reinforce their sense of belonging to the Company.

The Group's subsidiaries have formulated sound human resource management principles and policies that comply with their relevant local laws and regulatory requirements. The policies cover topics such as salaries, termination, hiring and promotion, work hours, leave entitlements, equal opportunities, diversity, anti-discrimination, compensation and benefits etc. Our Employee Handbook lists company rules relating to performance evaluation, rewards and penalties, compensation and benefits, employee rights and other management measures. The rules and guidelines outlined in the Employee Handbook policies are strictly followed by the Group's subsidiaries.



Cohesive Corporate Culture

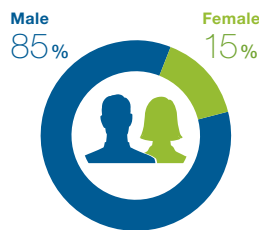
After the restructuring of the Group in 2016, COSCO SHIPPING Ports has improved the overall competitiveness and become a group specialised in the global ports business while solidifying our position as a leader in Greater China. The Group's global business networks and market share continue to expand. We currently own a controlling or joint interest in 30 container ports around the globe along with 180 berths. Our port network coverage in China also extends to the southwest coast, covering five major ports. The restructuring also further strengthened the executive team structure and talent pool at the Group. As of the end of 2016, the Group has 3,372 employees located all over the world. Corporate culture is the essence of a company. As the Group's business continues to expand, corporate culture has become an important element for increasing group cohesion and loyalty. The Group places a great importance on the concept of corporate culture and works diligently to strengthen the building of corporate culture through multiple channels, including the Group's magazine, social media and staff's events. It also emphasises promoting corporate culture internally to ensure the corporate culture are widely recognised and implanted. The Company has set up an official WeChat account, which is a new social media platform to facilitate efficient and interactive communications between the Company and staff. Our main goal is to promote and strengthen our employees' understanding of corporate culture and thereby increase staff's sense of belonging to the Company.

We provide equal opportunities to all employees in accordance with workforce diversity and anti-discrimination policies of the local workplace. We also place a tremendous amount of importance on communicating with employees. By regularly holding face-to-face meetings, conferences, seminars and discussions with management, we are able to promptly receive employee feedback that provides direction for improving human resource management.

The charts below represent a detailed breakdown of COSCO SHIPPING Ports' workforce by age, gender and position^{Note}:

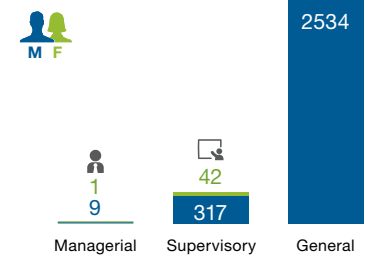
Total workforce

by age, gender and position



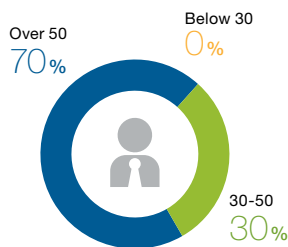
Total workforce

by employment level and gender



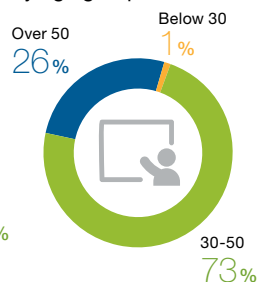
Managerial position

by age group



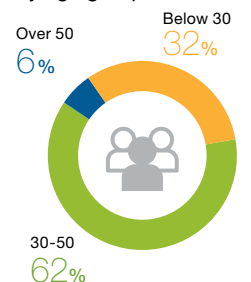
Supervisory position

by age group



General position

by age group



Note: The above information represents the workforce of the Group, including the workforce from headquarter, subsidiaries and equity investments.

Comprehensive Employee Training

The Group is devoted to developing and training our talents. The training programmes include orientation training, specialised skill training, and leadership training. We ensure that new employees, front-line staff, and management staff are equipped with the relevant skills and knowledge to fulfil the requirements of their positions. Furthermore, the Company organises sharing sessions according to business needs and employees' interests so that they can learn practical knowledge and share their skills and experience. Over the past year, we continued to provide employees with different kinds of internal training sessions and encouraged them to attend courses organised by external organisations, such as government and professional associations, in order to develop their professional skills and expand horizons, and help them realise their own value. The Group maintains high standard of integrity and ethics and conveys the principles and requirements of anti-corruption to its employees.

We provide a wide range of training opportunities and design tailor-made training plans and courses according to the different requirements of various employee positions. Training courses include job orientation training, performance evaluation management, quality control, occupational health and safety, as well as financial and taxation management. In order to achieve the most desirable training results, we select different training methods like lectures, seminars, workshops, expert presentations, depending on the training content and the participants. Furthermore, our terminal companies actively utilise high-tech equipment for our training courses. For example, Dalian Port Terminal arranges drivers to participate in training simulation and improves training results through hands-on practice. The Group also encourages employees to continuously participate in educational activities to increase their knowledge base. The lifelong learning programme at Piraeus Terminal allows its employees to develop their careers while advancing their knowledge and skills to meet the requirements of the position and the Company.

The Group also places a tremendous amount of importance on the talent working at the management level of each company. We provide job rotation and encourage interdepartmental cooperation to build up and cultivate right talent in realising the Group's blueprint for global business expansion. In September 2016, the Company organised a four-to-six-month global port operations management selection training course. We selected high-quality management personnel to participate in the training, the goal of which was to cultivate an international specialised team of port operations management to help carry out the Company's strategic plan.

