



# MODERN TERMINALS LIMITED

Group Corporate Social  
Responsibility Report

7.2013 - 6.2015



## About the report

This is the second standalone Corporate Social Responsibility (CSR) Report of Modern Terminals Limited (MTL Group) in which we continue to disclose our achievements and challenges along our CSR journey.

This report was prepared in accordance with the Global Reporting Initiative (GRI) G4 sustainability reporting guidelines (“Core” option). The reporting period changes from two and a half years in the previous report to two years in this report, covering the period from 1 July 2013 to 30 June 2015.<sup>[1]</sup> To prepare the report and determine its content, we engaged with a selected group of stakeholders to understand their key concerns on our operations, followed by materiality assessment to identify the material aspects to be disclosed in this report.

Compared to our previous CSR Report, we expanded the coverage of this report to include not only our Hong Kong operations but also our business units in mainland China – DaChan Bay Terminals (DCB) and Taicang International Gateway Phase 1 and Phase 2 (TIG P1 and TIG P2). The business activities of the Group covered in the report extended beyond the container terminals and warehousing activities to also include the break-bulk cargo business of TIG P1.<sup>[1]</sup>

This report has been independently verified by the Hong Kong Productivity Council in accordance with the “Core” option of the GRI G4 Guideline. Details of the verification statement are stated on page 56 of this report.

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*Your opinions are valuable to us, because they will help us to improve our CSR performance and define future reporting content. Please send your comments to:*

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<sup>[1]</sup>G4-23

# Message from CEO



**Sean A. Kelly** *Chief Executive Officer*

At MTL Group we are committed to operating our business sustainably and to contributing to the well-being of the communities in which we live and work. We are delighted that we have been recognized for our CSR efforts by becoming the first Hong Kong container terminal operator to receive the Corporate Social Responsibility Award at the global 2015 Containerization International Awards. As well as recognizing our achievements, we regard CSR reporting as a valuable self-assessment tool that allows us to review the Group's current sustainability performance and identify areas for future improvement.

We believe that the aim of being a sustainable enterprise is not limited to creating financial returns for our shareholders. It also includes responsibility for understanding the expectations of our stakeholders, and communicating and working together with them in order to contribute to the industry's sustainable development. In the two years since the publication of our first CSR Report we have further engaged with our stakeholders to understand their views of our CSR performance. A structured stakeholder engagement exercise has been conducted to determine what material aspects should be included or enhanced in this, our second CSR Report. The process of structured stakeholder engagement will continue over the next few years to cover all the key stakeholders of the MTL Group. (See

*Engaging with our Stakeholders section on p.12-17)*

Occupational health and safety is the top priority at MTL Group. It is however with extreme regret that we must report the loss of two lives in accidents in our Hong Kong operations in 2014. We have carried out full internal reviews with a view to ensuring that our safety education, monitoring and control processes would facilitate our goal of having zero accidents. (See *Safety First section on p.23-25)*

At an industry level, the global trend of vessel oversupply remains the main burden. Alliance driven consolidation is the shipping industry's key focus, adding a great deal of complexity in terms of customer management, inter-terminal

operations and service delivery. This not only impacts terminal operations but any delay added into the supply chain translates into wastage and additional emissions from the vessels, barges or trucks.

In Hong Kong, we have been advocating for the improvement of port competitiveness through the Hong Kong Container Terminal Operators Association. An industry-wide consensus has been reached on a series of measures to improve the competitiveness of the port, improve efficiency, reduce wastage and curb emissions. The Transport and Housing Bureau of Hong Kong Government released their "Proposals for Enhancing the Use of Port Back-up Land in Kwai Tsing" in June 2015, representing a positive first step in responding

to changes in the shipping market, addressing the challenges faced by the port and improving environmental performance.

In 2014, we received the Employee Retraining Board's Manpower Developer Award, reflecting our initiatives in developing our staff and community stakeholders. We have also involved more than 500 colleagues in Culture Values Workshops to refine our values and desired behaviors, in alignment with the updated MTL Group's Mission, Vision, Strategies and Brand Promises. Leadership Challenge Workshops were fully rolled out, followed by a culture survey of staff in all business units, with a very high response rate of 98%. This survey sets a baseline for measuring culture helping to identify strengths and improvement areas to further embed the new company culture. (See *Our People* section on p.18-22)

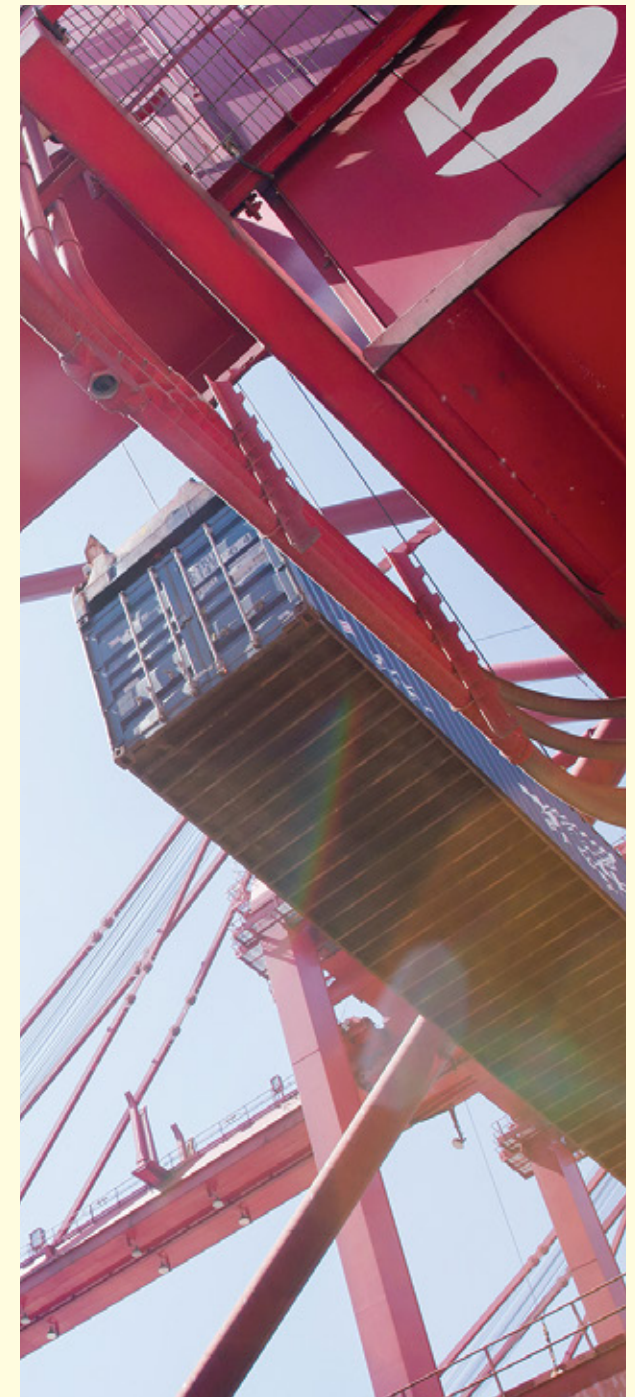
Despite our proactive efforts, the target of reducing the intensity of CO<sub>2</sub> emissions of our Hong Kong operations to 10 kg/TEU by 2015 as stated in the previous CSR Report could not be achieved due to the drop of throughput volume and port congestion in Hong Kong. We reviewed our environmental performance together with the business outlook and reset our target to include our business operations in China. We continue to explore and invest in the latest technologies to minimize energy use and reduce GHG emissions. In addition, a number of environmental regulations have come into effect in 2015, such as those focused on fuel

switching for ocean-going vessels at berth in Hong Kong [Air Pollution Control (OGV) (Fuel at Berth) Regulation] and the Shenzhen Port Green Convention. DaChan Bay Terminals has signed the Convention and has started deploying liquefied natural gas tractors to improve environmental performance, having already deployed a fully electrified fleet of quay cranes and rubber-tyred gantry cranes. We welcome these developments in legislation and will continue to push for full emission control areas in the Pearl River Delta. (See *Environment* section on p.30-35)

Our care for people goes beyond our companies' boundaries. In Hong Kong, we continue to support the Cotton Spinners Association Secondary School by means of monetary sponsorship and volunteering through participation in Project WeCan. It has been heartwarming to see our staff volunteers regularly provide services to the needy in the neighborhood where our terminals are located. At DaChan Bay, we also organized programs to engage the wider community in environmental protection efforts. (See *Engaging with Communities* section on p.26-29)

I hope you enjoy reading this report. Please provide us with feedback and suggestions for our continuous enhancement.

**Sean A. Kelly**  
*Chief Executive Officer*



# About our Business



A world class container terminal operator in Hong Kong and mainland China, the Group strives to be the preferred partner in the industry by delivering our Brand Promises to our customers and business partners. We are dedicated to operational excellence through technological investment, contractor and sub-contractor management and stakeholder engagement.



MTL Group is a privately owned company and has successfully built up our market presence across Hong Kong and mainland China. Headquartered in Hong Kong, we own and operate container terminals at Kwai Tsing Container Port in Hong Kong. We operate and hold majority of shares in DaChan Bay Terminals in the Pearl River Delta (PRD) and cooperate with Ningbo Port Co. Ltd. in our investment in Taicang International Gateway in the Yangtze River Delta (YRD). We also hold equity stakes in Shekou Container Terminals and Chiwan Container Terminal in the PRD.

The Group is owned by regional conglomerates, namely The Wharf (Holdings) Limited (Wharf) (68%), China Merchants Holdings (International) Company Limited (27%) and Jebsen Securities Limited (5%). Regarding the financial performance of the Group, please refer to Wharf's financial reports.<sup>[2]</sup>

<sup>[2]</sup>G4-17



### HONG KONG

| Company name                             | Services and operations   |
|--|---|
| Modern Terminals Hong Kong (HKBU) (100%) | <ul style="list-style-type: none"> <li>- Container terminals</li> <li>- Warehousing leasing</li> <li>- Container freight station</li> </ul> |

### MAINLAND CHINA

| Company name                     | Services and operations   |
|----------------------------------|---|
| DaChan Bay Terminals (DCB) (65%) | <ul style="list-style-type: none"> <li>- Container terminals</li> </ul>                                       |
| Taicang International Gateway*   | <ul style="list-style-type: none"> <li>- Break-bulk cargos handling</li> <li>- Container terminals</li> </ul> |
| Phase 1 (TIG P1) (51%)           |   |
| Phase 2 (TIG P2) (70%)           | <ul style="list-style-type: none"> <li>- Container terminals</li> </ul>                                       |

\* With effect from July 2015, MTL Group cooperates with Ningbo Port Co. Ltd. in our investment in TIG.

## OUR INDUSTRY CHALLENGES AND OPPORTUNITIES

The uncertain economies in Europe and the U.S. have hindered global trade, while the alliance of major shipping lines with deployment of ultra-large container vessels on the East-West trade have increased vessel size across the board. Both factors have resulted in a market downturn and increased complexity in container terminal operations in recent years. To maintain our competitiveness in the industry, we continue to invest and implement the latest technologies and lobby the relevant Hong Kong authorities to accelerate land rationalization at Kwai Tsing Port to restore its competitiveness. We continue to enhance our overall business performance and customer experience by heightening our operational efficiency and services. For example, the successful go-live of Navis N4, the terminal operating system, in DCB in 2013 and in HKBU in 2014 facilitates terminal automation process and enhances our work efficiency.

