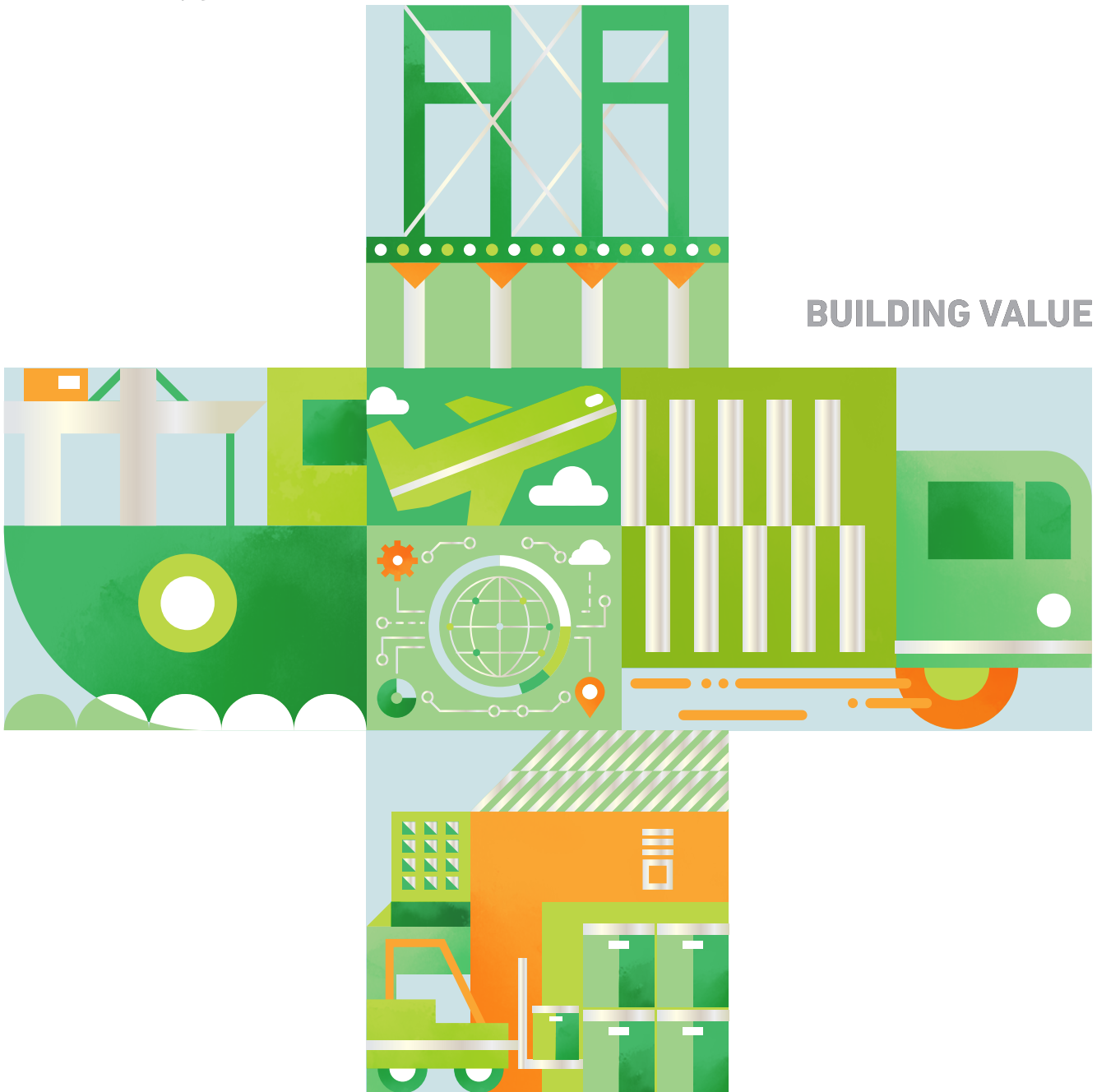




Shenzhen International
深國際

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT
2018



Shenzhen International Holdings Limited
深圳國際控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 00152

**BUILDING VALUE
SHARING FUTURE**

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SHARING FUTURE





ABOUT THE GROUP

Shenzhen International Holdings Limited (“Shenzhen International” or the “Company”) and its subsidiaries (collectively, the “Group”) is principally engaged in logistics and toll road business. The Group carried out the investment, construction and operation of logistic infrastructure facilities through expansion, mergers and acquisitions, restructuring and consolidation, and provided various value-added logistic services to customers. The Group has established a “2+X” industrial structure with modern logistic and toll road business as its core. Meanwhile, the Group expanded the scope of business to a number of segment markets including comprehensive development of lands related to logistics industry, and investment in and operation of environmental protection industry. The Group’s business presence is mainly concentrated in Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta and Pan-Bohai Rim.

In order to continuously expand the scope of disclosure of this report, for the year ended 31 December 2018 (the “Year”), in addition to the continuous focus on South China Logistic Park, other logistic businesses such as Nanjing Xiba Port, Wuhan Integrated Logistic Hub and Shenyang Integrated Logistic Hub (two of the Integrated Logistics Hub projects of the Group) are also included. The Group will continuously improve our internal data collection system with the aim to gradually extend our scope of disclosure.

During the Year, South China Logistic Park has built a general bonded operation center with centralized management and one-stop service platform. Having launched paperless customs clearance and several business information support projects during the Year, the efficiency of the customs clearance doubled and the output value of warehouse has reached record high. There were also many business synergy projects with our sister companies that enabled interaction within the industry and extended its existing industry chain.

In terms of port and related service business, the Group actively expanded its supply chain management services related to port operation. In 2018, Nanjing Xiba Port ranked first among the five major bulk ports in the middle and lower reaches of the Yangtze River. The Group has also been fulfilling the obligations under the cooperative framework agreement of the “Shenzhen International Fengcheng Rail-water Intermodal Transport Logistic Base” project, which the Group entered into with the municipal government of Fengcheng City, Jiangxi in order to move forward with the “Sub-strategy of Shenzhen International Ports and Supply Chain” plan of the Group.