Occupational Health and Safety

Providing a safe working environment and ensuring the occupational health and safety of our employees and contractors are the Group's top priority. All the Group's subsidiaries have set up a relevant safety management system in accordance with local laws and regulations or the relevant international standard, such as OHSAS18001, and obtained the relevant work safety licenses. Each terminal company maintains "Safety First through Precaution" principle by commissioning a work safety specialist at every terminal who helps formulate work safety operational plans and work objectives and monitors the implementation of the safety responsibility system. In 2016, the Group further upgraded our safety management system by identifying and controlling the sources of risk in the workplace, implementing safety policies, safety measures, day-to-day safety monitoring, and safety audits to continuously improve occupational health and safety performance. Each company further refined and intensified the implementation of work safety rules and regulations by increasing employees' sense of responsibility towards safety, promoting a culture of safety use of equipment and precaution measures in workplace, and strengthening our ability to handle emergencies. At the beginning of each year, the Group requires different departments to draft a "work safety responsibility statement" and to implement safety objectives and requirements for all employees. We also require that work performance be incorporated into the scope of the assessment and that the safety performance of each department and our employees are regularly evaluated.

We require that employees in certain positions such as forklifts operators or electricians to strictly follow special safety management requirements, such as holding a valid safety certificate. Furthermore, in 2016, we organised several safety presentations and training sessions in order to reinforce employee knowledge about the latest safety laws and regulations, measures and technology. The Group regularly launches a series of learning activities focusing on "Safety First through Precaution" where past accidents are being summarised and displayed in safety exhibition for employees to learn. Technicians with different positions are provided with focus training by training experts in the workplace.

Respecting the Rights of Employees

The Group has always protected the legitimate rights and interests of our workers and firmly opposes the use of any form of child labour or forced labour. By establishing relevant human resource procedures and measures, we effectively rule out the hiring of child labour and forced labour to work for the Company. We support the choice of free employment, give employees equitable and fair compensation and freedom of association. We have also established an appeal mechanism to provide employees with a channel to express their concerns.

Furthermore, the Group provides employees with reasonable annual leave entitlements in accordance with local regulatory requirements and encourages employees to balance their work and personal lives.



Commitment to Customers

High Quality Products and Services

The Group has always put customers first, whether it is locally or globally. The Group has actively embraced China's "One Belt, One Road" initiative, which calls for investment and development opportunities of trade routes in the region. We have further expanded the global footprints of terminal operations with the support of COSCO SHIPPING Group's abundant container fleets. The Group's target annual handling capabilities at our current combination of terminals has reached 114,025,000 TEU. We are devoted to closely align with market expectation and create integrated value chain solutions for customers. We are working hard to build a comprehensive container services platform for the integrated management of terminals, logistics and shipping, to genuinely become "the ports for all people".

The Group works hard to ensure the quality and safety of port services. An International Health Port for China is built in compliance with the relevant provisions and requirements of the World Health Organisation's "International Health Regulations (2005)". The relevant health controls, safeguarding facilities, and effective health management mechanisms are established at ports so as to open up the port for international trade to meet the international requirements for controlling and preventing disease. A portion of our ports have already become International Health Ports, which is an international certification for the safety and health control capabilities of international shipping ports. Through the joint participation of Inspection and Quarantine, Environmental Protection, the Health and Family Planning Commission, and other functional departments, our Company has created a joint control and prevention mechanism for port disease outbreaks and improved emergency handling capabilities for public health emergencies. Furthermore, a portion of our terminals have become designated food ports, taking advantage of the opportunities created by China's "One Belt, One Road" strategy. This not only helps accelerate local agricultural development and create international food distribution centres, it also provides reliable, high-quality, and strategic services for our customers.