## OUR SUPPLY CHAIN

Our primary suppliers include terminal equipment and facilities suppliers, information technology service providers, general office equipment suppliers and the contracted and

sub-contracted terminal workers. We work closely with different parties to reduce negative impact along our supply chain. A Procurement Policies and Procedures Manual (PPPM) is in place to stipulate the roles and the responsibilities of the Group and our suppliers in the procurement process. Regular performance assessments are rolled out to assess suppliers' performance in areas of, but not limited to, safety, environment, quality, compliance and commodity.

We work closely with our terminal contractors and sub-contractors to ensure they fulfil our worker safety and well-being standards and requirements, for example through safety training and workshops, workplace safety assessment, awareness raising initiatives and engagement. For further details of our safety approach in our operations, please refer to the Safety First section on p. 23-25.

## ECONOMIC CONTRIBUTION OF THE MARITIME INDUSTRY IN HONG KONG

Port and logistics jobs represent a significant work force in Hong Kong. The maritime and port industries contribute 1.2% (HKD24 billion) to Hong Kong's GDP. The Kwai Tsing Port provides around 92,000 jobs, including professional, technical and non-skilled positions, contributing to about 2.5% of total employment in Hong Kong.



# Corporate Governance



The Group's operations are governed through the simple and effective structure of the Management Board. The responsibility of the Board is to align the company short, mid and long term development with the Group's Mission, Vision, Strategies, Brand Promises and Culture Values and to optimise benefits for our stakeholders. Each Board member is selected based on their expertise and experience. Steered by the Chief Executive Officer (CEO), each Board member is responsible for a dedicated aspect of the Group's operations.

## ORGANISATION STRUCTURE

### MANAGEMENT BOARD

- Create and enhance value for shareholders
- Secure shareholder buy-in to the Company's development direction
- Support company development with adequate investment portfolio

### CHIEF EXECUTIVE OFFICER

#### Major Responsibilities

- Lead business development activities
- Establish port lifecycle projects for new terminals
- Integrates priorities across the Group





## INTERNAL CONTROL AND RISK MANAGEMENT

The Group has established sound internal control management systems throughout its operations. In each business unit, an Internal Control Steering Committee (ICSC) is in place to monitor risks and enhance the effectiveness of the company's internal control. Each ICSC comprises department heads who oversee various functions of respective business units to foster effective self-monitoring and internal control. At least once every quarter, the ICSC

will evaluate the companies' risks and engage with the Group's Internal Audit Manager in ensuring the best understanding of the current and potential risks and opportunities for the company. Regular evaluation of the adequacy and effectiveness of the internal control system is carried out and reported to business unit heads as well as the Management Board.

### Code of Conduct

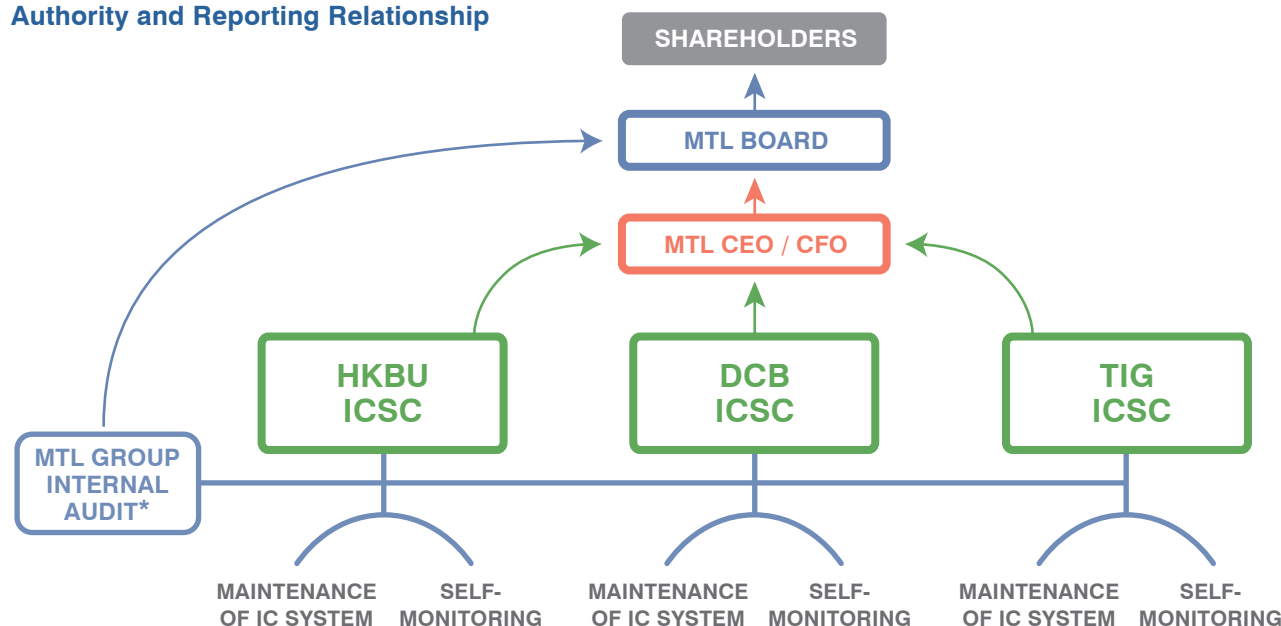
The Code of Conduct sets out the Group's standards and the expectations of every employee on business ethics, including but not

limited to prevention of bribery, conflict of interest, handling company's property and compliance with the company's policies and requirements. The Code is reviewed and updated regularly. All employees, including the Management Board members, are required to be compliant with the Code.

### Whistle Blowing Policy

We believe sound corporate governance is achieved through high standard of openness, integrity and accountability. Our Whistle Blowing Policy is available on the websites of the Group and of our business units, stating the procedures for reporting any suspected unethical or unprofessional conduct. The Policy applies to all our employees and the whistle blowing channels are available to business partners, suppliers, contractors and the general public.

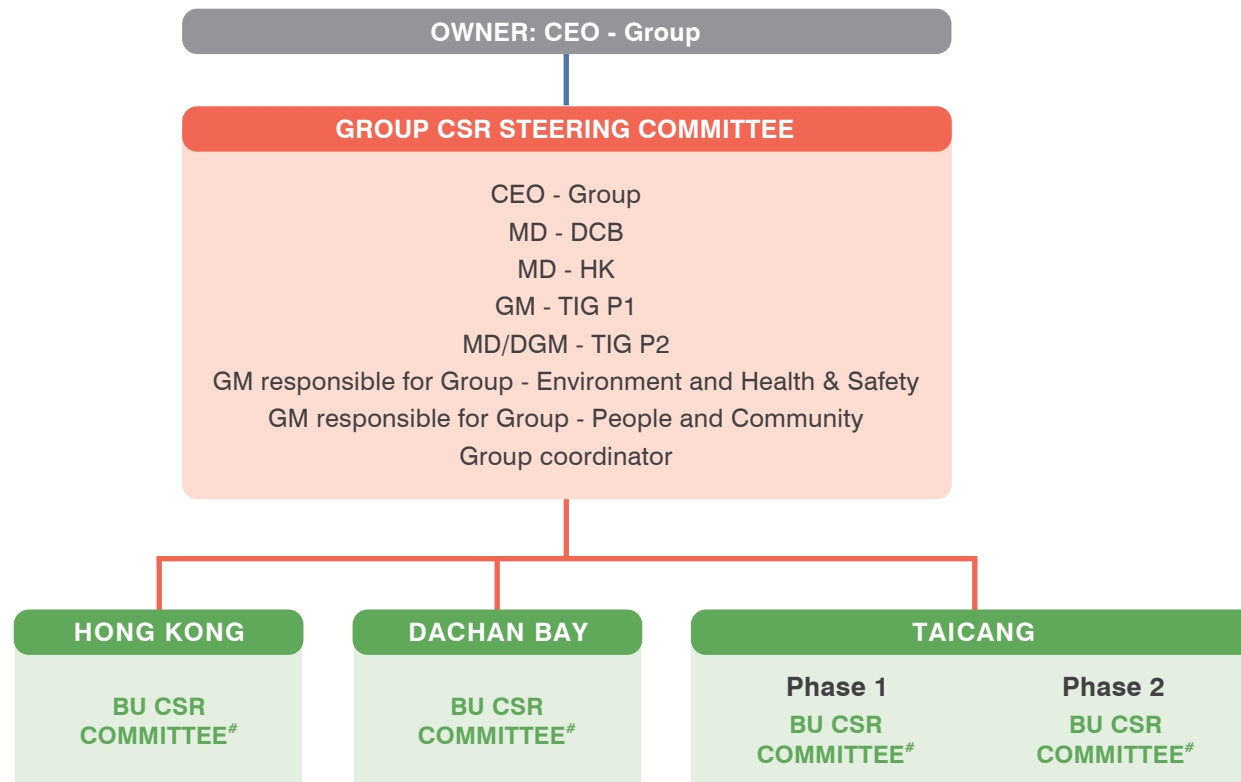
### Authority and Reporting Relationship



\* Provide assurance on adequacy, compliance, and effectiveness of internal controls.

## CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

### Structure of the Group CSR Steering Committee



# BU CSR Committee is composed of MD; management representatives for the key CSR components, namely health and safety, environment, people and community; and BU coordinator.

Our CSR Policy\* serves as a compass that drives both the sustainable development of our operations and our contributions to the well-being of the communities in which we operate. The key CSR components are:

### People

We are committed to the well-being of our people. We live our Culture Values and support each other to reach our full potential. We grow together while achieving our company goals.

### Health and Safety

Health and safety at work is the top priority at Modern Terminals. We proactively promote a culture of awareness and ensure a safe and healthy working environment is maintained on our premises for all employees, contractors, customers and visitors.

### Community Involvement

We actively support various non-governmental organisations (NGOs) and initiatives that support disadvantaged members of our society, our environment and better educational opportunities for young people. We also support staff members who volunteer their time and energy to serve deserving causes with donation matching schemes.

\* The CSR Policy was reviewed by the Steering Committee in 2014. Community Involvement is included as an additional key CSR component while other aspects of the Policy were updated to align with our business development.

## Environment

We are committed to being a leader in the sustainable development of the container terminal industry. Environmental considerations are an integral part of our culture and decision-making.

The Group CSR Steering Committee is chaired by the CEO and comprises Managing Directors and General Managers. The Committee has an overall responsibility for developing and rolling out the Group's CSR strategy and for guiding the business units' committees that are responsible for managing CSR-related risks and opportunities within their communities. Members of the Group and Business Unit CSR Steering Committees meet on an annual basis to review the latest CSR developments, issues and risks.