The Group’s “Integrated Logistics Hub” is based on the inter-city highway transport logistic center, equipped with the functions of warehousing, distribution and transfer, e-commerce and others, thereby providing a one-stop service platform to customers. Through new constructions and acquisitions, the Group achieved rapid development in its integrated logistics hub projects. By the end of December 2018, the Group had deployed integrated logistics hubs in 22 key logistic gateway cities nationwide, including a total of 12 projects in operation and a total operating area of over 1 million square meters. In terms of the expansion of new projects in 2018, the Group has successively entered into investment agreements for integrated logistics hub projects with the local government of Zhangqiu, Jinan and Xuzhou, Jiangsu, and acquired the Kunming project through mergers and acquisitions.

MESSAGE FROM THE BOARD OF DIRECTORS



From 2018 to 2020, the State Council's State-owned Enterprise Reform Leading Group has been and is implementing the State-owned Enterprises Reform, the "Double-Hundred Action", which aims to foster State-owned enterprises that have adequate governance structures, flexible and efficient operating systems, innovation capabilities and growing market competitiveness to lead the others and act as role models to strive for improvements and progress. The action will enable domestic companies to achieve long-term development and improve the livelihood of employees, which is in-line with the principles of sustainable development. The Company was selected to be included in the list of "Double-Hundred Enterprises" and is developing work plans to enhance the efficiency of the Group's governance and to continuously improve its environmental and social performance.

During this period, the Group attaches great importance to the internal sustainability measures and the sustainability performance of its business partners and continues to focus on topics related to employment, health and safety and supply chain management. The Group also attaches great importance to the safety of the production process. The Group's Production Safety Committee has carried out effective work to ensure that all production units are aware of and comply with the requirements of the Group. In response to the requirements of the "Double-Hundred Action", the Group is establishing an incentive mechanism and improving the employee compensation system to further motivate employees of the Group. In terms of environmental protection, the Group sets annual assessment targets to ensure that the entire Group is aware of the future direction of the Group. In terms of community investment, the Group has supported Xinmin Village in Dongyuan County, Heyuan City in building its community by adopting well thought out plans, this has earned a good reputation for the Group.

In order to understand the views of our interested parties¹ on the sustainability performance of the Group, the Group organizes activities for various interested parties to develop suitable measures and to respond to their needs. Through this report, the Group also hopes to strengthen the transparency of its business activities, allow interested parties to get a clearer picture of the Group's impact and on measures in relation to sustainable development, and collect advice from the interested parties to achieve collective wisdom.

The Group continues its work on the construction of ecological civilization. In addition, realizing the different risks and opportunities that might be brought by sustainability-related issues, the Group will gradually establish a comprehensive sustainable development governance system to carry out more efficient development strategies, and to achieve a win-win situation for society and the environment. Through continuous accumulation of experience and gathering opinion of the interested parties, the Group will actively promote sustainable development of the society and create long-term value.

Shenzhen International Holdings Limited

Gao Lei

Chairman of the Board

¹ "Interested parties", also known as "stakeholders" or "equity owners", referring to groups and individuals that have a significant impact on the corporate business or may be affected by the business, including the board of directors of the Company, management, executives and general staff, as well as the shareholders, business partners, customers, government, regulatory authorities, banks, investors and community organization, etc.



ABOUT THIS REPORT

This is the third Environmental, Social and Governance Report issued by the Group, which discloses our policies, practices and performances in the environment, society and governance to enable interested parties to have a better understanding of the Group's progress and objectives in sustainable development. This report has been prepared in both Chinese and English and uploaded to the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company's website at www.szihl.com. In case of any inconsistency, the Chinese version shall prevail.

REPORTING SCOPE

This report will report on the environmental, social and governance performance of the Group for the Year. In order to keep expanding the scope of disclosure of this report, in addition to the continuous focus on the logistics business of South China Logistic Park, Nanjing Xiba Port, Wuhan Integrated Logistic Hub and Shenyang Integrated Logistic Hub (collectively referred to as "Operating Sites") are also included in this report. In the future, the Group will continuously improve our internal data collection system with the aim to enable gradual extension of our scope of disclosure.

REPORTING STANDARD

In compliance with the "comply or explain" provisions as stipulated in the Environmental, Social and Governance Reporting Guide, Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Guide") issued by the Stock Exchange, this report has been prepared based on four reporting principles – materiality, quantitative, balance and consistency, as set out in the Guide. To ensure the accuracy of environmental key performance indicators, the Group has also appointed the professional consulting firm, Carbon Care Asia, to conduct carbon assessment.

CONFIRMATION AND APPROVAL




All information cited in this report is derived from the Group's official documents, statistical data and management and operational information collected in accordance with the Group's systems. This report has been confirmed and approved by the board of directors of the Company (the "Board") on 5 July 2019.

FEEDBACK

The Group treasures the opinions of its interested parties. If you have any queries or recommendations in regard to the contents or the reporting format of this report, you are most welcome to contact us through the following means:

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BUSINESS OVERVIEW

	 South China Logistic Park	 Nanjing Xiba Port	 Integrated Logistic Hub²	
			Wuhan	Shenyang
Principal business	Logistic centers, empty container depots, value-added logistics services, operation of commercial and trade business and cross-border e-commerce trade and exhibition center	Port terminal operation and supply chain management services business relating to the port terminal operation	Leasing services and property management services based in the core of a distribution and transfer center and a modern warehouse center, providing value-added ancillary services such as providing office and accommodation	Main services include warehousing, loading and unloading, highway transport and logistics information consulting services
Operation overview	Operating area of approximately 322,000 square meters	Operating area of approximately 220,000 square meters	Operating area of approximately 67,000 square meters with an average daily truck throughput of about 300-400	Operating area of approximately 241,000 square meters
Location	Shenzhen	Nanjing	Wuhan	Shenyang



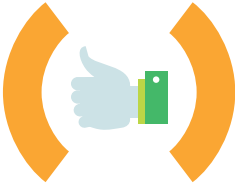


² The Group has built integrated logistic hubs in 22 key logistic gateway cities nationwide and 12 projects have been built and commenced operation, including Wuhan and Shenyang Integrated Logistic Hubs as at the end of December 2018.