Terminal company ^{Note}		Share holdings	No. of berths	Depth (m)	Quay length (m)	Yard area (m ²)	Target annual handling capacity (TEU)
Bohai Rim			53		18,049	10,468,662	29,750,000 780,000 vehicles 29,000,000 tonnes
1	Qingdao Qianwan Terminal	20%	11	17.5	3,439	2,284,200	6,500,000
2	Qingdao New Qianwan Terminal	16%	4	15.0-20.0	1,428	-	2,280,000
3	Qingdao Qianwan United Terminal	8%	7	15.0-20.0	2,503	2,180,000	3,950,000
4	Qingdao Qianwan United Advance Terminal	5.6%	2	15.0-20.0	660	-	1,300,000
5	Qingdao Qianwan Intelligent Terminal	31.2%	2	15.0-20.0	660	-	1,320,000
6	Dongjiakou Ore Terminal	25%	2	19.2-24.5	882	1,720,000	29,000,000 tonnes
7	Dalian Port Terminal	20%	6	13.5-17.8	2,097	945,896	4,200,000
8	Dalian International Terminal	40%	5	16.0	793	526,000	3,000,000
9	Dalian Dagang Terminal	35%	1	9.1	180	31,000	100,000
10	Dalian Automobile Terminal	24%	3	11.0	675	470,000	780,000 vehicles
11	Tianjin Euroasia Terminal	30%	3	16.5	1,100	490,000	1,800,000
12	Tianjin Five Continents Terminal	28%	4	16.5	1,202	297,751	1,500,000
13	Yingkou Terminal	50%	2	14.0	680	420,000	1,000,000
14	Yingkou New Century Terminal	40%	2	15.5	680	425,449	1,400,000
15	Jinzhou New Age Terminal	51%	2	15.4	533	318,366	600,000
16	Qinhuangdao New Harbour Terminal	30%	2	15.8	537	360,000	800,000
Yangtze River Delta			36		12,324	6,862,162	18,350,000 18,950,000 tonnes
17	Shanghai Pudong Terminal	30%	3	12.0	900	500,000	2,300,000
18	Shanghai Mingdong Terminal	20%	7	12.8	2,068	2,180,000	5,600,000
19	Ningbo Yuan Dong Terminal	20%	3	17.0-22.0	1,010	577,767	1,800,000
20	Ningbo Meishan Terminal	20%	2	17.0	805	342,811	1,200,000
21	Jiangsu Petrochemical	30.4%	7	15.4	693	-	4,000,000 tonnes
22	Lianyungang New Oriental Terminal	55%	4	15.0	1,184	401,584	1,200,000
23	Zhangjiagang Terminal	51%	3	10.0-11.0	722	356,000	1,000,000
24	Yangzhou Yuanyang Terminal	55.59%	2	12.0	600	150,000	700,000
			8	8.0-12.0	1,102	840,000	10,950,000 tonnes
25	Taicang Terminal	39.04%	2	12.0	390	118,000	550,000
			2	12.0	540	562,000	4,000,000 tonnes
26	Nanjing Longtan Terminal	16.14%	10	12.5-14.5	2,310	834,000	4,000,000
Southeast Coast and others			13		5,761	2,945,140	7,400,000 9,200,000 tonnes
27	Xiamen Ocean Gate Terminal	70%	4	17.0	1,508	1,222,000	2,600,000
28	Xiamen Tongda Terminal	70%	1	16.5	298	11,700	4,000,000 tonnes
29	Quan Zhou Pacific Terminal	82.35%	3	7.0-15.1	1,010	540,990	1,200,000
			2	5.1-9.6	315	160,450	1,000,000 tonnes
30	Jinjiang Pacific Terminal	80%	2	9.5-15.3	689	123,000	800,000
			2	7.5-9.5	441	207,000	4,200,000 tonnes
31	Kao Ming Terminal	20%	4	16.5	1,500	680,000	2,800,000
Pearl River Delta			30		11,182	6,310,168	27,025,000
32	Yantian Terminal Phases I & II	14.59%	5	14.0-15.5	2,350	1,300,000	4,500,000
33	Yantian Terminal Phase III	13.36%	11	16.0-16.5	3,504	2,260,000	9,925,000
34	Guangzhou Nansha Stevedoring Terminal	40%	4	14.5	1,400	860,000	5,000,000
35	Guangzhou South China Oceangate Terminal	39%	6	15.5	2,100	1,304,768	4,200,000
36	COSCO-HIT Terminal	50%	2	15.5	1,088	300,000	1,800,000
37	Asia Container Terminal	60%	2	15.5	740	285,400	1,600,000
Southwest Coast			2		767	760,000	1,200,000
38	Qinzhou International Terminal	40%	2	15.1	767	760,000	1,200,000
Overseas			51		17,626	6,436,480	30,300,000
39	Piraeus Terminal	100%	8	14.5-18.5	2,487	493,365	6,200,000
40	Suez Canal Terminal	20%	8	16.0	2,400	960,000	5,100,000
41	Kumport Terminal	26%	6	15.0-16.5	2,174	402,115	3,000,000
42	Antwerp Terminal	20%	6	14.5-16.5	2,450	1,290,000	3,500,000
43	Zeebrugge Terminal	24%	3	16.0	900	480,000	1,000,000
44	COSCO-PSA Terminal	49%	2	15.0	720	228,000	1,000,000
45	Busan Terminal	5.5%	8	15.0-16.0	2,550	1,450,000	4,000,000
46	Seattle Terminal	13.33%	2	15.0	945	283,000	900,000
47	Euromax Terminal	35%	5	16.7	1,800	850,000	3,200,000
48	Khalifa Terminal Phase II	90%	3	18.0	1,200	-	2,400,000
Total			212				
Total number of berths/annual handling capacity							
- container			185				114,025,000
- bulk			24				57,150,000 tonnes
- automobile			3				780,000 vehicles

Note: The terminal portfolio includes operating and non-operating terminal companies, berths and annual handling capacity.

Value Creation

The Group is committed to working with our business partners in the logistics value chain, and vertically expand through both upstream and downstream of industries related to terminal construction, shipping and logistics to better satisfy customers' needs.

Customers are an important stakeholder group. The Company seeks to serve customers every step of the way and improve customer experience and satisfaction. Therefore, we have listened to customers' needs and feedback over the past year through various methods and channels to continuously improve service quality. Xiamen Ocean Gate Terminal offers customer technical advisory services and actively provides expert solutions to issues raised by customers. Regular analysis meetings and customer satisfaction surveys have taken place to continuously improve product quality and service levels. Our proactiveness has been well received by customers.

We handle customer complaints diligently. We listen attentively to customer opinions while continuously improving our procedures and abilities. We consider customer opinions an important opportunity to improve customer satisfaction, allowing us to quickly identify potential areas of improvement and optimisation, and strive to create value that exceed customers' expectations.

We place a tremendous amount of importance on the security of customer information. We establish confidentiality system and agreement while the maintenance and management of customer information is handled by specially assigned staff. This in turn improves the security management of our customer information platform. Customer rights and interests are protected through system settings on user access permission to ensure the appropriate use of customer information. While improving our information management capabilities, we also focus on enhancing our employees' awareness and skills of customer information protection to avoid leakage of confidential information.





Optimising Management Efficiency

The Group acts from a position of promoting the rights and interests of our customers. We are committed to providing high-quality service and perform monitoring on key areas of customer service to continuously improve our internal service management system. We value the innovation and introduction of technology, strengthening the innovative and technical capabilities of our business teams, and working to explore innovative service models to fulfil our customer needs.