The main responsibilities of the Group and Business Unit CSR Steering Committees are:

- Endorse the CSR Policy for sustainable development
- Enhance fulfilment of social responsibility
- Review the material aspects covered in the CSR report
- Support regular CSR reporting work



- Ensure regular communication with stakeholders and address their concerns

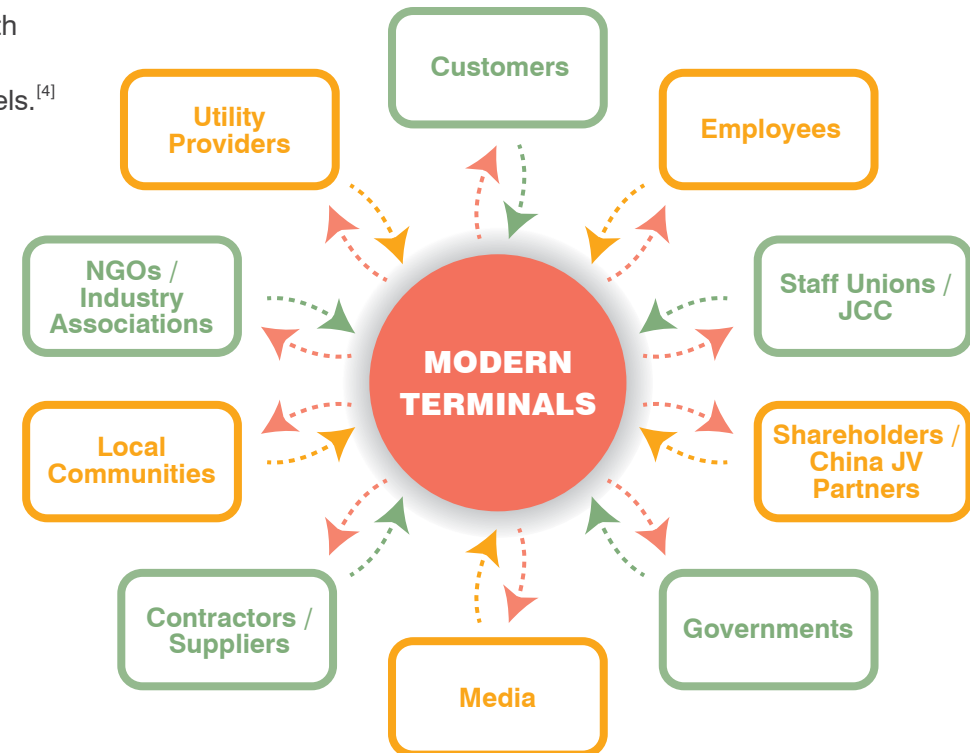
Gap analysis exercises are conducted regularly to benchmark our CSR performance against international guidelines, industry standards and stakeholders' feedback. Our CSR reporting process is tied in with the Group's annual business plans process. Based on the findings, new business plans and targets are established for the following year.

# Engaging with our Stakeholders



The Group regularly engages with its stakeholders and collects their feedback regarding our business strategies and actions. We identify stakeholders to engage with based on their influence or dependency to the Group through a comprehensive mapping and prioritisation process.<sup>[3]</sup>

The diagram on the right shows the stakeholder groups identified with the corresponding engagement channels.<sup>[4]</sup>



<sup>[3]</sup>G4-25, <sup>[4]</sup>G4-24



| STAKEHOLDER GROUPS                            | ENGAGEMENT CHANNELS <sup>[5]</sup>              |
|---|---|
| Customers                                     | Electronic means: email, website, intranet      |
| Employees *                                   | Meeting   |
| Media   | Staff notice board                              |
| Contractors / Suppliers                       | Visit / company tour                            |
| Local Communities                             | Conference / forum / workshop                   |
| NGOs / Industry Associations                  | Newsletter                                      |
| Utility Providers                             | Survey: Questionnaire / interview / focus group |
| Staff Unions / Joint Consultation Committee # | Training / workshop                             |
| Shareholders / China Joint-venture Partners # | Committee / work group                          |
| Governments #                                 | Project collaboration                           |
|   | Sponsorship and donation                        |
|   | Volunteer activity                              |
|   | Public event                                    |

Specifically for the preparation of this CSR Report, we conducted focus groups and interviews with selected shareholders and employees – two of the most important stakeholder groups identified from the stakeholder mapping process – from our business units in Hong Kong and mainland China.<sup>[5]</sup> Stakeholders were asked about our CSR performance relating to:

- Environmental protection
- Society, labour and community
- Occupational health and safety

\* For details of employee engagement, please refer to Our People section on p.18-22.  
 # Mapping of stakeholder groups across business units in Hong Kong and Mainland China aligned with the expanded coverage of this report.

<sup>[5]</sup>G4-26

The key issues raised by stakeholders and our responses are presented in the table below.

| Key issues and concerns raised by stakeholders engaged  | MTL Group's response <sup>[6]</sup>  |
|---|--|
| <b>Environmental protection</b>   |  |
| <p>Stakeholders engaged expected the Group to continuously strengthen environmental management and give priority to alternative energy usage.</p>   | <p>To demonstrate our commitment to continuous improvement in environmental management, our Hong Kong operations have started to be ISO14001 standard certified since 2009, followed by other business units in Mainland China later. We regularly review the key environmental issues related to our operations in order to mitigate our negative impact. For example, in 2014 we took delivery of eight more Electricity-powered Rubber-tyred Gantry Cranes in our Hong Kong operations. In 2015 at DCB, we introduced seven liquefied natural gas tractors, which could reduce particulates and nitrous oxides emission by 95% and 49% compared to traditional diesel trucks.</p> |
| <p>Stakeholders engaged expressed concern about the environmental impact of the timber quarantine treatment done through fumigation at Taicang International Gateway in mainland China.</p> | <p>All timber imported into mainland China must comply with the government's import conditions including demonstrating that pest risks are mitigated through the manufacturing process or through approved quarantine treatments. The timber quarantine at TIG P1 is operated by a government authorised company following a government approved treatment under the supervision of relevant authorities.</p>  |

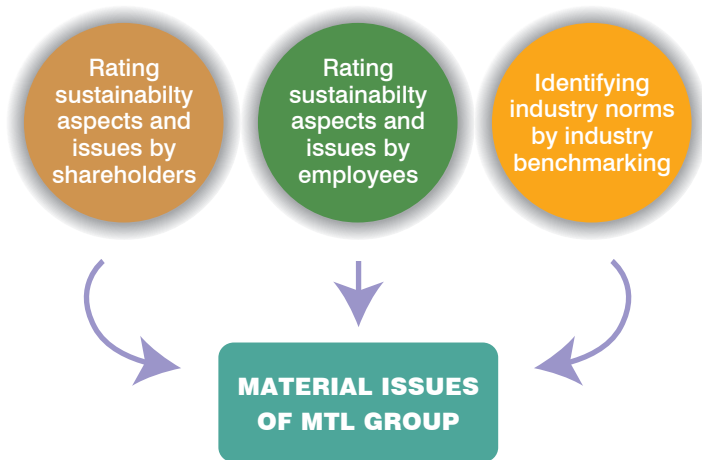


<sup>[6]</sup>G4-27

| Key topics and concerns raised by stakeholders engaged (cont'd)  | MTL Group's response  |
|--|---|
| <b>Society, labour and local community</b>   |   |
| <p>Stakeholders engaged are concerned about the decline of throughput volume in Hong Kong in 2015 and how this will impact business performance.</p> | <p>Global trade flows continued to be hindered by the uncertain economies in Europe and the U.S., thus impacting the business performance in 2015. The decrease in throughput had an impact on revenues and operating profits. Amidst these challenges, we continue to invest in new technologies and coordinate with relevant parties to facilitate operational efficiency and support incremental growth of the Company.</p> <p>Implementation and continual optimisation of Navis N4, the terminal operating system, will enhance the terminal automation process and increase work efficiency, which will become our competitive advantage upon recovery of the container shipping industry in Hong Kong.</p> |
| <p>Stakeholders engaged would like the company to organize staff volunteer services in other operations outside Hong Kong.</p>                       | <p>We established the volunteer team of HKBU in 2007. We plan to extend staff engagement through volunteer services to our mainland China operations in 2016.</p>   |
| <b>Occupational safety and health</b>  |   |
| <p>Stakeholders engaged would like to know more about what the company is doing to raise occupational health and safety awareness of employees.</p>  | <p>Occupational safety and health is of paramount importance in any circumstance. Our Safety and Health Policy Statement is reviewed regularly and we require our employees and contractors to be fully compliant with it. Different initiatives are in place to continue enhancing occupational safety and health awareness for both employees and contractors, such as awareness promotion activities, reward schemes, training, mentorship programmes and workplace inspection by managerial staff.</p>  |



**MATERIALITY ASSESSMENT** <sup>[7]</sup>



During the engagement process, stakeholders were invited to assess various sustainability topics, indicators and aspect boundaries in accordance with the GRI G4 guideline for this CSR report. They were asked to rate the relative importance of issues and consider whether these have impact inside and/or outside our operations. To ensure the indicators and issues align to industry practice, we benchmarked the aspects and indicators against industry peers to identify whether those are treated as an industry norm. Balancing the rating and benchmarking results, the following aspects and issues were reviewed and approved by the Group’s CSR Steering Committee as material to the Group and are disclosed in this report.

<sup>[7]</sup>G4-18, <sup>[8]</sup>G4-19, <sup>[9]</sup>G4-20, <sup>[10]</sup>G4-21

| Categories and aspects with high significance <sup>[8]</sup> | Impact boundary                        |  | Section where the details are disclosed   | Page                                     |
|--|--|--|---|--|
|  | inside the organization <sup>[9]</sup> | outside the organization <sup>[10]</sup> |   |  |
| <b>ECONOMIC</b>  |  |  |   |  |
| Economic Performance   | ✓                                      | ✓  | Message from CEO<br>About our Business<br>Our People<br>Engaging with Communities | 03 - 04<br>05 - 07<br>18 - 22<br>26 - 29 |
| Market Presence  | ✓                                      | ✓  | Message from CEO<br>About our Business<br>Performance Statistics                  | 03 - 04<br>05 - 07<br>41 - 47            |
| Indirect Economic Impacts                                    | ✓                                      | ✓  | About our Business<br>Engaging with Communities                                   | 05 - 07<br>26 - 29                       |
| <b>ENVIRONMENTAL</b>   |  |  |   |  |
| Energy   | ✓                                      | ✓  | Environment<br>Performance Statistics   | 30 - 35<br>41 - 47                       |
| Water  | ✓                                      | ✓  | Environment<br>Performance Statistics   | 30 - 35<br>41 - 47                       |
| Biodiversity   | ✓                                      | ✓  | GRI G4 Content Index  | 48 - 54                                  |
| Emissions  | ✓                                      | ✓  | Environment<br>Performance Statistics   | 30 - 35<br>41 - 47                       |
| Effluents and Waste  | ✓                                      | ✓  | Environment<br>Performance Statistics   | 30 - 35<br>41 - 47                       |





| Categories and aspects with high significance (cont'd) | Impact boundary         |                          | Section where the details are disclosed              | Page                          |
|--|-------------------------|--------------------------|--|-------------------------------|
|  | inside the organization | outside the organization |  |                               |
| Products and Services                                  | ✓                       | ✓                        | About our Business Environment                       | 05 - 07<br>30 - 35            |
| Compliance   | ✓                       | ✓                        | Environment<br>GRI G4 Content Index                  | 30 - 35<br>48 - 54            |
| <b>SOCIAL</b>  |                         |                          |  |                               |
| <b>Labour Practices and Decent Work</b>                |                         |                          |  |                               |
| Employment   | ✓                       | ✓                        | Our People<br>Performance Statistics                 | 18 - 22<br>41 - 47            |
| Labour/Management Relations                            | ✓                       | ✓                        | Our People   | 18 - 22                       |
| Occupational Health and Safety                         | ✓                       | ✓                        | Safety First<br>Performance Statistics               | 23 - 25<br>41 - 47            |
| Training and Education                                 | ✓                       | ✓                        | Our People<br>Safety First<br>Performance Statistics | 18 - 22<br>23 - 25<br>41 - 47 |
| <b>Product Responsibility</b>                          |                         |                          |  |                               |
| Product and Service Labelling                          | ✓                       | ✓                        | GRI G4 Content Index                                 | 48 - 54                       |
| Customer Privacy                                       | ✓                       | ✓                        | GRI G4 Content Index                                 | 48 - 54                       |
| Compliance   | ✓                       | ✓                        | GRI G4 Content Index                                 | 48 - 54                       |

# Our People



Our business depends on the commitment and involvement of our people. Our Culture Values comprise Accountability, Trust and Teamwork, which support us to fulfil our mission of being an employer of choice.