SUBSTAINABLE DEVELOPMENT GOVERNANCE AND RISK MANAGEMENT

The Group implements its risk management in its day-to-day management and gradually establishes a sustainable development governance system. To enhance the effectiveness of risk management, the Board is responsible for establishing and maintaining an internal control and risk management system. In addition, the Group has established a risk management department to be responsible for the specific practice in risk management. The Group also established a production safety committee and identified risks related to occupational health and safety through its internal risk management system.

Considering the regulatory requirements and risks related to the environment, society and governance, the Group's major risks and mitigation measures are as follows:

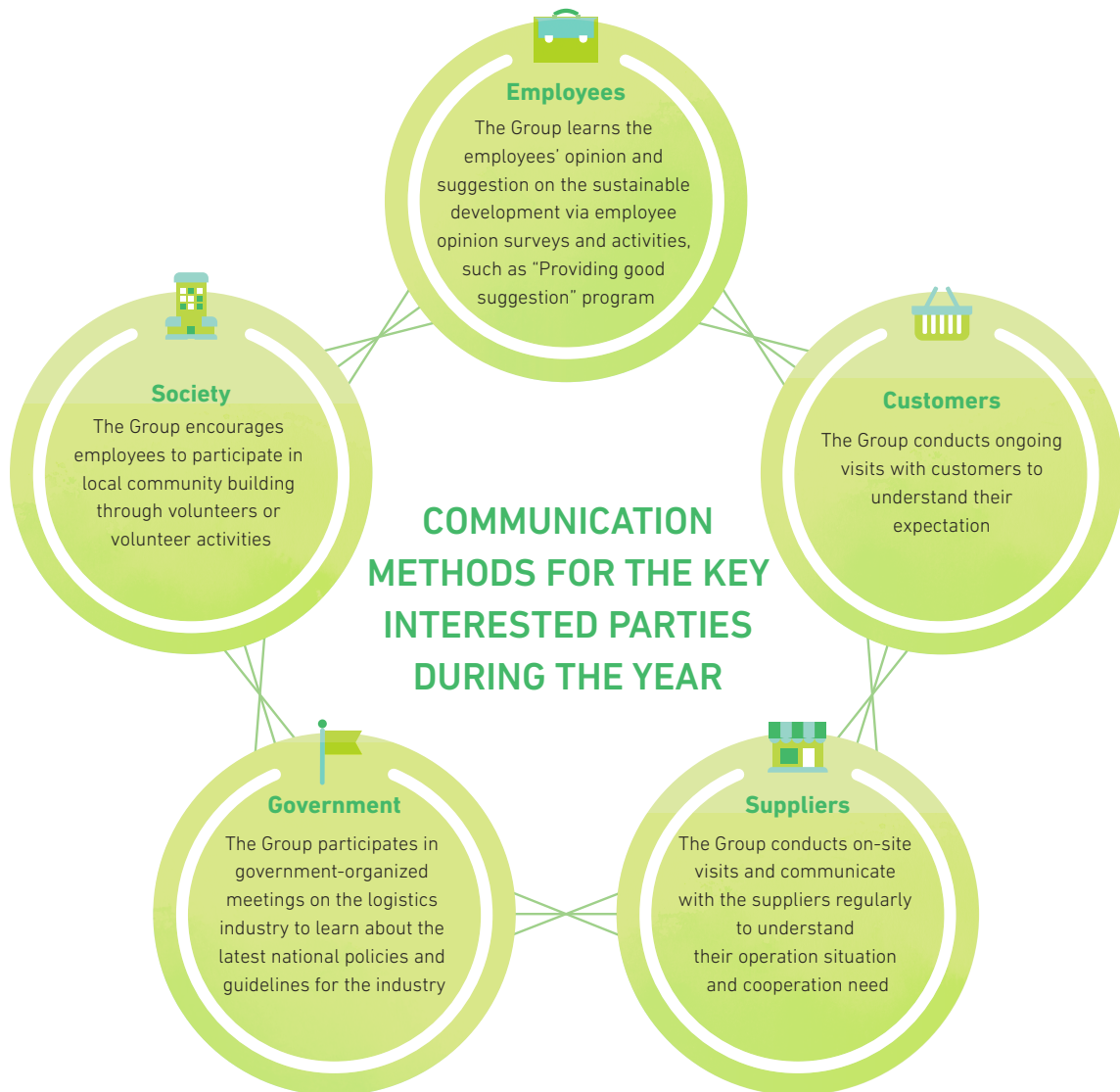
Major environmental, social and governance risks	Potential impacts	Risk mitigation and management measures
 <p>Policy risks</p>	<p>The operation of the Group might be influenced by the local and national policies, as well as those from related industries. The development prospects of its business may be subject to changes in policy measures, which might pose risks to the Group's accumulation and long-term development in social capital.</p>	<ul style="list-style-type: none"> ✦ The Group closely monitors the medium and long-term impact of policy implementation and adjustment, and actively communicates with the local government; ✦ At the same time, the Group also strengthens its own operations and management, fulfills its public responsibilities in goods and services, and strives to achieve a win-win situation with and gain more opportunities for the government, enterprises and interested parties via its professional advantages.
 <p>Supply chain management</p>	<p>The development of the Group's business might be influenced by supply chain enterprises in terms of their integrity, qualifications and strength.</p>	<ul style="list-style-type: none"> ✦ The Group complies with relevant national laws and regulations, and formulates a number of internal policies to ensure the supplier selection process complies with national and local laws and regulations; ✦ At the same time, through improving its contract management process, the Group also strengthened its management and control of supply chain enterprises' ability to fulfil contracts.
 <p>Occupational health and safety</p>	<p>The occupational health and safety of employees has always been the focus of the Group. The Group realizes that the occurrence and the handling of work accidents will affect employees' morale and trust in the management.</p>	<p>In order to reduce the chances of a safety related incident from occurring in the operation process, the Group implements the following management measures:</p> <ul style="list-style-type: none"> ✦ Safety inspection: such as crane inspection before operation, regular inspection of gas valves and inspection of fire protection facilities; ✦ Safety training: loading and unloading operation procedures training, driver operation procedures training and tenant safety education etc.