Our ports continue to improve the automation of port facilities to improve container handling efficiency, also improving the automation of control stations, and applying new technologies to improve overall container delivery speed. Xiamen Ocean Gate Terminal and Guangzhou South China Oceangate Terminal cooperated in efficiency enhancement projects on particular routes and analyse on berthing, waiting time and departure. This allows vessels to take part in the operation and adjust the speed according to the berthing situation, thus better facilitate the docking process. The analysis helps optimise the operation and control of inlet and outlet container operations, real-time control of vessel loading and unloading, vessel stowage, container yard management, etc., while improving the efficiency of the terminal operations and optimising the use of resources to ensure the safety and accuracy of the operation. Furthermore, in order to ensure the safety of ships, people and goods, we added the relevant requirements to our operational procedures and preformed real-time monitoring in order to provide the best service to our customers.

We are actively looking into mobile application development to enhance our services quality. For instance, Guangzhou Nansha Stevedoring Terminal has performed a comprehensive analysis of berthing data of recent years, and has developed a "mobile phone application pre-reporting system". The arrival time can be notified to port operation through the mobile application to facilitate more efficient work arrangements. According to the survey, the utilization rate of the mobile application by vessels was 86% in 2016 and the mobile application has helped to shorten the waiting time by approximately one hour per vessel arrival.

Xiamen Ocean Gate Terminal has launched the smart terminal gate construction to improve terminal operations in the areas of information exchange, standardisation and automation. This will ensure overall operating efficiency and accuracy in gate operation, and help to achieve the transformation of traditional labour-intensive industries.

We endeavour to initiate online ordering and payment services, to provide customers with efficient and excellent services. At Guangzhou Nansha Stevedoring Terminal, online ordering service is available to customer and payment can be made online 24-hour a day, providing highly efficient and convenient services to customers. Guangzhou South China Oceangate Terminal will also implement similar services in the second half of 2017.



9 Commitment to the Environment

Green Development

The Group is committed to promoting environmental protection. In addition to taking account of environmental compliance into our operations, we also continue to actively explore opportunities and apply advanced technologies. Through the optimisation of terminal operations, we try to minimise or avoid the impact on the environment and on the consumption of natural resources. We believe that good environmental performance not only helps with improving operational efficiency, but it is also beneficial to the environment, creating greater long-term value for our stakeholders. The Group encourages the application of green development concepts, the identification and reduction of environmental risks and the quantification and monitoring of progress across our businesses to improve environmental and economic performance. The Group maintains close cooperation with and support non-governmental organisations, sustainable development consultants and industry associations and to actively explore the feasibility of adopting some of the best international environmental management practices.

Energy Conservation and Emission Reduction

The Group actively embrace the approach of the global “Paris Agreement” and the Chinese government’s commitment to achieve a 60-65% reduction in carbon dioxide emissions per unit of gross domestic product (GDP) by 2030, using 2005 levels as a baseline. Also, the Group actively tackles the challenges of climate change and policy development, and continues to pursue energy conservation and emission reduction plans involving ports and other daily operations. The Group has specifically established the Energy Conservation and Emission Reduction Office as our core organisation for driving energy conservation measures, monitoring the implementation of energy conservation and emission reduction policies and ensuring that relevant emission reduction and energy conservation targets are met. In addition, the Group headquarters has formulated the “Emission Reduction Management Regulations” and set relevant energy conservation targets across our subsidiaries. Each company monitors and tracks its own energy efficiency performance, and promptly adopt improvement measures to help meet the targets.

We actively carry out modernised electrification and renewal of port facilities, use clean energy and reduce conventional energy consumption so as to lower greenhouse gas emissions, mostly carbon dioxide. The Group encourages the adoption of energy efficiency policies and measures across our businesses. We continually promotes “port electrification” at multiple ports by boosting the “gas-to-electric” transition for gantry cranes, where the coverage of electrification has reached 54%. The Group adopts comprehensive measures to transform port operations, making efforts to build “green ports”. We also promotes the electrification, energy conservation, and emission reduction of existing infrastructure. The Group makes efforts to improve energy efficiency and makes efforts to reduce emission of air pollutants and greenhouse gases.

The Group has been moving forward with the replacement of high-pressure sodium lights with LEDs since 2014 in terminals in which we have controlling interests. Additionally, Ningbo Yuan Dong Terminal has made an energy saving transition to “green” lighting, saving 1,180,000 kWh of electricity per year, equivalent to a reduction of 335 tonnes of carbon emissions per year. The Group has also

adopted comprehensive measures to transform port operations and promote the electrification of existing infrastructure to reduce emission of air pollutants and greenhouse gases. For example, our recent electrification of 64 rubber tyred gantry (RTG) at Guangzhou South China Oceangate Terminal, resulting in reduction of diesel oil consumption of 4,100 tonnes per year, equivalent to reduction of carbon dioxide emissions of 13,000 tonnes per year. A portion of the berths and container yards at the Group's Xiamen Ocean Gate Terminal have fully adopted automated operations, and the terminal is gradually achieving the gas-to-electric transition for rubber tyred gantry. The aforementioned measures are expected to significantly reduce energy consumption and reduce CO₂ emissions by 84% compared with traditional ports. Furthermore, the Zhangjiagang Terminal, through a transition to aerodynamic tractors, will save wasted engine capacity from processes such as braking, and release it at starting and accelerating stages to reduce engines' energy consumption and hence, reducing vehicle's fuel usage. It is estimated that the project, which is currently in the energy conservation follow-up testing phase, will save approximately 12% of fuel. The Group is committed to energy conservation and emission reduction across our businesses. The COSCO-HIT Terminal and Asia Container Terminal are purchasing equipment and vehicles that are compliant with Euro V emission standards in order to reduce energy consumption and CO₂ emissions.