## EMPLOYEE DEVELOPMENT

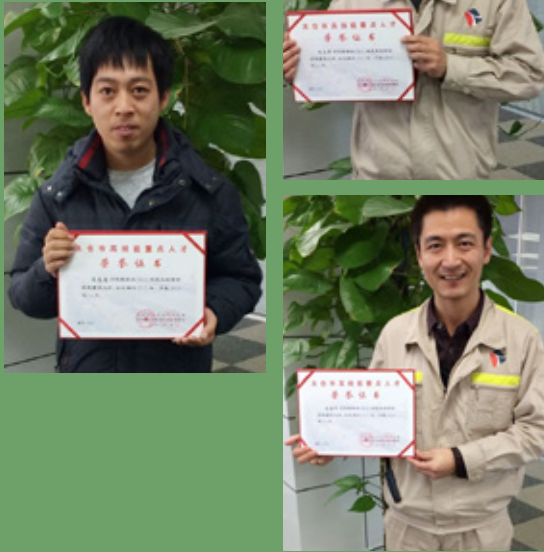
We are an equal opportunity employer and committed to non-discriminatory employment practices. We use different platforms and coordinate with various industry associations to attract the most suitable candidates to join our workforce.

We place great emphasis on developing our employees' capacity to adapt to the dynamic landscape in the industry. An induction programme helps our new recruits familiarise themselves with the company's culture as well as with their job duties. Training and development programmes are devised to enhance their understanding of corporate culture, as well as strengthen their technical expertise. Preference is also given to our employees for internal position transfers.



During the reporting period, a total of 80,000 training hours were delivered to over 2,000 employees across Hong Kong and mainland China.

**CASE STUDY: High Calibre Employees in Taicang Business Unit**



The competence of our high calibre staff is well recognised in the industry as well as in the communities where we operate. In 2014, five of our equipment maintenance staff from TIG P1 participated in the Fitter Skills Competition in relation to “China’s 12<sup>th</sup> Five Year Plan: Pioneer of Engineering Transformation and Upgrading” Programme and obtained outstanding achievement awards. In addition, three staff from the Operations and Engineering departments of TIG P2 were awarded High Ability Talent accolades by the Taicang Government in recognition of their expertise and contribution to the industry.

**CASE STUDY: New Culture Values Workshop**



Hong Kong Business Unit

As part of the roll out of our new Mission, Vision, Strategies and Culture Values across the Group, a number of Culture Values Workshops and Cross Business Unit Offsite Meetings were held in 2014 to understand the new corporate culture and the desirable behaviours expected of our employees. Over 500 employees across all business units provided their direct input. A company-wide culture survey was conducted in 2015 to understand employees’ perception on the new company culture with a high response rate of 98%.



DaChan Bay Terminals



Taicang International Gateway

## COMPETITIVE EMPLOYMENT BENEFITS

All business units strictly comply with local laws and regulations in protecting the labour rights and social welfare of our employees, such as Mandatory Provident Fund (MPF) Schemes in Hong Kong as well as other social insurance plans and pension schemes in mainland China. We offer a competitive employment package for our full-time staff. Competitive salaries and bonuses are offered in recognition of their contribution and performance. The benefits and welfare enjoyed by our full-time employees, include medical insurance, annual leave, maternal and paternal leave, overtime work compensation and subsidised canteen. In HKBU, regular body check-ups are offered to our full-time staff, while an Employee Assistance Programme is in place to provide 24-hour hotline counseling services for employees and their dependants to relieve stress and seek necessary support. The welfare coverage is reviewed and updated on a regular basis to ensure it remains competitive and addresses the concerns of our staff.

Work-life balance is key to employee performance. We regularly organize recreational activities for our employees as well as their family members, including annual dinner, museum visit, charity walk, sports competition and festival celebration activities.



Football Match



Lantern Festival



2015 Annual Dinner



Star-studded Tour on the Peak



Family Eco Tour



Fantastic 3D Tour

## EFFECTIVE DIALOGUE WITH EMPLOYEES

Formal appraisals are undertaken regularly to review the performances of our employees as well as understand their expectations towards the company. Regular engagement with our employees regarding important business and operational updates is of critical importance. Details are listed below.

### DIALOGUE WITH EMPLOYEES

#### DAILY COMMUNICATIONS

Include emails, notice boards, internal portal, meetings, briefings, etc.



#### TOWN HALL MEETING

Provide a holistic connection between all business initiatives and drive employee engagement and commitment to the company.



#### JOINT CONSULTATION COMMITTEE (JCC)

Facilitate communication and enhance the relationship between management and elected staff representatives to exchange views and concerns.



#### NEWSLETTER

Convey the latest news of our business to staff and their family members.



#### MONTHLY GET TOGETHER

A monthly gathering at the staff canteen between staff members and senior management to share company information and exchange ideas.

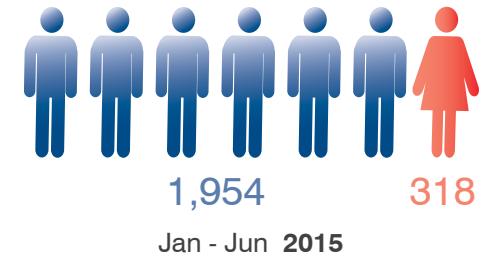
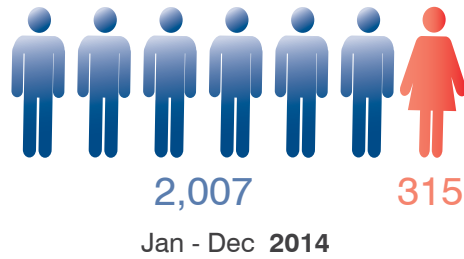
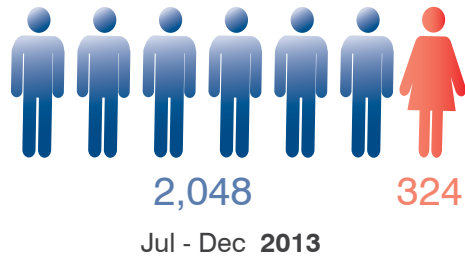


#### CHEER M(TL)E(employee) UP STATION

Enhance 2-way communication with frontline staff members. Disseminate the latest company news and recognise the hard work of our staff members through the platform.

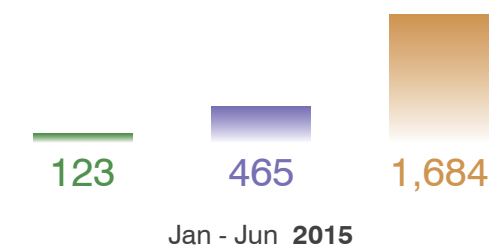
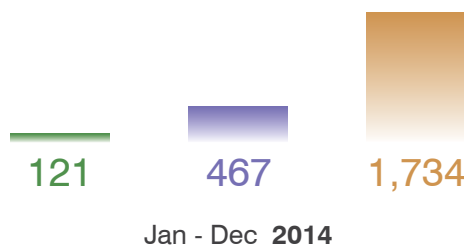
■ Male ■ Female

**Number of Employees by GENDER**



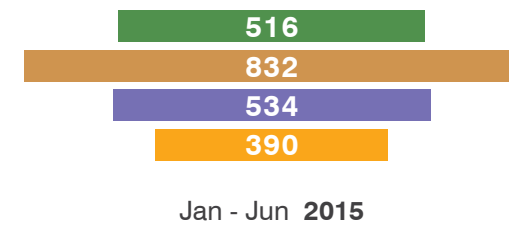
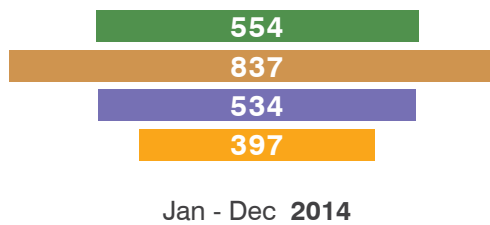
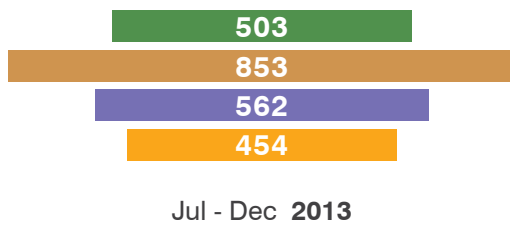
■ Management Staff  
 ■ Senior Staff  
 ■ General Staff

**Number of Employees by EMPLOYMENT CATEGORY**



■ below 30 ■ 40 - 49  
 ■ 30 - 39 ■ 50 or above

**Number of Employees by AGE GROUP**



# Safety First



Occupational health and safety of our employees and contracted workers is the highest priority and a key component of our CSR policy. The Group is dedicated to the “Zero Accidents” goal across all operations. Robust occupational health and safety management system is in place to promote a safety culture and implement different safety initiatives in our operations. Safety committees in each of our business units are responsible for monitoring and reviewing respective occupational health and safety issues.

## PREVENTIVE SAFETY APPROACH

The nature of the container terminal operations exposes our employees to different risks such as chemical spillage, fire, high-level rescue, adverse weather conditions and outbreak of disease. It is vital for our employees to be aware of the hazards and risks in the workplace and understand the corresponding approaches. All business units have set comprehensive safety rules and regulations backed by respective training. Emergency plans and procedures are in place to address any potential situations identified in terminal areas.

We developed the electronic Safety Workflow System which provides supply chain partners the latest safety policies, procedures and practices. Inspection and safety rules mapping services are in place to inform them of the latest safety requirements as well as their current status.

## ACHIEVEMENT OF CISPROS LEVEL 3 FOR THE EIGHTH YEAR

Since 2007 our HKBU has received the Continual Improvement Safety Programme Recognition of System (CISPROS) Level 3 Certificate for the eighth consecutive year by the Occupational Safety & Health Council (OSHC). CISPROS is a safety promotion programme based on the principle of continuous safety improvement. It aims to promote effective systems for companies to manage the safety and health risk in the workplace. The certificate recognises our efforts to create a safe working environment through continuous improvement across all business units.

## ENHANCING THE SAFETY CAPACITY OF OUR WORKFORCE

It is important for everyone in the workplace to remain vigilant on safety issues. All our employees and contracted workers in HKBU are invited to participate in health and safety trainings. Under the Apprenticeship Programme, experienced employees are assigned to provide guidance to new recruits, help them adapt to a new working environment and promote workplace safety awareness.

The online self-learning and assessment platform was launched in HKBU in 2011 and in DCB in 2014 to raise the competence of our employees. It provides refresher training and assessment for our employees along with the installation of new systems and equipment. In the future, the platform will be expanded to our contracted equipment operations staff.

A series of safety promotion initiatives were conducted in 2014 as part of the Business Plan of HKBU. We invited major contractors to take part in the initiatives aimed at enhancing safety awareness in the workplace. Highlighted initiatives include:

### *Safety Hotline*

Employees, contractors and visitors were encouraged to report on any safety concerns or

violations in workplace. All complaint cases were investigated by relevant departments.