In the future, the Group will conduct a more comprehensive assessment of environmental, social and governance risks in order to improve the relevant risk management system.

COMMUNICATION WITH INTERESTED PARTIES



Shenzhen International attaches great importance to the participation of interested parties and communicates with interested parties through daily operation and various communication channels to build mutual trust. Thus, this will not only ensure that interested parties understand the development and operation policies of the Group, but also provides opportunities for the Group to listen to their opinions and examine the Group's potential risks and opportunities in sustainable development to set priorities for different issues, as well as developing corresponding policies and measures.



In order to establish the Group's sustainable development strategies and direction, as well as to identify environmental and social issues that are critical to the Group and its interested parties, Shenzhen International engaged a professional consulting firm, Carbon Care Asia, to conduct management interviews on behalf of the Group. With the advice collected from the interviewees and the consultants, the Group selected three out of the 11 environmental and social aspects from the Guide as the key topics for the report, including: employment, health and safety, and supply chain management.

Shenzhen International understands the importance of communicating with interested parties and is committed to establishing effective and accurate communication channels and providing timely responses. In the future, the Group will continue to strengthen its interaction with the interested parties through focus groups and online survey and questionnaires, with the aim to increase opportunities to communicate with interested parties, and create mutually beneficial relationships.

EMPLOYEE CARE

EMPLOYMENT POLICY

Shenzhen International attaches great importance to improving the employment system. The Group adopts the Employee Handbook (《員工手冊》), Measures for the Management of Rest Periods and Overtime (《休假及加班管理辦法》) and Measures for the Management of Employee Recruitment (《員工聘用管理辦法》) to regulate the Group's management policies in terms of recruitment, remuneration, holidays and other benefits.

The Group has adopted the Measures for the Management of Employee Recruitment to standardize the recruitment process to improve the planning and effectiveness of employee recruitment, and to improve the talent selection system to meet the needs of the Company's sustainable development. Each department shall, according to its own development needs, submit a personnel demand plan to the human resources department so that recruitment information can be published for the selection of qualified candidates.

In order to enhance the employees' work-life balance, Shenzhen International formulated the Measures for the Management of Rest Periods and Overtime in accordance with the Labor Law of the People's Republic of China. The policy stipulates that the Group will provide annual leave based on the service period of individual employees. Meanwhile, casual leave, sick leave, work injury leave, marriage leave, compassionate leave, maternity leave, paternity leave and examination leave will be provided according to the actual situation.

The Group complies with relevant laws and regulations, such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulation on Paid Annual Leave for Employees (《職工帶薪年休假條例》), and other labor security laws and regulations concerning labor and family planning. During the Year, there were no cases of non-compliance in relation to employment within the Group. Looking forward, the Group will commence the formulation of policies on equal opportunities, diversification and anti-discrimination, in order to set up a more systematic work-management system.

OCCUPATIONAL HEALTH AND SAFETY

As a company specializing in the provision of logistics services, Shenzhen International has always pursued the assurance of the health and safety of our employees. Accordingly, the Group has formulated the Safety, Health and Environmental Protection Management Regulations (《安全健康環保管理規定》) and the Occupational Safety and Health Management System (《職業安全健康管理制度》) in accordance with relevant state regulations, and improved the Group's specific measures in safety management. In addition, the Group continued to organize a number of safety education and training programs and provided work safety guideline to employees on the identification and preventive measures of safety hazards in the workplace. The Group also regularly provides various medical examinations and education materials relating to occupational health to employees to ensure that a healthy and good working environment is provided for the employees.

Shenzhen International has established the Group's production safety committee and the Group's production safety office, which are responsible for the safety management of the Group.

Responsible Unit	Responsibilities
The Group's Management	<ul style="list-style-type: none">++ Incorporate safety and health risks into the assessment of the Group's business development; Provide adequate resources.
The Group's production safety committee	<ul style="list-style-type: none">++ Responsible for the Group's management approach and policy formulation regarding occupational health and safety, and make real-time adjustments based on changes in internal and external environment; Regularly hold production safety committee meetings to check the implementation of production safety work.
The Group's production safety office	<ul style="list-style-type: none">+++ Implement relevant resolutions of the Group's production safety committee; and arrange and guide the daily safety work of the Group; Organize education and training for the production safety staff of the Group; Responsible for handling emergency incidents.
Subsidiary units	<ul style="list-style-type: none">+++ Set up safety warning signs in workplaces with major risk factors; Provide the necessary labor protection tools for workers; Formulate emergency plans for production accidents and regularly organize safety drills.

Meanwhile, the Group provided safety trainings (which include production safety standardization, operation and equipment maintenance and emergency plan) to ensure that employees are equipped with the relevant occupational safety knowledge and to ensure their occupational health and safety. In addition, all employees engaged in special operations must be adequately trained and certified.

In the operation of the Group, the relevant employees must be informed of the occupational hazards of the production process and all the protective measures should be carried out. At the same time, the Group has established occupational health records for relevant employees and arranged medical examinations for the employees in accordance with relevant regulations. In addition, when an accidental emergency occurs, it should be handled in accordance with the accidental emergency plan and the contractor should be notified in time. The emergency plan shall be revised periodically according to review and its performance in actual operation.

The Group complied with relevant laws and regulations, such as the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, and Fire Protection Law of The People's Republic of China. During the Year, there were no cases of non-compliance in relation to occupational health and safety identified within the Group.

DEVELOPMENT AND TRAINING

In order to improve employees' personal and career development, Shenzhen International has formulated the Measures for the Management of Employee Training (《員工培訓管理辦法》) to improve the training methods and training procedures for employees.

At the beginning of each year, the Group formulates annual training programs, including training for middle and senior management and junior staff, and special training on the Group's policies. Meanwhile, the Group collaborated with the Graduate School of Tsinghua University to provide special training, the Elite Program, to its staff. Such training includes programs with topics related to restructuring, mergers and acquisitions, capital, investment and financial management, supply chain finance, risk control and crisis handling, logistics parks planning and management, etc. with more than 963 attendance in such training. In addition to the training programs organized within the Group, we also encourage our staff to participate in professional training courses organized by external institutions, and strive for continuous improvement in their professional knowledge and skills through different training methods.