Green Operations

We apply the "green port" development concept in practice, and are continually improving measures on ports' environmental protection, water conservation and waste disposal. We are undertaking long-term planning for the port infrastructure with proper layout of operational areas according to specific port functions, to facilitate space utilisation for centralised operations and pollution control, thus lowering the cost of energy conservation and environmental efficiency. For instance, Ningbo Yuan Dong Terminal has invested in implementing the first high-pressure onshore power supply project in Zhejiang Province for vessels. The latest technology is with high-voltage variable frequency, high output power, high power quality, strong voltage stability offering protection for mega-vessels operating with the high-pressure onshore power in the terminal. Xiamen Ocean Gate Terminal also signed a strategic cooperation agreement with the State Grid Xiamen Electric Power Supply Company during the year to implement the first high-pressure onshore power supply project in Fujian Province to help with emission control, noise reduction and efficiency enhancement.

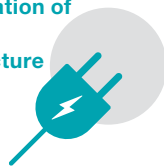
Our terminal operations continue to improve in their water use efficiency. In addition to centralised wastewater collection and treatment at the municipal government, we continue to make efforts to reduce water usage. Our operations have greatly improved water usage efficiency through measures such as water usage monitoring, introduction of water-saving equipment, improved onsite inspections, reconstruction and upgrade of water supply networks and timely repair of leaky pipes. Water usage at Guangzhou Nansha Stevedoring Terminal in 2016 dropped by 22% compared with 2015, and Guangzhou South China Oceangate Terminal saved more than 37% of water compared with the previous year.

The Group's waste management policy is built around recycling, and we encourage reduce,

recycle and make the best use of materials across our businesses in order to reduce the generation and disposal of waste. The Group supports proper sorting and separate storage of hazardous and non-hazardous waste in operations across our businesses, and ensures that recycling, reuse or final disposal of waste are carried out by a qualified recycler. We make good use of advanced technology to reduce waste generation. For example, lubricants used in machinery at Taicang Terminal underwent condition monitoring and sampling for performance indicator testing. An analysis was carried out on the test data to determine optimal lubricants replacement intervals, which maximised the utilisation of lubricants, achieving a reduction in waste oil of 15,000 litres in 2016. In terms of wastewater management, we have enhanced the day-to-day maintenance of wastewater treatment facilities. Quan Zhou Pacific Terminal regularly commissions a qualified environment monitoring agency to monitor the quality of water discharged from our water treatment facilities, ensuring that wastewater meets discharge standards and that the impact to the environment stays within an acceptable range. At the Group's head office, we encourage recycling, and all the waste produced is processed properly after being collected by a recycler.

Build "Green Ports"

Promote the electrification of existing infrastructure



GHG emissions

Direct GHG emissions (CO₂e) (Scope 1)

519,459 tonnes

Direct and indirect energy consumption

Direct and indirect energy consumption

6,509 TJ



Fully automated operation



Indirect GHG emissions (CO₂e) (Scope 2)

578,080 tonnes

Direct and indirect energy consumption

84

per million TEU



Replacement of high-pressure sodium lights with LEDs



GHG emissions (CO₂e)

1,097,539 tonnes

Others emissions

Total hazardous waste produced

271 tonnes



GHG emissions (CO₂e) per million TEU

14,136 tonnes

Total non-hazardous waste produced

31,119 tonnes



Total water consumption

3,750,917 m³





10

Commitment to Supply Chain



Fair and Open Supply Chain Management

The Group's subsidiaries have separately established comprehensive supplier management and evaluation systems. Supply chain management policies and systems are formulated based on business characteristics. Management manuals including "Procurement Management Manual", "Supplier Management Manual", "Centralised Procurement Management Manual", "Tender Procurement Management Stipulations" and "Procurement and Supplier Management of Terminal Operation Equipment Procurement Stipulations", provide suppliers with open, fair and just opportunities for selection. In addition, we strictly implement vendor selection criteria, and perform comprehensive reviews on the basis of key selection criteria such as suppliers' basic qualifications, quality assurance systems, supply capacity, prices and service, enabling the Group to select the most suitable suppliers through clear and transparent procedures, thereby managing supply risk right at the onset. We also enhance the Group's collaboration and performance through internal sharing of success stories. Through efficient management of company suppliers, we promote our sustainable development philosophy throughout the supply chain, achieving sustainable development and growth together with our suppliers.

In accordance with the requirements of the supplier evaluation system, we have established supplier evaluation standards, and perform regular assessments and dynamic management, linking evaluation results with procurement priorities, while promptly eliminating unqualified suppliers, regularly updating the supplier master list so as to ensure the quality of supplier's products and services.

Promoting Shared Supply Chain Value

We understand that a reliable supply chain plays an important part in achieving smooth business operations. The Group continues to strengthen management of suppliers and its supply chain risks. The Group collaborates and shares with partners to explore opportunities in the port and terminal industry. We are committed to creating mutually beneficial relationships, and working together to achieve sustainable development.

The Group upholds a working goal of creating value for the stakeholders and is committed to promoting supplier development. When issues are identified during assessment, we actively help the suppliers to analyse the problem and assist them to improve and optimise their performance. In 2016, we enhanced communication with suppliers, improving supplier expertise and sense of responsibility through supplier trainings, seminars, etc. We also deepened strategic cooperation with suppliers in areas such as extended services, improving the quality of cooperation and promoting industrial upgrades and business development.