### *Safety Slogan Competition*

Over 200 safety slogans were received from our employees and contracted workers. Works of winners were displayed as banners in the workplace and printed on water bottles for distribution to all employees and contracted workers.

### *Safety Behaviour Award and Safety Star Award*

The programmes were held to recognise outstanding safety practices and behaviour during the operations.

## OUR SAFETY EXPECTATIONS OF CONTRACTORS AND SUB-CONTRACTORS

Contractor and sub-contractor management plays a key role in our daily operations. We require all our contractors and sub-contractors to comply with local laws as well as the requirements of our tender documents. The same health and safety standards are set for our employees and contracted staff. Only companies with good work safety records are considered in our tendering process. Regular meetings and evaluations are held to discuss operational health and safety issues and ensure they fulfil our safety requirements.



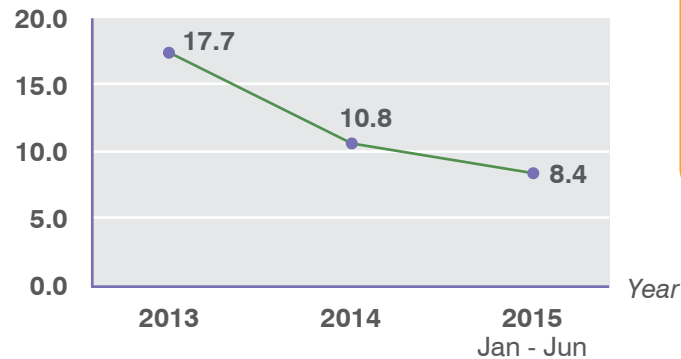


## FATALITY CASES IN OUR OPERATIONS

Despite having such risk and safety management processes in place, it is with extreme regret that we report two separate fatal accidents occurred on 28 April 2014 and 27 May 2014 respectively in Hong Kong. The first accident occurred at Terminal 1 where a stevedore was about to commence mooring operations and the other accident occurred at Terminal 9 where a contractor was carrying out maintenance work on a quay crane. The two incidents are subject to legal proceedings and further investigations.

## Injury Rates of the Group

*Injury rate  
(per 1,000 employees)*



## CASE STUDY: New Training Simulator for Crane Operator



The Group continues to invest in new technology to enhance workplace safety. In 2014, HKBU introduced a training simulator for the Quay Cranes and Rubber-tyred Gantry Crane operators to enhance the skills of existing operators and new trainees. Being the first training simulator of this type in Hong Kong, it can configure various workplace scenarios including weather conditions, vessel types and special cargoes to be addressed. The simulator helps our employees to familiarise themselves with different working conditions and practice in specific conditions. The application of the simulator forms part of the authorized training for our new equipment operators. Reinforcement simulator training is provided to equipment operators who were involved in accidents to enhance their safety awareness and operational skills.

# Engaging with Communities



The Group believes our operations can only be sustainable by engaging with the communities we operate in. Over the years, we have participated in various community activities to better understand the communities' needs and for them to better understand our business. We continue to engage the communities through company visits, volunteer services and in-kind donations.

## *Company Visits*

To allow students to gain a better understanding of container terminal operations, we organized company visits for different educational institutes. During the visits, students could witness our daily operations and learn more about our environmental protection policies and practices.



## *HSBC Pok Oi Cycle for Millions 2014*

Staff participated in the "HSBC Pok Oi Cycle for Millions 2014" – the first-ever cycling event on Stonecutters Bridge in Hong Kong to raise funds for Pok Oi Hospital, while promoting the sport of cycling and cycling safety throughout Hong Kong.



## *Caring for the Elderly*

In September 2014, our HKBU volunteer team participated in an elderly visit event with the Hong Kong Movie Star Sports Association Charities. During the day, our volunteer team visited 24 homes of singleton elderly people and brought them lunch boxes, rice and gifts.



**The Ngong Ping Charity Walk 2015**

The Group has participated in the Ngong Ping Charity Walk in Hong Kong for 5 years. During the event in 2015, a total of 59 staff in 16 teams completed various routes and demonstrated excellent sportsmanship and teamwork.



**CASE STUDY: Further Commitment in Project WeCan**



The Group fully supports Project WeCan by Wharf since 2011. The programme aims to improve the overall performance of Hong Kong secondary school students. During the reporting period, we continued to provide support to our partner school – Cotton Spinners Association Secondary School (CSA). Various activities were organized to assist in their learning progress, facilitate their personal development and inspire their career planning.

**ESTABLISHMENT OF THE LIVING OUR CULTURE TEAM ACTIVITIES SPONSORSHIP SCHEME**

In December 2014, the Living Our Culture Team Activities Sponsorship Scheme was established in HKBU. It offers funding to our employees in a team of at least 10 colleagues to organize or participate in training, volunteer services and charitable fundraising activities with the aim of achieving self improvement, living the Culture Values and conveying the Company's messages of corporate social responsibility to the community.



### Young Innovators Bazaar

Young Innovators Bazaar is one of the annual Project WeCan initiatives aimed at providing students an opportunity to learn how to start up a business and compete with fellow players. We partnered with CSA by providing the students advice on conducting business plans, market analysis, product development as well as budget forecasting. During the Bazaar in 2014, CSA won the “Best Booth Design”, “Best Salesmen” and “Best Teamwork” awards.



English Kitchen sessions at Pacific Club and Marco Polo Hong Kong Hotel



Partnering with CSA for its Elder Academy in Kwai Chung, Hong Kong



Micro Movie Production Training



CSA's 40<sup>th</sup> Anniversary Fun Day



Kwai Tsing Road Safety Carnival in Hong Kong

**CASE STUDY: Children Drawing Competition**



To promote low-carbon living in the community, for the second year DCB organized the Children Drawing Competition in 2015. The children of our employees, contractors, shareholders, government authorities and customers were invited to join the competition. They were encouraged to express their views on the best port, city and life. A total of 124 drawings were received and a gallery show was organized to display their works. The winners' artwork were chosen to feature in the 2016 calendar design with a view to promoting environmental messages to the wider public.

# Environment



We understand our responsibility to create and operate environmentally friendly container terminals. Guided by the Corporate Environmental Policy, we are committed to environmental stewardship and making environmental considerations an integral part of our culture and decision-making.

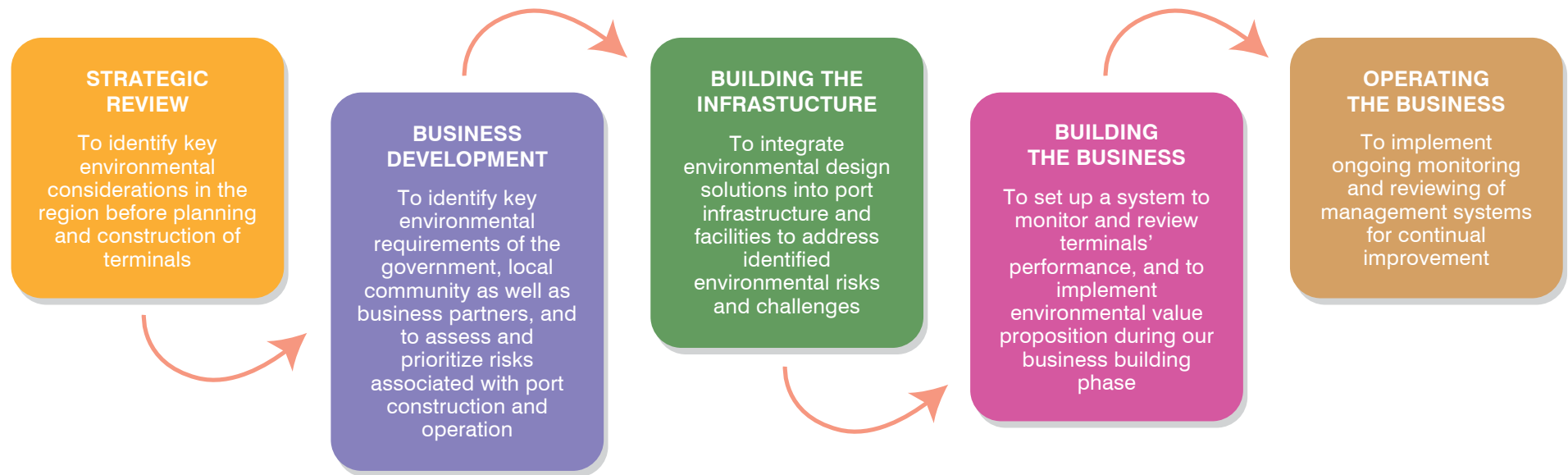
## ENVIRONMENTAL MANAGEMENT APPROACH

The Group's Environmental Steering Committee is responsible for keeping track of the progress of green initiatives that aim to minimise environmental impact of our daily operations. Since 2009, our HKBU's environmental management system (EMS) has been certified to ISO 14001 standards while TIG P2 and DCB have been certified to the same standards since 2011 and 2013 respectively. The EMS provides a systematic and process driven approach to

controlling those aspects of our business that have an impact on the environment. The Green Terminal Model provides a framework for implementing our Corporate Environmental Policy. It documents key actions to be taken during different stages of the port life cycle, providing tools to assess and mitigate environmental impact, while balancing various considerations during decision-making processes. The model is reviewed continuously and updated to capture the ever changing circumstances throughout our operations.



**Green Terminal Model**



**ENERGY USE AND GREENHOUSE GAS (GHG) EMISSION**

**Industry challenges and new targets**

Despite our proactive environmental management and ongoing green efforts, the carbon dioxide equivalent (CO<sub>2e</sub>) emission per twenty-foot equivalent unit (TEU) in our Hong Kong operation went up in the past two years, with the drop of throughput volume and occurrence of port congestion in Hong Kong being the main reasons. The CO<sub>2e</sub> emission per

TEU increased from 11.69kg/TEU in 2013 to 11.82kg/TEU by the end of June 2015. The emission reduction target of 10 kg/TEU in 2015 of our Hong Kong operations could not be achieved. Having reviewed our business performance together with the expansion of the reporting scope from Hong Kong to mainland China, group wide new targets for our environmental performance were set. We also enhanced our measuring unit from CO<sub>2</sub> to CO<sub>2e</sub> to capture a more comprehensive picture of our environmental impact.

**Actions to reduce energy use and GHG emissions**

Heavy reliance on industrial-scale equipment in terminal operations leads to dependency on non-renewable fuel use and corresponding GHG emissions. This remains our major environmental challenge. During the reporting period, we continued to explore more environmentally friendly initiatives and invest in the latest technologies to minimise energy use and reduce GHG emissions.