LABOR STANDARDS

Shenzhen International complies with relevant national laws and regulations, prohibits the use of child labor and forced labor in the workplace, and protects the legitimate rights and interests of employees from infringement. The Group's Measures for the Management of Employee Recruitment stipulates that when a new employee joins the Group, the human resources department will ask the employee to fill in the Employee Information Collection Form. If the age of the candidate is found to be below the legal requirement, that person will not be recruited.

At the same time, the Group attaches great importance to the health of the staff and encourages employees to complete their duties within the specified time and overtime work is not encouraged. The Group has formulated regulations relating to overtime management. If employees need to work overtime, they should fill in the Overtime Work Application Form and file with the relevant departments which will make corresponding financial compensation according to the employees' overtime hours.

The Group complies with relevant laws and regulations, such as the Labor Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Minors. During the Year, there were no cases of non-compliance in relation to child labor or forced labor identified within the Group.

OPERATIONAL RESPONSIBILITY

SUPPLY CHAIN MANAGEMENT

Shenzhen International attaches great importance to the management of the supply chain and understands the importance of the supply chain selection for our own operation. The Group has formulated internal systems such as the Management and Selection Method for the List of Intermediary Agencies (《中介機構備選庫管理及選聘方法》). Meanwhile, each Operating Site has fulfilled the Group's requirement for suppliers through formulating policies such as the Safety Management System for Related Parties (《相關方安全管理制度》) and the Measures for the Management of Selecting Intermediary Agencies (《選聘中介機構管理辦法》). When selecting and evaluating suppliers, the Group also considers the suppliers' environmental and social performance in addition to the quality of its products in order to control the related risk.

- Environment: On the basis of ensuring that all contractors comply with local environmental protection laws and regulations, each Operating Site requires its contractor to establish an environmental protection responsibility system and identify the environmental protection duties of its responsible person. In addition, when screening contractors, Nanjing Xiba Port will take whether any sudden environmental incidents has occurred as one of the screening criteria. Any contractor that encountered any sudden environmental incident will not be engaged within three years from such incident.
- Community: Each contract signed with the contractor for Operating Sites requires that the contractor should strengthen its internal safety management and protect the health and safety of its employees in accordance with relevant regulations. Nanjing Xiba Port specifically requires contractors to take out accidental injury insurance for on-site construction staff.

PRODUCT RESPONSIBILITY

In order to strengthen the quality of the Group's services, the Group's South China Logistic Park has developed the South China Logistic Customer Service Manual (《華南物流客戶服務手冊》) and established a customer service center that helps customers deal with problems encountered in the daily operation of the Group, such as renovation management, daily maintenance, warehouse entry and information release to provide satisfying service to customers.

South China Logistic Park has established a complaint handling mechanism to handle and respond to customer's complaints in a timely and effective manner. After receiving the customer's complaint, the staff of the customer service center will record all details of the complaint and provide the report to the relevant department or department manager for investigation. After the complaint has been resolved, the customer service commissioner shall state the resolution in the Complaint Registration Form; and respond to and communicate with the customer properly.

Each Operating Site currently does not have any business that involves content such as product labeling, thus no relevant policies have been formulated. In the future, the Group will formulate policies to protect customer privacy based on the operation. The Group complies with relevant laws and regulations in relation to product quality, such as the Law of the People's Republic of China on Product Quality. During the Year, there were no cases of non-compliance in relation to product responsibility identified within the Group.

ANTI-CORRUPTION

Shenzhen International attaches great importance to anti-corruption related work, as it is not only an important way for the Group to reflect its corporate social responsibility, but also a social demand expected of enterprises. The Group has formulated a policy, the Policy of Report on Misconduct (《不當行為舉報政策》), and is committed to promoting anti-corruption work of the Group. The Group encourages employees to report internal corruption according to the Policy of Report on Misconduct. After receiving a report of corruption, the Internal Audit Department of the Group undertakes to keep the whistleblower's identity confidential. At the same time, the Group also formulated the Leadership Responsibility System for Distribution of Work (《領導分工責任制》), which clearly stipulates the duties of the person-in-charge of each unit in the construction of an anti-corruption system. The Company's "Opinion on the fulfillment of the major responsibilities of Party's Committee and the inspection responsibilities of Commission for Discipline regarding the Party's Committee's implementation of Party's righteousness conduct" (《黨委落實黨風廉政建設黨委主體責任和紀委監督責任實施意見》) has regulated work such as the coordination, supervision of discipline, and integrity and righteousness education of the organization.

Person-in-charge	Responsibilities	
Chairman of the Board	Fully responsible for the Group's building of integrity and anti-corruption work.	
Chief Compliance Officer of the Group	Assist the Chairman of the Board to carry out the anti-corruption work of the Group.	
Discipline Inspection and Supervision Office	+	Collect internal evidence for the corresponding corruption cases, and assist the judicial authorities in conducting investigations;
	+	Carry out integrity education for employees and publicize national laws and regulations on anti-corruption.

The Group complies with relevant laws and regulations, such as Law of the People's Republic of China Against Unfair Competition, the Anti-Money Laundering Law of the People's Republic of China and other applicable laws and regulations. During the Year, there were no cases of non-compliance in relation to corruption identified within the Group, nor any proceeding related to corruption of the Group and its staff.

BUILDING THE COMMUNITY



Shenzhen International attaches great importance to its commitment to social responsibility and focuses on the needs for poverty alleviation of the communities in which it operates. The Group assisted Xinmin Village in Dongyuan County, Heyuan City during the Year. Up to present, we have invested more than RMB10 million in community construction work.



In order to help the villagers of Xinmin Village to raise their income levels, the Group has invested RMB1.75 million in the construction of tea cooperatives and the purchase of equipment. Tea sales have increased the per capita annual income of low income households by RMB2,000.