Strengthening the Management of Supply Chain Responsibility

The Group has made corporate sustainability requirements a part of our supplier management, and places great importance to suppliers' fulfilment of their responsibilities. By relying on our own resources and influence, we seek to improve supplier management awareness and abilities, and are committed to promoting sustainable development throughout the supply chain.

During the multiple stages of supplier selection and evaluation, we set out clear requirements related to environmental, health and safety performance. For example, Xiamen Ocean Gate Terminal has signed a "Safe Production Management Agreement" with the Labour Foreign Affairs Office Unit, and hopes that suppliers strictly abide by national laws and regulations when it comes to employees' rights and benefits, occupational health and port environmental health. In addition, we also require suppliers to maintain integrity and honesty in their operations, and abide by the Group's related systems and code of conduct. We reserve the right to unilaterally terminate contracts with suppliers that are in violation of the relevant provisions.



Opportunities for Social Involvement

In 2016, the Group's community activities were mainly focused on youth development. The Group headquarters participated in the internship programme of the Hong Kong Institute of Chartered Secretaries, providing internship opportunities for young talent to gain experience and understanding of the compliance work of listed companies, and laying the groundwork for them to deal with challenges in their careers and give back to society in the future. During the report period, Yantian Terminal hosted a summer camp for teachers and students from Hope

Elementary School in Dahai Village, Yunnan, for the 11th consecutive years. A number of teachers and students were invited to attend a week-long summer camp, and participated in workshops and other activities together with students from local schools in Yantian. These activities provide valuable networking opportunities for students from these two places, and enable everyone to fully communicate their ideas, express the hopes and expectations for the future, and build strong friendships during the exchange process. The Group will continue to show care for and help the communities and participate in public welfare activities.



Giving Back to Society

It is an honour for the Group to make contributions to the communities in which it operates through various ways (including employee support, sponsorships and donations). Our community involvement aimed at enhancing relations with local communities to achieve long-term impact.



The Way Forward in our Sustainability Journey





Making Joint Efforts with Stakeholders

The Group's continued business growth is inseparable from the trusted relationship we have built with stakeholders and their support and assistance during trials and tribulations. In responding to stakeholders' ongoing pursuit of higher quality of disclosure content and transparency, and as part of our sustainability work, we will continue to strengthen the breadth, depth and frequency of stakeholders' participation, strengthening communication, exchange and feedback with various sectors of the public. We will leverage new technology and explore new channels, facilitating prompt and convenient communication with stakeholders and achieving the goal of "listening to both sides and observing from different angles". Through our joint efforts, we are further strengthening stakeholders' participation in the Group's sustainable development.

Raising the Degree of Information Disclosure on Sustainability

The Group will continue to raise the degree of information disclosure on sustainable development, improve the quality and quantity of disclosed information, and expand the channels of information disclosure. We will also take the initiative in accepting supervision by society, assessing the sustainable development performance of the Group, reviewing reality with a pragmatic attitude and incorporating the opinions of various stakeholders. We will make an effort to continue to expand the scope of reporting, and explore the adoption of international disclosure standards, as well as reference to and study well-written reports published by domestic and international competitors in the industry. Various departments of the Group will have further discussions on performance evaluation data and the measurement and analysis methods of key performance indicators in order to improve reliability of the reports. In addition, we will also enhance departments' skills and knowledge on sustainable development and reporting, continue to provide and improve training, communications, existing mechanisms, while achieving an efficient resources allocation, strengthening controls, enhancing efficiency and improve the ability of information collection and reporting. We do this in order to provide more comprehensive, accurate and comparable information to employees, customers, the environment, supply chain and the society.

Data Tables

The below information is gathered from the 25 in-scoped terminal companies:

Environment

GRI reference		Unit	2016
KPI reference			
KPI A1.3	Total hazardous waste produced	Tonnes	271
KPI A1.4	Total non-hazardous waste produced	Tonnes	31,119
KPI A2.2	Total water consumption	m ³	3,750,917

Energy

GRI reference		Unit	2016
KPI reference			
GRI G4-EN3	Direct energy consumption	TJ (terajoules)	2,452
KPI A2.1	Indirect energy consumption	TJ (terajoules)	4,057
	Total energy consumption	TJ (terajoules)	6,509

Greenhouse Gas Emissions

GRI reference		Unit	2016
KPI reference			
KPI A1.2	GHG emissions – scope 1 (tonnes of CO ₂ equivalent)	Tonnes	519,459
KPI A1.2	GHG emissions – scope 2 (tonnes of CO ₂ equivalent)	Tonnes	578,080

Occupational Health and Safety

GRI reference	KPI reference	2016	
		Male	Female
GRI G4- LA6	Number of staff involved in work-related fatalities	0	0
	Number of staff involved in work-related injuries	41	3
	Injury rate per 100 employees ¹	0.2	0
	Number of lost days due to work-related accidents and disease	5,408	1,353
	Lost day rate due to work-related accidents and disease ²	16.2	27.4
	Number of absentee days	16,941	4,266
	Absentee rate ³	0.73	0.61

Notes:

- The injury rate is calculated based on the number of injuries per 200,000 hours worked (100 employees working 40 hours per week for 50 weeks).
- The lost day rate due to work-related accidents and disease is calculated based on the number of lost days per 200,000 hours worked.
- The absentee rate indicates the number of absentee days (as a result of non-occupational injuries and illnesses) as a percentage of the total number of work days scheduled for the workforce.