**Electricity-powered Rubber-tyred Gantry Cranes (E-RTGs) Conversion**

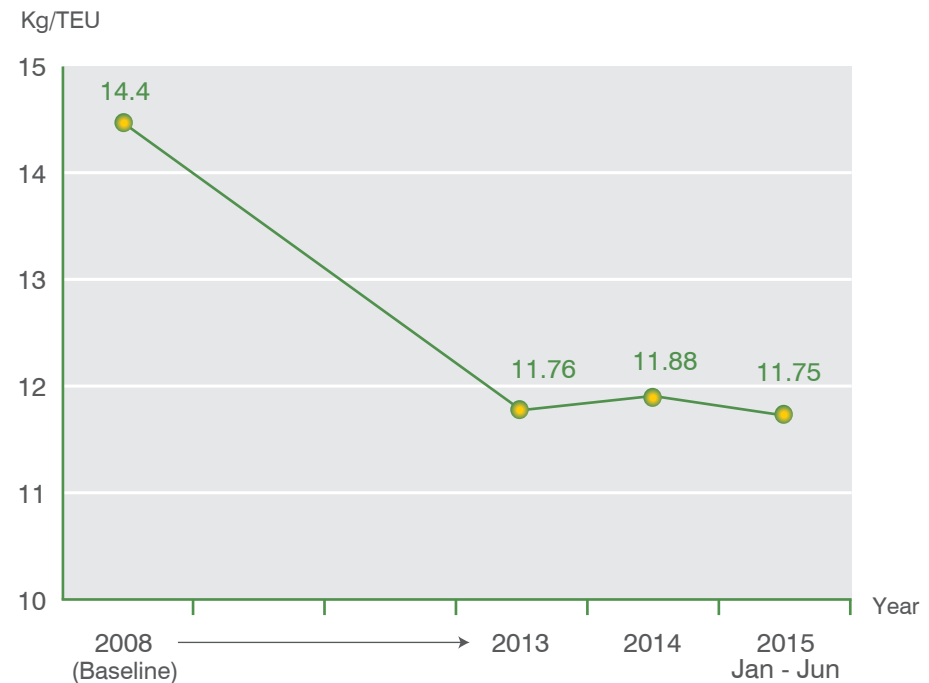
By the end of June 2015, there were some 200 Rubber-tyred Gantry Cranes (RTGs) across our business units in Hong Kong and mainland China. To reduce associated emissions, the Group has been progressively replacing traditional diesel-fuel powered RTGs with hybrid RTGs and E-RTGs. All of our 94 RTGs in HKBU were converted to E-RTGs with engines compliant with EU Stage IIIA emission standards by the end of 2014; DCB has already been using a full fleet of E-RTGs since it commenced operations in 2007; in TIG P2, E-RTG conversion has taken place in 2008, covering 95% of all RTGs. In 2014, the replacement of eight E-RTGs in HKBU contributed to the reduction of over 850 tonnes of CO<sub>2</sub>e emission.



**New environmental targets for our operations**

| Operations                  | Unit                      | Baseline year | Reduction target                                 |
|-----------------------------|---------------------------|---------------|--|
| Container operations        | CO <sub>2</sub> e kg/ TEU | 2008          | 10 kg/TEU in 2018, 30% reduction from base year  |
| Break-bulk cargo operations | CO <sub>2</sub> e kg/ ton | 2013          | 1.7 kg/ton in 2018, 11% reduction from base year |

**CO<sub>2</sub>e Emission per TEU**



\*Only data of container terminal operations is included in the calculation.



**LED Lights Conversion**

LED light conversion programmes are in place across our business units to reduce electricity consumption. In Hong Kong, we replaced the lights in the stairwells of office buildings as well as on our 11 E-RTGs with LED lighting which contributed to an estimated saving of 352,838 kWh annually compared to 2013. In the yard area of TIG P1, over three million RMB was invested in LED lights conversion from December 2013 to June 2015, with an estimated saving of 1,220,000 kWh during the reporting period.



**Foster Greater Impact within and outside our Operations**

We actively support schemes and regulations in creating a greater environmental impact within as well as outside our operations. The Group supports the Fair Winds Charter, a shipping industry-led voluntary scheme in Hong Kong, to promote the use of cleaner fuel among the

**CASE STUDY: Liquefied Natural Gas (LNG) Tractors Deployment**



Containers are transported between the yard area and the quayside by trucks. In 2015, we deployed seven LNG tractors in DCB. We actively source cleaner fuel to power our equipment and vehicles. Compared to the traditional diesel powered trucks, LNG tractors emit 95% less particulates and 49% less nitrous oxides. In the future we aim to phase out traditional diesel trucks.

**TIMBER FUMIGATION IN TIG P1**

Timber fumigation is important in preventing the invasion of foreign forest pests and species in timber from importing regions. Leveraging geographical advantages as well as mature timber handling experience in TIG P1, the timber fumigation business is being operated by authorised entities of the local government. The Group is not involved in the operations but regular engagement with the regulatory bodies is in place to ensure all activities are compliant with local laws and environmental standards.



participating shipping lines while at berth in Hong Kong. DCB signed up for the Shenzhen Government's Subsidy Funds for the Shore Power Facilities of Port and Ship and Low-sulphur Ship Oil to promote the use of cleaner fuel to power terminal equipment and facilities. The tendering process of Shore Power Facilities is scheduled to be completed in 2016.



### CASE STUDY: Municipal Solid Waste Statistic and Monitoring Programme



In HKBU, a municipal solid waste statistic and monitoring programme was carried out in April 2014 to better understand the waste disposal behaviour of our employees. We collected and analysed the municipal solid waste disposed in the staff canteens, offices, yard and maintenance areas. Findings and recommendations were published in the staff newsletter to further encourage environmental awareness.

### SOLID WASTE MANAGEMENT

We closely monitor the types and volume of waste generated and identify ways to reduce the environmental impact through minimizing waste generation and facilitating waste recycling. In terminal operations, wooden pallets are widely used in transporting goods. We partner with Tuen Mun EcoPark in Hong Kong to recycle wooden pallets, with the aim of alleviating the burden on landfills. An estimated total of 330 tons of wooden pallets were recycled in the reporting period. In addition, a pilot food waste recycling programme was introduced in HKBU in 2014 to reduce the solid waste sent to landfill. A total of 27.6 tons of food waste was recycled in the reporting period.

### SEWAGE MANAGEMENT

With our operations located by the waterfront, we place great emphasis on water quality monitoring and spillage prevention. Sewage from our terminals is either treated through the fuel interceptors in the terminals or transported to sewage treatment facilities before discharging into the sea. Regular quality inspection of the water discharged is in place. The fuel interceptors are cleansed by the registered chemical waste collectors periodically. We develop the Emergency Response for Chemical Spillage for our staff, detailing appropriate actions to be taken for any accidents of chemicals spillage or leakage.

## ADVOCATING GREENER WORKPLACE

We understand the importance of gaining support from our employees in driving sustainable business practices forward. We take environmental protection into consideration throughout all areas of our daily work practices. Examples include:

- Prohibit consuming and serving shark's fins as gifts in our corporate functions as stated in the Group's No Shark Fin Policy
- Give preference to more environmentally friendly products in accordance with the Green Procurement Guidelines
- Provide courses and training to enhance environmental knowledge of our employees
- Addition and relocation of waste recycling facilities to encourage green behaviour
- Post green tips and progress of current environmental initiatives through various staff communications channels



MTL Group supports Earth Hour since 2010. The photos show DaChan Bay Terminals during Earth Hour 2015.



Lai See Packet Recycle & Reuse Campaign



Eco Tour Mai Po



Hong Kong Reef Check



# Selected Memberships and Charters

We actively participate in various membership associations and organisations, and subscribe to a number of charters that support our business strategy and help us advance our CSR efforts. These initiatives also offer valuable opportunities for us to engage with our stakeholders.



American Chamber of Commerce (*Chair, Executive Committee and Board of Governor*)  
 Business Environment Council (*Council Member*)  
 Danish Chamber of Commerce (*Chair*)  
 Employers' Federation of Hong Kong (*Corporate Member*)  
 Federation of Hong Kong Industries – Transport and Logistics Services Council & PRD Council (*Corporate Member*)  
 General Stevedoring Council (*Member*)  
 Hong Kong Container Terminal Operators Association Limited (*Director*)  
 Hong Kong General Chamber of Commerce (*Corporate Member*)  
 Hong Kong Logistics Management Staff Association (*Member*)



Shenzhen Ports Association (*Vice Chairman Unit*)  
 Shenzhen Association of Enterprises with Foreign Investment (*Governing Unit*)  
 Shenzhen Chamber of Commerce for Import & Export (*Ordinary Member*)  
 China Ports Association Container Branch (*Ordinary Member*)



**Phase 1:** Taicang General Chamber of Commerce General Committee (*Executive Committee*)  
**Phase 2:** Taicang Port Association (*Ordinary Member*)

\* MTL Group does not provide substantive funding beyond routine membership contributions to the above organisations.

# Selected Awards and Recognitions

## Hong Kong Business Unit

### 2015

**Lloyd's List - Containerisation International**  
Corporate Social Responsibility Award, Containerisation International Awards



**Office of Government Chief Information Officer and Equal Opportunities Commission**  
Silver Award - Website Stream, Web Accessibility Recognition Scheme



**Navis and Port Technology International**  
Award of Recognition – Innovation, Navis Inspire Award



### 2014

**Employees Retraining Board**  
Manpower Developer - ERB Manpower Developer Award Scheme



### since 2013

**Hong Kong Council of Social Service**  
5 Years Plus Caring Company Logo



**Occupational Safety and Health Council in Hong Kong**  
CISPROS Level 3 Certificate



**Lloyd's Register Quality Assurance Ltd.**  
ISO14001 EMS Certification



## DaChan Bay Terminals



# 2015

**11<sup>th</sup> China Freight Industry Awards 2014 (CFIA)**

Top 10 Services Container Terminals

# 2013

**China Shipping Gazette**

China Top 10 Vigorous Shipping Enterprises in 2013

**China (Shenzhen) International Logistics & Transportation Expo Organizing Committee**

Excellent Service Enterprise

**Transport Commission of Shenzhen Municipality**

No.1 in Shenzhen Container Terminal Service Satisfaction Survey (In the first half of 2013)

# 2014

**Shenzhen Bao'an District People's Government**

Top 100 Services Enterprises in Shenzhen Bao'an District in 2013

**China Association of Enterprise with Foreign Investment and Shenzhen Association of Enterprise with Foreign Investment**

National Excellent Enterprise with Foreign Investment Harmonious Labour Relationship Promotion (2013 Shenzhen) and National Excellent Enterprise with Foreign Investment Excellent Tax Payment and Turnover (2013 Shenzhen)

**China (Shenzhen) International Logistics & Transportation Expo Organizing Committee and China's Urban Logistics Association Alliance**

Industry Contribution Enterprise

## Taicang International Gateway, Phase 1



**2015**

**Taicang General Chamber of Commerce**  
Member Enterprise of Excellent  
Performance 2014

**since 2014**

**Taicang Port Economic and Technological  
Development Zone**

Advanced Development Enterprise of Tertiary  
Industry in the Development Zone 2013 & 2014

**Taicang Port Economic and Technological  
Development Zone**

Advanced Enterprise of Tax Contribution in the  
Development Zone 2013 & 2014

## Taicang International Gateway, Phase 2

# 2015

### China Ports & Harbours Association

The Top Six China Container Ports in terms of River-sea Intermodal Throughput Volume 2014

### China Ports & Harbours Association

China Ports with Crane Productivity of Over 30 Container Moves per Hour in 2014

### Taicang Port Administration Committee

Exemplary Enterprise for Safe Production 2014

### The Suzhou Branch of Yangtze River Shipping Public Security Bureau

Advanced Units for Company Security 2014

### Taicang Federation of Labour Union

Taicang "Health and Safety Cup" Winner Enterprise

# 2013

### Suzhou People's Government

Suzhou Enterprises with Harmonious Labour Relations





# Performance Statistics

## ECONOMIC

|            |             | Jul - Dec 2013 |     |       |       |       | Jan - Dec 2014 |     |       |       |       | Jan - Jun 2015 |     |       |       |       |
|------------|-------------|----------------|-----|-------|-------|-------|----------------|-----|-------|-------|-------|----------------|-----|-------|-------|-------|
|            | Unit        | HKBU           | DCB | TIG 1 | TIG 2 | Group | HKBU           | DCB | TIG 1 | TIG 2 | Group | HKBU           | DCB | TIG 1 | TIG 2 | Group |
| Throughput | Million TEU | 2.9            | 0.5 | 0.7   |       | 4.1   | 5.4            | 1.3 | 1.8   |       | 8.5   | 2              | 0.6 | 0.9   |       | 3.5   |