The Group invested in special funds for poverty alleviation to help poor people to carry out cultivation and equipment purchase. At the same time, the Group also organizes labor skills training or job fairs for the poor people, and create platforms to encourage them to increase their income through self-employment.

Up to present, the Group has invested RMB500,000 to install solar-powered street lamps in Xinmin Village. At the same time, it has also invested RMB1.8 million to help villagers to build public service stations and cultural squares to enhance the overall living standards of the villagers.

In the coming year, the Group will formulate community investment policies based on its own corporate strengths and relevant national policies to regulate the Group's community investment behavior and determine the scope of community investment.



ENVIRONMENTAL PROTECTION

Shenzhen International attaches great importance to environmental problems arising from its management and operation and is committed to reducing its impact to the environment. The Group has formulated the Safety, Health and Environmental Protection Management Regulations (《安全健康環保管理規定》) which specifies the Group's approach to environmental protection, management responsibilities, and related objectives and actions. In addition, there are different management guidelines developed for each Operating Site based on their own business characteristics.

EMISSIONS

Greenhouse gases

Nanjing Xiba Port stipulates in its Greenhouse Gas Emission Management Measures (《溫室氣體排放管理規定》) that the equipment maintenance department is responsible for the daily inspection, repair and maintenance of environmental protection equipment. At the same time, Nanjing Xiba Port also classifies greenhouse gas emission sources into two categories, namely:

- + Fixed source combustion: The greenhouse gases produced by equipment which combustion involves different types of fuel, such as the operation of engine;
- + Mobile source combustion: The combustion of fuel for use in different types of transportation.

The Group has commissioned an independent consulting firm, Carbon Care Asia, to conduct a carbon assessment for the Year in order to quantify greenhouse gas emissions (or "carbon emissions") generated during its operation. The process of quantification is based on the guidelines of the Shenzhen Municipal Market and Quality Supervision Committee (深圳市市場和質量監督委員會)³ and the guidelines issued by the National Development and Reform Commission⁴; and reference to international standards such as ISO14064-1 and the Greenhouse Gas Accounting System.

The total carbon emissions at all Operating Sites for the Year was 26,216 tonnes. The Group's carbon emissions are principally resulted from purchased electricity, accounting for 90% of the total carbon emissions. The fossil fuel combustion (mobile source) at Nanjing Xiba Port is also another major source of carbon emissions, accounting for more than 5% of total carbon emissions. Shenzhen International will continue to assess, record and disclose its greenhouse gas emissions data annually.

Waste gases

The Group's Safety, Health and Environmental Protection Management Regulations stipulates that regular maintenance of operating equipment is required to reduce the environmental impact of the exhaust gases generated during operation.

During the Year, the main source of air pollutants was the unorganized dust emissions (i.e. the dust being discharged directly into the atmosphere without any treatment) from Nanjing Xiba Port; the equipment, machinery and vehicles at each Operating Site also produced exhaust gas.

Waste

At each Operating Site, the non-hazardous waste generated in the daily operation process, such as daily domestic waste, is handled by professional waste treatment company for cleaning and delivery to the landfill. For hazardous wastes, such as used engine oil for maintenance of loading and unloading equipment, the Group has entrusted units with hazardous waste disposal qualifications for disposal. For the management of waste, Nanjing Xiba Port has formulated the Measures for the Management of Solid Waste Classification (《固體廢物分類管理辦法》) to reduce waste generation.

The Group complies with relevant laws and regulations, such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Water Pollution, and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution. During the Year, there were no cases of non-compliance in relation to emissions identified within the Group.

³ SZDB/Z 69-2018 "Organizational GHG Emissions Quantification and Reporting Standards and Guidelines" (《組織的溫室氣體排放量化和報告規範及指南》)

⁴ Guidelines for the accounting and reporting of greenhouse gas emissions from land transport companies (Trial) (《陸上交通運輸企業溫室氣體排放核算方法與報告指南(試行)》)

USE OF RESOURCES

Nanjing Xiba Port is committed to reducing waste in resources in the operation process and developing a green economy by formulating the Measures for the Management of Energy Saving and Consumption Reduction (《節能降耗考核管理辦法》). For the use of electricity, oil consumption and other resources in the plant area, Nanjing Xiba Port has set clear rules for awards and penalties.

Meanwhile, South China Logistic Park has carried out activities related to the “Energy Conservation Week” during the Year to enhance employees’ awareness of energy conservation. In addition, by changing the way air-conditioner and paper were used and using LED lights, the use of resources in daily operation has been reduced.

During the Year, the total electricity consumption at all Operating Sites was 34,278.3 MWh, and the energy density was 0.05 MWh equivalent per square meter; the other types of energy used include gasoline, diesel and natural gas. The total water consumption of all Operating Sites was 500,450 cubic meters; and the water consumption density was 0.59 cubic meters per square meter. As for packaging materials, the usage of South China Logistic Park was 1.62 tonnes, which was mainly used for product packaging. The other Operating Sites did not consume any packaging materials. The Operating Sites of the Group did not encounter any difficulties in obtaining water sources.

In the future, the Group will establish a benchmark for resource consumption and emissions for expanding the scope of this report, and gradually establish quantitative targets for the use of resources and emission reduction. These actions will form the basis for the Group’s future carbon reduction targets, measures and priorities.

ENVIRONMENT AND NATURAL RESOURCES

The Group responded to the “Shenzhen Blue” Sustainable Action Plan (「深圳藍」可持續行動計劃) and ensured the reduction of its impact on the surrounding environment in the construction projects carried out by South China Logistic Park. In terms of the construction of integrated logistic hubs, the Group explored green ecological applications. Solar photovoltaic panels, natural cooling systems, and green plant microclimate improvement technologies have been adopted during the Year. Such measures reduced the environmental impact of the park and made use of natural resources more effectively.

Nanjing Xiba Port has established the Safety, Health and Environment Management Committee, which is chaired by the general manager and is responsible for environmental management related work, such as:

- ✦ Organize and coordinate environmental protection work;
- ✦ Review annual environmental work plans, environmental goals and distribution of work within the company;
- ✦ Review investment plans for environmental protection projects and pollution control projects;
- ✦ Responsible for coordination and communication with the environmental protection administrative departments.