The below information represents the workforce of the Group, including the workforce from headquarter, subsidiaries and equity investments^{Note}:

Human Capital

GRI reference		2016
KPI reference		
GRI G4-9	Scale of the organisation – Total workforce	3,372

GRI reference		2016	
KPI reference			
	Total workforce (by employee category & gender)	Male	Female
	Managerial position	9	1
GRI G4-LA1	Supervisory position	317	42
	General position	2,534	469

GRI reference		2016		
KPI reference				
	Total workforce (by employee category & age group)	Below 30	30-50	Over 50
	Managerial position	0	3	7
GRI G4-LA1	Supervisory position	2	261	95
	General position	967	1,869	168

GRI reference		2016	
KPI reference			
		Male	Female
GRI G4-LA1	Total new hires during the year	142	21
GRI G4-10	Total employee turnover during the year	127	27

GRI reference		2016		
KPI reference				
		Below 30	30-50	Over 50
GRI G4-LA1	Total new hires during the year	112	44	7
GRI G4-10	Total employee turnover during the year	53	93	8

Labour Relations

GRI reference		2016
KPI reference		
GRI G4-DMA	The minimum number of weeks' notice typically provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them	3 weeks

Note: As at the end of 2016, the total workforce of the Group is 3,372.



Contact Information

Please feel free to contact us with any comments or suggestions you may have related to this Report. The contact details are as follows:

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Report Survey Questionnaire

Thank you for your interest in COSCO SHIPPING Ports' Sustainability Report 2016. 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:

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Appendices

Appendix 1: GRI & HKEx Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) Content Indexes

GRI Indicator	ESG Reporting Guide General Disclosures & KPI's	GRI General Standard Disclosures	Sustainability Report 2016	Page No.	Remark
Strategy and Analysis					
G4-1		Statement from the most senior decision-maker of the organisation	Chairman's Statement Report by Vice Chairman	3-4 5-6	
Organisational Profile					
G4-3		Name of the organisation	About This Report	1-2	
G4-4		Primary brands, products, and services	About Us	7-14	
G4-5		Location of headquarters	Back Cover	Back Cover	Hong Kong
G4-6		Number of countries where the organisation operates, and names of countries	About Us	7-14	
G4-7		Nature of ownership and legal form	About Us – Shareholder Structure	8	
G4-8		Markets served	About Us – Worldwide Terminal Network	9-10	
G4-9		Scale of the organisation	About Us	7-14	
G4-10	KPI B1.1	Workforce data	Commitment to Staff Data Tables	21-24 37-38	
G4-11		Percentage of total employees covered by collective bargaining agreements	Not applicable	-	None of our employees are covered by collective bargaining agreements
G4-12	KPI B5.2	Supply chain description	Commitment to Supply Chain	31-32	
G4-13		Significant changes to organisation size, structure, ownership or supply chain	About Us	7-14	
G4-14		Report how precautionary approach is addressed	Corporate Governance	19-20	
G4-15		Charters	About Us – Membership and Charter	13	
G4-16		Memberships of associations	About Us – Membership and Charter	13	
Identified Material Aspects and Boundaries					
G4-17		Entities included in the financial statements, mention those not covered by this report	About this Report	1-2	A list of our principle subsidiaries is found on p.190-200 of our Annual Report 2016
G4-18		Materiality assessment process	About this Report – Scope of Report About this Report – The Process of Report Preparation	1 2	
G4-19		List of material aspects	Our Approach to Sustainability – Materiality Assessment	17	
G4-20		Aspect boundary within the organisation	Not applicable	-	Employment is the only aspect that has an impact within the group; All other aspects have an impact both inside and outside the Group
G4-21		Aspect boundary outside the organisation	Not applicable	-	See remark for G4-20 above
G4-22		Effect of and reasons for any restatements of information provided in previous reports	Not applicable	-	No restatements of information
G4-23		Significant changes in scope / aspect boundary	About this report Our Approach to Sustainability – Materiality Assessment	1-2 17	The scope is expanded to cover 25 terminal companies; No significant change in aspect boundary