Note:

TEU: Twenty Foot Equivalent Units

## ENVIRONMENT

|                                  |                | Jul - Dec 2013 |           |           |         |           | Jan - Dec 2014 |           |           |           |            | Jan - Jun 2015 |          |           |         |           |
|----------------------------------|----------------|----------------|-----------|-----------|---------|-----------|----------------|-----------|-----------|-----------|------------|----------------|----------|-----------|---------|-----------|
|                                  | Unit           | HKBU           | DCB       | TIG P1    | TIG P2  | Group     | HKBU           | DCB       | TIG P1    | TIG P2    | Group      | HKBU           | DCB      | TIG P1    | TIG P2  | Group     |
| <b>ENERGY CONSUMPTION</b>        |                |                |           |           |         |           |                |           |           |           |            |                |          |           |         |           |
| <b>Direct Energy Consumption</b> |                |                |           |           |         |           |                |           |           |           |            |                |          |           |         |           |
| Diesel                           | Litre          | 5,891,501      | 1,059,896 | 1,971,190 | 593,486 | 9,516,073 | 10,517,220     | 2,392,578 | 3,933,108 | 1,479,526 | 18,322,432 | 3,695,847      | 806,616  | 1,783,014 | 699,039 | 6,984,516 |
|                                  | GJ             | 214,777        | 38,639    | 71,861    | 21,636  | 346,913   | 383,410        | 87,223    | 143,383   | 53,937    | 667,953    | 134,734        | 29,406   | 65,001    | 25,484  | 254,625   |
| Liquefied petroleum gas (LPG)    | Litre          | 73,888         | 0*        | 0*        | 0*      | 73,888    | 146,309        | 0*        | 0*        | 0*        | 146,309    | 62,517         | 0*       | 0*        | 0*      | 62,517    |
|                                  | GJ             | 2,440          | -         | -         | -       | 2,440     | 4,831          | -         | -         | -         | 4,831      | 2,064          | -        | -         | -       | 2,064     |
| Petrol                           | Litre          | 22,463         | 0#        | 0#        | 0#      | 22,463    | 36,979         | 0#        | 0#        | 0#        | 36,979     | 19,358         | 0#       | 0#        | 0#      | 19,358    |
|                                  | GJ             | 742            | -         | -         | -       | 742       | 1,221          | -         | -         | -         | 1,221      | 639            | -        | -         | -       | 639       |
| Liquefied nature gas (LNG)       | m <sup>3</sup> | 0*             | 0*        | 0*        | 0*      | 0*        | 0*             | 0*        | 0*        | 0*        | 0*         | 0*             | 24,545** | 0*        | 0*      | 24,545    |
|                                  | GJ             | -              | -         | -         | -       | -         | -              | -         | -         | -         | -          | -              | 95,750** | -         | -       | 95,750    |

Note: \* Corresponding business unit did not consume this fuel type

\*\* DCB has introduced LNG tractors since mid-2015

# No data is available from corresponding business unit

|  |                | Jul - Dec 2013 |           |           |           |            | Jan - Dec 2014 |            |           |            |            | Jan - Jun 2015 |           |           |           |            |
|--|----------------|----------------|-----------|-----------|-----------|------------|----------------|------------|-----------|------------|------------|----------------|-----------|-----------|-----------|------------|
| Unit   |                | HKBU           | DCB       | TIG P1    | TIG P2    | Group      | HKBU           | DCB        | TIG P1    | TIG P2     | Group      | HKBU           | DCB       | TIG P1    | TIG P2    | Group      |
| <b>Indirect Energy Consumption</b>                       |                |                |           |           |           |            |                |            |           |            |            |                |           |           |           |            |
| Total electricity consumption                            | kWh            | 28,092,550     | 8,526,655 | 3,157,235 | 5,917,616 | 45,694,056 | 54,252,851     | 17,787,664 | 5,618,338 | 13,352,092 | 91,010,945 | 22,472,268     | 8,446,818 | 2,626,464 | 6,704,992 | 40,250,542 |
|  | GJ             | 101,133        | 30,696    | 11,366    | 21,303    | 164,498    | 195,310        | 64,036     | 20,226    | 48,068     | 327,640    | 80,900         | 30,409    | 9,455     | 24,138    | 144,902    |
| Towngas  | Unit           | 40,795         | 0*        | 0*        | 0*        | 40,795     | 63,890         | 0*         | 0*        | 0*         | 63,890     | 30,156         | 0*        | 0*        | 0*        | 30,156     |
|  | GJ             | 1,958          | -         | -         | -         | 1,958      | 3,067          | -          | -         | -          | 3,067      | 1,447          | -         | -         | -         | 1,447      |
| Natural Gas  | m <sup>3</sup> | 0*             | 14,580    | 0#        | 0#        | 14,580     | 0*             | 45,245     | 0#        | 0#         | 45,245     | 0*             | 23,730    | 0#        | 0#        | 23,730     |
|  | GJ             | -              | 569       | -         | -         | 569        | -              | 1,765      | -         | -          | 1,765      | -              | 925       | -         | -         | 925        |
| CO <sub>2</sub> equivalent emissions (CO <sub>2</sub> e) | Tonne          | 33,559.7       | 8,278.6   | 7,524.4   | 5,919.2   | 55,281.9   | 63,024.7       | 17,760.3   | 14,512.3  | 13,726.3   | 109,023.6  | 24,388.4       | 7,623.1   | 6,637.4   | 6,777     | 45,425.9   |
| <b>WATER CONSUMPTION</b>                                 |                |                |           |           |           |            |                |            |           |            |            |                |           |           |           |            |
| Water  | m <sup>3</sup> | 31,976         | 14,580    | 47,031    | 42,070    | 135,657    | 64,290         | 26,552     | 140,832   | 73,724     | 305,398    | 32,670         | 7,577     | 71,323    | 26,599    | 138,169    |

## Note:

\* Corresponding business unit did not consume this fuel type

# No data is available from corresponding business unit

Water purchased from Water Supplies Department

CO<sub>2</sub>e figures include scope 1 and scope 2 emissionsThe CO<sub>2</sub>e emission calculation shown here includes consumption of diesel, LPG, petrol, electricity and towngas

## Sources:

- "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings of Commercial, Residential or Institutional Purposes in Hong Kong" (by EPD & EMSD, 2010 ed.)
- CLP Hong Kong carbon intensity from CLP Sustainability Reports
- National Development and Reform Commission, Department of Climate Change

|  | Jul - Dec 2013 |        |        |                |                | Jan - Dec 2014 |        |        |                |                | Jan - Jun 2015 |        |        |                |                |          |
|--|----------------|--------|--------|----------------|----------------|----------------|--------|--------|----------------|----------------|----------------|--------|--------|----------------|----------------|----------|
| Unit   | HKBU           | DCB    | TIG P1 | TIG P2         | Group          | HKBU           | DCB    | TIG P1 | TIG P2         | Group          | HKBU           | DCB    | TIG P1 | TIG P2         | Group          |          |
| <b>MATERIAL CONSUMPTION</b>                        |                |        |        |                |                |                |        |        |                |                |                |        |        |                |                |          |
| Lubrication oil<br>(engine oil +<br>hydraulic oil) | Litre          | 25,651 | 10,673 | 47,378         | 6,697          | 90,399         | 61,701 | 27,480 | 113,702        | 11,709         | 214,592        | 31,500 | 7,661  | 33,974         | 8,583          | 81,718   |
| Lubrication oil<br>(grease)                        | Kg             | 4,636  | 2,250  | 2,640          | 1,162          | 10,688         | 14,632 | 5,445  | 5,430          | 2,537          | 28,044         | 9,376  | 1,260  | 116            | 1,455          | 12,207   |
| Tyre   | No.            | 347    | 35     | 343            | 584            | 1,309          | 589    | 61     | 543            | 1,466          | 2,659          | 265    | 23     | 149            | 746            | 1,183    |
| Paper  | Kg             | 15,619 | 1,656  | 2,090          | 0 <sup>#</sup> | 19,365         | 26,873 | 5,129  | 4,046          | 0 <sup>#</sup> | 36,048         | 9,844  | 910    | 2,054          | 0 <sup>#</sup> | 12,808   |
| <b>WASTE RECYCLING</b>                             |                |        |        |                |                |                |        |        |                |                |                |        |        |                |                |          |
| <b>Non-chemical Waste</b>                          |                |        |        |                |                |                |        |        |                |                |                |        |        |                |                |          |
| Tyre recycle                                       | No.            | 330    | 46     | N/A            | 0 <sup>#</sup> | 376            | 484    | 117    | N/A            | 822            | 1,423          | 208    | 9      | N/A            | 439            | 656      |
|  | Kg             | N/A    | N/A    | 35,600         | N/A            | 35,600         | N/A    | N/A    | 46,040         | N/A            | 46,040         | N/A    | N/A    | 27,100         | N/A            | 27,100   |
| <b>Chemical Waste</b>                              |                |        |        |                |                |                |        |        |                |                |                |        |        |                |                |          |
| Total Solid<br>Chemical Waste                      | Kg             | 14,352 | 3,820  | 0 <sup>#</sup> | 0 <sup>#</sup> | 18,172         | 27,239 | 8,360  | 0 <sup>#</sup> | 46             | 35,645         | 13,294 | 2,980  | 0 <sup>#</sup> | 54             | 16,328   |
| Total Liquid<br>Chemical Waste                     | Litre          | 14,200 | 3,960  | 11,600         | 0 <sup>#</sup> | 29,760         | 37,600 | 12,420 | 23,000         | 20,273         | 93,293         | 13,400 | 9,180  | 20,240         | 6,792.5        | 49,612.5 |

## Note:

The consumption of materials in comparatively insignificant amount is excluded

Recycled materials of food waste and wood pallet are excluded

**OCCUPATIONAL HEALTH AND SAFETY**

|                 |                   | Jul - Dec 2013 |        |        |        |        | Jan - Dec 2014 |        |        |        |        | Jan - Jun 2015 |       |        |        |        |
|-----------------|-------------------|----------------|--------|--------|--------|--------|----------------|--------|--------|--------|--------|----------------|-------|--------|--------|--------|
| Unit            |                   | HKBU           | DCB    | TIG P1 | TIG P2 | Group  | HKBU           | DCB    | TIG P1 | TIG P2 | Group  | HKBU           | DCB   | TIG P1 | TIG P2 | Group  |
| No. of fatality | No.               | 0              | 0      | 0      | 0      | 0      | 2*             | 0      | 0      | 0      | 2      | 0              | 0     | 0      | 0      | 0      |
| Injury rate     | Per 1,000 persons | 16.1           | 0      | 15.8   | 5.2    | 11.4   | 15.6           | 2.2    | 12.9   | 5.3    | 10.8   | 12.9           | 0     | 8.7    | 5.4    | 8.4    |
| Lost days rate  | Per working day   | 0.0035         | 0      | 0.0032 | 0.0009 | 0.0023 | 0.0035         | 0      | 0.0056 | 0.0004 | 0.0010 | 0.0025         | 0     | 0.0031 | 0.0007 | 0.0017 |
| Absentee rate   | Per working day   | 0.010          | 0.0058 | 0.0091 | 0.0039 | 0.0081 | 0.0215         | 0.0004 | 0.0076 | 0.0079 | 0.0048 | 0.0113         | 0.003 | 0.0092 | 0.0017 | 0.0074 |