Since the operation of the port may pollute the surrounding water, Nanjing Xiba Port has stipulated in its Measures for the Management of Environmental Protection (《環境保護管理辦法》) that various oil pollution accidents during the berthing or loading and unloading of ships are prohibited. Such policy requires a comprehensive oil spill pollution emergency system to ensure that oil pollution control measures are properly carried out, and the promotion of cooperation with universities and scientific research institutions, to reduce the possibility of encountering different kind of environmental issues in the port.

OVERVIEW OF KEY PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE

Emission	Emission in 2018 (kg)		
	Shenzhen South China Logistic Park	Nanjing Xiba Port	Integrated Logistic Hub ⁵
Nitrogen oxides (NO _x)	1,630	15,132	727
Sulfur oxides (SO _x)	35	323	6
Respirable suspended particles (RSP)	104	187,486	14

Greenhouse gas emissions	Emission in 2018 (tonnes of CO ₂ -e)		
	Shenzhen South China Logistic Park	Nanjing Xiba Port	Integrated Logistic Hub ⁵
Scope 1 - Direct greenhouse gas emissions⁶	162.4	1,443.7	1,002.1
Fossil fuel combustion - fixed source	0.1	N/A	968.3
Fossil fuel combustion - mobile source	154.1	1,443.7	31.3
Greenhouse gases released during operation of equipment and systems	8.2	N/A	2.5
Scope 2 - Energy indirect greenhouse gas emissions⁷	1,489.6	19,595.7	2,516.2
Purchased electricity	1,489.6	19,595.7	2,516.2
Scope 3 - Other indirect emission⁸	N/A	6.1	N/A
Aircraft business trip	N/A	6.1	N/A
Greenhouse gas emission intensity (<i>based on the area per square meter</i>)	0.005	0.095	0.011

Category		Amount generated in 2018
Waste	Hazardous waste (tonnes)	7.74
	Hazardous waste intensity (calculated based on area, i.e. tonnes per million square meters)	9.1
	Non-hazardous waste (tonnes) ⁹	1,582
	Non-hazardous waste intensity ⁹ (calculated based on area, i.e. tonnes per thousand square meters)	2.5

⁵ Including Wuhan Integrated Logistic Hub and Shenyang Integrated Logistic Hub.

⁶ Scope 1 refers to emissions from sources including fossil fuel combustion from fixed and mobile sources and greenhouse gases released from the operation of equipment (fire suppression systems).

⁷ Scope 2 refers to emissions from sources including the electricity purchased from the power company.

⁸ Scope 3 refers to emissions only from greenhouse gas emissions from employees' business trip by aircraft.

⁹ Data for Nanjing Xiba Port has not been collected.

ENVIRONMENTAL PERFORMANCE *(Continued)*

Use of energy		Consumption in 2018		
		Shenzhen South China Logistic Park	Nanjing Xiba Port	Integrated Logistic Hub ⁵
Direct energy	Gasoline (MWh equivalent)	N/A	N/A	123.7
	Diesel (MWh equivalent)	589.1	5,467.4	N/A
	Natural gas (MWh equivalent)	N/A	N/A	4,843.0
	Total direct energy consumption	11,023.2 MWh equivalent		
Indirect energy	Electricity (MWh)	2,826.0	27,854.6	3,597.7
	Total indirect energy consumption	34,278.3 MWh		
Total energy consumption (MWh equivalent)		3,415.1	33,322.0	8,564.4
Total energy consumption		45,301.5 MWh equivalent		
Energy intensity (MWh equivalent)/square meter)		0.01	0.15	0.03
Energy intensity		0.05 MWh equivalent per square meter		

Category		Consumption in 2018
Use of water resource	Total water consumption (cubic meters)	500,450
	Water consumption density (calculated based on area, i.e. cubic meters per square meter)	0.59

Category		Consumption in 2018	Consumption in 2017
Packaging materials ¹⁰	Total packaging material (tonnes)	1.62	0.61
	Packaging materials density (calculated based on area, i.e. tonnes per thousand square meters)	0.005	0.002

¹⁰ Packaging materials consumption only applicable to South China Logistic Park.

OVERVIEW OF KEY PERFORMANCE INDICATORS

SOCIAL PERFORMANCE

Name of each Operating Site	Distribution of employees		Number of employees as at 31 December 2018	Movement in 2018	
				Distribution and ratio of departing employee number	Distribution and ratio of new employee number
Shenzhen South China Logistic Park	Gender	Male	105	13 (12.4%)	6 (5.7%)
		Female	88	7 (8.0%)	5 (5.7%)
	Employment type	Senior management	5	0 (0%)	0 (0%)
		Middle management	23	0 (0%)	1 (4.3%)
		General staff	165	20 (12.1%)	10 (6.1%)
	Age	30 or below	53	11 (20.8%)	3 (5.7%)
		31 - 40	81	8 (9.9%)	8 (9.9%)
		41 - 50	43	0 (0%)	0 (0%)
Over 50		16	1 (6.3%)	0 (0%)	
Nanjing Nanjing Xiba Port	Gender	Male	159	13 (8.2%)	26 (16.4%)
		Female	39	1 (2.6%)	6 (15.4%)
	Employment type	Senior management	7	0 (0%)	1 (14.3%)
		Middle management	17	0 (0%)	1 (5.9%)
		General staff	174	14 (8.0%)	30 (17.2%)
	Age	30 or below	59	9 (15.3%)	18 (30.5%)
		31 - 40	66	3 (4.5%)	9 (13.6%)
		41 - 50	54	2 (3.7%)	4 (7.4%)
Over 50		19	0 (0%)	1 (5.3%)	
Wuhan Integrated Logistic Hub	Gender	Male	4	0 (0%)	0 (0%)
		Female	2	2 (100%)	0 (0%)
	Employment type	Senior management	0	0 (0%)	0 (0%)
		Middle management	1	0 (0%)	0 (0%)
		General staff	5	2 (40.0%)	0 (0%)
	Age	30 or below	0	1 (-)	0 (0%)
		31 - 40	4	1 (25.0%)	0 (0%)
		41 - 50	2	0 (0%)	0 (0%)
Over 50		0	0 (0%)	0 (0%)	
Shenyang Integrated Logistic Hub	Gender	Male	21	2 (9.5%)	1 (4.8%)
		Female	14	3 (21.4%)	0 (0%)
	Employment type	Senior management	3	1 (33.3%)	1 (33.3%)
		Middle management	6	0 (0%)	0 (0%)
		General staff	26	4 (15.4%)	0 (0%)
	Age	30 or below	12	2 (16.7%)	0 (0%)
		31 - 40	15	1 (6.7%)	1 (6.7%)
		41 - 50	7	1 (14.3%)	0 (0%)
Over 50		1	1 (100%)	0 (0%)	
Ratio by gender (male:female)			2:1		
Total			432		