GRI Indicator	ESG Reporting Guide General Disclosures & KPI's	GRI General Standard Disclosures	Sustainability Report 2016	Page No.	Remark
Stakeholder Engagement					
G4-24		List of stakeholders engaged	Our Approach to Sustainability – Commitment to Stakeholders	16	
G4-25		Basis of identification and selection of stakeholders	Our Approach to Sustainability – Commitment to Stakeholders	16	
G4-26		Stakeholder engagement approach and frequency	Our Approach to Sustainability – Commitment to Stakeholders	16	
G4-27		Key topics and concerns raised by stakeholders and the organisation's response	Our Approach to Sustainability – Materiality Assessment	17	
Report Profile					
G4-28		Reporting period	About this Report	1-2	
G4-29		Date of most recent previous report	Not applicable	-	Please refer to Sustainability Report 2015
G4-30		Reporting cycle	Not applicable	-	Annually
G4-31		Contact point	Contact Information	39	
G4-32		GRI In accordance option chosen	About this Report – Basis of Preparation	1	Core option
G4-33		External assurance	Not applicable	-	No external assurance conducted
Governance					
G4-34		Governance structure	Corporate Governance	19-20	
Ethics & Integrity					
G4-56		Organisation's values, principles, standards and norms of behavior	Our Approach to Sustainability – Our Philosophy	15	
Energy					
G4-DMA	GD-A2, KPI A2.3	Energy	Commitment to the Environment – Energy Conservation and Emission Reduction	29-30	
G4-EN3	KPI A1.2, KPI A2.1	Energy consumption within the organisation	Commitment to the Environment – Energy Conservation and Emission Reduction	29-30	
			Data Tables	37-38	
Water					
G4-EN8	KPI A2.2, KPI A2.4	Total water withdrawal by source	Commitment to the Environment – Green Development	30	
			Data Tables	37-38	
Emissions					
G4-DMA	GD-A1, GD-A3, KPI A1.1, KPI A3.1	Emission	Commitment to the Environment – Energy Conservation and Emission Reduction	29-30	
			Data Tables	37-38	
G4-EN15	KPI A1.2	Direct greenhouse gas (GHG) emissions (Scope 1)	Commitment to the Environment – Energy Conservation and Emission Reduction	29-30	
			Data Tables	37-38	
G4-EN16	KPI A1.2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Commitment to the Environment – Energy Conservation and Emission Reduction	29-30	
			Data Tables	37-38	
G4-EN18	KPI A1.2	Greenhouse gas (GHG) emission intensity	Commitment to the Environment – Energy Conservation and Emission Reduction	29-30	
G4-EN19	KPI A1.5	Reduction of greenhouse gas (GHG) emissions	Commitment to the Environment – Energy Conservation and Emission Reduction	29-30	
G4-EN23	KPI A1.3, KPI A1.4, KPI A1.6	Total weight of waster by type and disposal method	Commitment to the Environment – Green Development	30	
			Data Tables	37-38	
G4-EN29		Monetary value of significant fines and total number of non-monetary sanction for non-compliance with environmental laws and regulations	Commitment to the Environment	-	There is no non-compliance incident
G4-EN33		Significant actual and potential negative environmental impacts in the supply chain and actions taken	Commitment to Supply Chain	31-32	

GRI Indicator	ESG Reporting Guide General Disclosures & KPI's	GRI General Standard Disclosures	Sustainability Report 2016	Page No.	Remark
Employment					
G4-DMA	GD-B1, GD-B4	Employment	Commitment to Staff	21-24	
G4-LA1	KPI B1.1, KPI B1.2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	Data Tables	37-38	
Labour / Management Relationship					
G4-DMA		Labour / Management Relations	Commitment to Staff	21-24	
G4-LA4		Minimum notice periods regarding operational changes, including whether it is specified in collective agreements	Data Tables	37-38	
Occupational Health and Safety					
G4-DMA	GD-B2	Occupational Health and Safety	Commitment to Staff – Occupational Health and Safety	24	
G4-LA6	KPI B2.1, KPI B2.2, KPI B2.3	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	Data Tables	37-38	
Training and Education					
G4-LA10	GD-B3	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Commitment to Staff – Comprehensive Employee Training	24	
Labour Standards					
G4-HR6	GD-B4	Measures taken intended to contribute to the elimination of all forms of forced or compulsory labor	Commitment To Staff – Respecting the Rights of Employees	24	
G4-LA15		Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Commitment To Supply Chain	31-32	
Product Responsibility					
G4-PR4	GD-B6	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling	Commitment to Customers	25-28	There is no non-compliance incident
Anti-corruption					
G4-SO4	GD-B7	Communication and training on anti-corruption policies and procedures	Commitment to Staff - Comprehensive Employee Training	24	
Local Communities					
G4-DMA	GD-B8, KPI B8.1, KPI B8.2	Local Communities	Commitment to the Community	33-34	
G4-SO2		Operations with significant actual and potential negative impacts on local communities	Commitment to the Community	33-34	

Appendix 2: Glossary

Carbon Footprint Repository for Listed Companies – an online platform created by Environmental Protection Department (EPD) which enables listed companies in Hong Kong to disclose their carbon footprints and share carbon management strategies and practices.

Environment / Environmental Footprint – the effect that the company and its activities has on the environment.

Global Reporting Initiative (GRI) – a leading organisation in the sustainability field. This organisation promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development.

(GRI official website: <https://www.globalreporting.org/information/about-gri/what-is-GRI/Pages/default.aspx>) (GRI G4 – the latest sustainability reporting guideline released by GRI in May 2013).

Greenhouse Gases (GHG) – “gases that trap heat in the atmosphere” (US EPA), which include Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), etc.

Materiality Assessment – the process of identifying, defining and prioritising the environmental, social and governance 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 that concerns and are important to stakeholders.

Specific Standard Disclosure – one of the reporting components of the “G4 Sustainability Reporting Guideline” issued by GRI.

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 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 are used to measure the level of sustainability of a company.

Appendix 3: Abbreviations

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
Terminal company	
Abu Dhabi Oceangate Container Terminal LLC	Khalifa Terminal Phase II
Antwerp Gateway NV	Antwerp Terminal
APM Terminals Zeebrugge NV	Zeebrugge Terminal
Asia Container Terminals Limited	Asia Container Terminal
Busan Port Terminal Co., Ltd.	Busan 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
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
Ningbo Meishan Bonded Port New Harbour Terminal Operating Co., Ltd	Ningbo Meishan Terminal
Ningbo Yuan Dong Terminals Limited	Ningbo Yuan Dong Terminal
Piraeus Container Terminal S.A.	Piraeus Terminal
Plangreat Limited	Plangreat
Qingdao New Qianwan Container Terminal Co., Ltd.	Qingdao New Qianwan Terminal
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	Dongjiakou Ore 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 Haitou Tongda Terminal Co., Ltd.	Xiamen Tongda 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 Terminal
Yingkou New Century Container Terminal Co., Ltd.	Yingkou New Century Terminal
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	Zhangjiagang Terminal
Others	
twenty-foot equivalent unit	TEU

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