SOCIAL PERFORMANCE *(Continued)*

Occupational safety performance	Index
Number and percentage of fatality	0
Number of work injury	2
Absentee days due to work injury	87

Name of each Operating Site	Training	Number and percentage of participants	Training time (hour)	Average training time (hour) ¹¹	
Shenzhen South China Logistic Park	Gender	Male	93 (88.6%)	808	8.7
		Female	75 (85.2%)	600	8
	Employment type	Senior management	5 (100%)	104	20.8
		Middle management	18 (78.3%)	144	8
		General staff	145 (87.9%)	1160	8
Nanjing Nanjing Xiba Port	Gender	Male	159 (100%)	3300	20.8
		Female	39 (100%)	540	13.8
	Employment type	Senior management	7 (100%)	90	12.9
		Middle management	17 (100%)	270	15.9
		General staff	174 (100%)	3480	20
Wuhan Integrated Logistic Hub	Gender	Male	4 (100%)	8	2
		Female	2 (100%)	6	3
	Employment type	Senior management	0 (0%)	0	0
		Middle management	1 (100%)	2	2
		General staff	5 (100%)	12	2.4
Shenyang Integrated Logistic Hub	Gender	Male	21 (100%)	410	19.5
		Female	14 (100%)	275	19.6
	Employment type	Senior management	3 (100%)	45	15
		Middle management	6 (100%)	140	23.3
		General staff	26 (100%)	500	19.2
Total number of participants		407			

¹¹ The average number of hours is calculated by: dividing the number of hours of training of an employment type by the number of employees in the same type.

OVERVIEW OF KEY PERFORMANCE INDICATORS

SOCIAL PERFORMANCE *(Continued)*

Name of each Operating Site	Locations of suppliers	Number of suppliers
Shenzhen South China Logistic Park	Shenzhen	4
Nanjing Nanjing Xiba Port	Shanghai	8
	Jiangsu Province	88
	Zhejiang Province	2
	Jiangxi Province	2
	Hubei Province	4
	Liaoning Province	5
	Guangdong Province	2
Wuhan Integrated Logistic Hub	Beijing	1
	Wuhan	1
Shenyang Integrated Logistic Hub	Shenyang	5

REPORT CONTENT INDEX



Main areas	Contents	Page index
A Environment		
<i>A1 Emissions</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	12
A1.1	The types of emissions and respective emissions data.	12 : 14
A1.2	Total greenhouse gas emissions and intensity.	12 : 14
A1.3	Total hazardous waste produced and intensity.	14
A1.4	Total non-hazardous waste produced and intensity.	14
A1.5	Description of measures to mitigate emissions and results achieved.	12
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives, and results achieved.	12
<i>A2 Use of Resources</i>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	13
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	13 : 15
A2.2	Water consumption in total and intensity.	13 : 15
A2.3	Description of energy use efficiency initiatives and results achieved.	13
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	13
A2.5	Total packaging material used for finished products and with reference to per unit produced.	13 : 15
<i>A3 The Environment and Natural Resources</i>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	13
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	13

REPORT CONTENT INDEX

Main areas	Contents	Page index
B Social		
<i>B1 Employment</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	8
B1.1 Recommended Disclosure	Total workforce by gender, employment type, age group, and geographical region.	16
B1.2 Recommended Disclosure	Employee turnover rate by gender, age group and geographical region.	16
<i>B2 Health and Safety</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	8-9
B2.1 Recommended Disclosure	Number and rate of work-related fatalities.	17
B2.2 Recommended Disclosure	Lost days due to work injury.	17
B2.3 Recommended Disclosure	Description of occupational health and safety measures adopted, how they are implemented and monitored.	8-9
<i>B3 Development and Training</i>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	9
B3.1 Recommended Disclosure	The percentage of employees trained by gender and employee category.	17
B3.2 Recommended Disclosure	The average training hours completed per employee by gender and employee category.	17

Main areas	Contents	Page index
<i>B4 Labor Standards</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	9
B4.1 Recommended Disclosure	Description of measures to review employment practices to avoid child and forced labor.	9
B4.2 Recommended Disclosure	Description of the steps taken to eliminate such practices when discovered.	9
<i>B5 Supply Chain Management</i>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	10
B5.1 Recommended Disclosure	Number of suppliers by geographical region.	18
B5.2 Recommended Disclosure	Description of practices relating to engaging suppliers, number of suppliers to whom the relevant practices are implemented and how they are implemented and monitored.	10
<i>B6 Product Responsibility</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	10
B6.2 Recommended Disclosure	Number of products and service related complaints received and how they are dealt with.	10
B6.5 Recommended Disclosure	Description of consumer data protection and privacy policies, how they are implemented and monitored.	10

REPORT CONTENT INDEX

Main areas	Contents	Page index
<i>B7 Anti-corruption</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	10
B7.1 Recommended Disclosure	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	10
B7.2 Recommended Disclosure	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	10
<i>B8 Community Investment</i>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	11
B8.1 Recommended Disclosure	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	11
B8.2 Recommended Disclosure	Resources contributed (e.g. money or time) to the focus area.	11



Shenzhen International
深 國 際

Shenzhen International Holdings Limited
深 圳 國 際 控 股 有 限 公 司