Note:

\* One direct employed staff, one contractor's staff

Only directly employed full-time employees are included in the calculation, except no. of fatality

Formula of injury rate: (No. of injury/ Total no. of staff) x 1,000

Formula of lost days rate: No. of lost days for work-related injury / Total days scheduled to be worked for all headcount

Formula of absentee rate: No. of days for non work-related sick leave or absenteeism / Total days scheduled to be worked for all headcount

**EMPLOYMENT**

|   |      | Jul - Dec 2013 |     |        |        |       | Jan - Dec 2014 |     |        |        |       | Jan - Jun 2015 |     |        |        |       |
|---|------|----------------|-----|--------|--------|-------|----------------|-----|--------|--------|-------|----------------|-----|--------|--------|-------|
|   | Unit | HKBU           | DCB | TIG P1 | TIG P2 | Group | HKBU           | DCB | TIG P1 | TIG P2 | Group | HKBU           | DCB | TIG P1 | TIG P2 | Group |
| <b>PROFILE OF WORKFORCE</b>                               |      |                |     |        |        |       |                |     |        |        |       |                |     |        |        |       |
| Total no. of staff  | No.  | 1,117          | 425 | 444    | 386    | 2,372 | 1,028          | 451 | 465    | 378    | 2,322 | 1,005          | 436 | 459    | 372    | 2,272 |
| <b>BY GENDER</b>  |      |                |     |        |        |       |                |     |        |        |       |                |     |        |        |       |
| Directly employed staff (Male)                            | No.  | 999            | 345 | 366    | 338    | 2,048 | 918            | 375 | 382    | 332    | 2,007 | 892            | 362 | 374    | 326    | 1,954 |
| Directly employed staff (Female)                          | No.  | 118            | 80  | 78     | 48     | 324   | 110            | 76  | 83     | 46     | 315   | 113            | 74  | 85     | 46     | 318   |
| <b>BY EMPLOYMENT CATEGORY</b>                             |      |                |     |        |        |       |                |     |        |        |       |                |     |        |        |       |
| Management staff  | No.  | 65             | 22  | 11     | 21     | 119   | 68             | 22  | 10     | 21     | 121   | 68             | 22  | 11     | 22     | 123   |
| Senior staff  | No.  | 228            | 76  | 92     | 92     | 488   | 205            | 78  | 92     | 92     | 467   | 199            | 78  | 91     | 97     | 465   |
| General staff   | No.  | 824            | 327 | 341    | 273    | 1,765 | 755            | 351 | 363    | 265    | 1,734 | 738            | 336 | 357    | 253    | 1,684 |
| <b>BY REGION</b>  |      |                |     |        |        |       |                |     |        |        |       |                |     |        |        |       |
| Based HK  | No.  | 1,099          | 0   | 0      | 0      | 1,099 | 1,015          | 0   | 0      | 0      | 1,015 | 993            | 0   | 0      | 0      | 993   |
| Based Mainland  | No.  | 18             | 425 | 444    | 386    | 1,273 | 13             | 451 | 465    | 378    | 1,307 | 12             | 436 | 459    | 372    | 1,279 |
| <b>BY AGE GROUP</b>                                       |      |                |     |        |        |       |                |     |        |        |       |                |     |        |        |       |
| Below 30  | No.  | 121            | 193 | 93     | 96     | 503   | 124            | 213 | 115    | 102    | 554   | 120            | 182 | 114    | 100    | 516   |
| 30 - 39   | No.  | 231            | 185 | 222    | 215    | 853   | 233            | 184 | 217    | 203    | 837   | 225            | 194 | 213    | 200    | 832   |
| 40-49   | No.  | 348            | 42  | 105    | 67     | 562   | 307            | 51  | 109    | 67     | 534   | 304            | 55  | 109    | 66     | 534   |
| 50 or above   | No.  | 417            | 5   | 24     | 8      | 454   | 364            | 3   | 24     | 6      | 397   | 356            | 5   | 23     | 6      | 390   |
| % of employees covered by collective bargaining agreement | No.  | N/A            | 100 | 100    | 100    | N/A   | N/A            | 100 | 100    | 100    | N/A   | N/A            | 100 | 100    | 100    | N/A   |

|   |       | Jul - Dec 2013 |     |        |        |       | Jan - Dec 2014 |     |        |        |       | Jan - Jun 2015 |     |        |        |       |
|---|-------|----------------|-----|--------|--------|-------|----------------|-----|--------|--------|-------|----------------|-----|--------|--------|-------|
|   | Unit  | HKBU           | DCB | TIG P1 | TIG P2 | Group | HKBU           | DCB | TIG P1 | TIG P2 | Group | HKBU           | DCB | TIG P1 | TIG P2 | Group |
| Ratio of local minimum wage to MTL Group's standard entry level wage (male)   | Ratio | 1 : 1.31       | 1:1 | 1:1.7  | 1:1.18 | N/A   | 1 : 1.37       | 1:1 | 1:1.55 | 1:1.54 | N/A   | 1 : 1.32       | 1:1 | 1:1.55 | 1:1.43 | N/A   |
| Ratio of local minimum wage to MTL Group's standard entry level wage (female) | Ratio | 1 : 1.41       | 1:1 | 1:1.7  | 1:1.18 | N/A   | 1 : 1.52       | 1:1 | 1:1.55 | 1:1.54 | N/A   | 1 : 1.45       | 1:1 | 1:1.55 | 1:1.43 | N/A   |
| <b>NEW HIRES</b>  |       |                |     |        |        |       |                |     |        |        |       |                |     |        |        |       |
| Male  | No.   | 49             | 25  | 13     | 4      | 91    | 109            | 70  | 37     | 22     | 238   | 27             | 5   | 7      | 6      | 45    |
| Female  | No.   | 12             | 2   | 1      | 1      | 16    | 23             | 8   | 7      | 1      | 39    | 10             | 4   | 9      | 1      | 24    |
| Below 30  | No.   | 26             | 21  | 7      | 3      | 57    | 59             | 66  | 35     | 17     | 177   | 13             | 6   | 12     | 4      | 35    |
| 30 - 39   | No.   | 30             | 6   | 4      | 2      | 42    | 54             | 8   | 5      | 5      | 72    | 11             | 3   | 4      | 3      | 21    |
| 40 - 49   | No.   | 5              | 0   | 3      | 0      | 8     | 8              | 4   | 3      | 0      | 15    | 5              | 0   | 0      | 0      | 5     |
| 50 or above   | No.   | 0              | 0   | 0      | 0      | 0     | 11             | 0   | 1      | 1      | 13    | 8              | 0   | 0      | 0      | 8     |
| <b>VOLUNTARY TURNOVER</b>   |       |                |     |        |        |       |                |     |        |        |       |                |     |        |        |       |
| Male  | No.   | 20             | 10  | 20     | 15     | 65    | 79             | 44  | 32     | 29     | 184   | 24             | 15  | 15     | 14     | 68    |
| Female  | No.   | 6              | 4   | 4      | 3      | 17    | 25             | 9   | 6      | 5      | 45    | 3              | 3   | 6      | 1      | 13    |
| Below 30  | No.   | 10             | 5   | 17     | 8      | 40    | 34             | 33  | 21     | 15     | 103   | 5              | 11  | 14     | 9      | 39    |
| 30 - 39   | No.   | 10             | 7   | 6      | 6      | 29    | 28             | 17  | 13     | 15     | 73    | 15             | 6   | 6      | 5      | 32    |
| 40 - 49   | No.   | 4              | 1   | 1      | 2      | 8     | 24             | 3   | 3      | 3      | 33    | 3              | 0   | 0      | 1      | 4     |
| 50 or above   | No.   | 2              | 1   | 0      | 2      | 5     | 18             | 0   | 1      | 1      | 20    | 4              | 1   | 1      | 0      | 6     |

| Unit  | Jul - Dec 2013 |      |        |        |       | Jan - Dec 2014 |      |        |        |       | Jan - Jun 2015 |      |        |        |       |      |
|---|----------------|------|--------|--------|-------|----------------|------|--------|--------|-------|----------------|------|--------|--------|-------|------|
|   | HKBU           | DCB  | TIG P1 | TIG P2 | Group | HKBU           | DCB  | TIG P1 | TIG P2 | Group | HKBU           | DCB  | TIG P1 | TIG P2 | Group |      |
| <b>RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE, BY GENDER</b> |                |      |        |        |       |                |      |        |        |       |                |      |        |        |       |      |
| Paternity leave   | No.            | 5    | 11     | 2      | 0     | 18             | 21   | 23     | 6      | 13    | 63             | 9    | 13     | 2      | 0     | 24   |
| Maternity leave   | No.            | 2    | 5      | 3      | 0     | 10             | 1    | 6      | 3      | 7     | 17             | 4    | 3      | 2      | 0     | 9    |
| Return to work rate   | %              | 100  | 100    | 100    | N/A   | N/A            | 100  | 100    | 100    | 100   | N/A            | 100  | 100    | 100    | N/A   | N/A  |
| <b>AVERAGE HOUR OF TRAINING BY GENDER</b>                                 |                |      |        |        |       |                |      |        |        |       |                |      |        |        |       |      |
| Male  | Hour           | 12.6 | 8.4    | 1      | 5*    | 8.2            | 41.5 | 4.7    | 0.8    | 10*   | 20.6           | 17.3 | 3.5    | 1.2    | 5*    | 9.2  |
| Female  | Hour           | 4.9  | 12.1   |        | 5*    | 7.4            | 24.6 | 9.4    |        | 10*   | 18.4           | 9.1  | 4.8    |        | 5*    | 7.4  |
| <b>AVERAGE HOUR OF TRAINING BY EMPLOYMENT CATEGORY</b>                    |                |      |        |        |       |                |      |        |        |       |                |      |        |        |       |      |
| Management Staff  | Hour           | 2.4  | 19     | 0      | 5*    | 5.7            | 20.1 | 13.1   | 0      | 10*   | 15.4           | 19.7 | 18.5   | 0      | 5*    | 15.1 |
| Senior staff  | Hour           | 3.6  | 19.5   | 3.2    | 5*    | 6.3            | 38.6 | 11.7   | 1.9    | 10*   | 21.2           | 11.1 | 5.4    | 0.5    | 5*    | 6.8  |
| General staff   | Hour           | 14.7 | 6      | 0.5    | 5*    | 8.8            | 41.7 | 3.7    | 0.6    | 10*   | 20.5           | 17.5 | 2.4    | 1.5    | 5*    | 9.2  |

Note:

\* The figures are calculated by estimation

Only directly employed full-time employees are included in the calculation

# GRI G4 Content Index



| GRI G4 Indicator                                  | Description   | Section/ Cross-reference/ Comment/ Reason for Omission   | Page               | External Assurance |
|---|---|--|--------------------|--------------------|
| <b>STRATEGY AND ANALYSIS</b>                      |   |  |                    |                    |
| G4-1  | Statement from the most senior decision-maker of the organisation         | MESSAGE FROM CEO   | 03 - 04            | ✓                  |
| <b>ORGANIZATIONAL PROFILE</b>                     |   |  |                    |                    |
| G4-3  | Name of the organization  | ABOUT THE REPORT   | 02                 | ✓                  |
| G4-4  | Primary brands, products, and services                                    | ABOUT OUR BUSINESS   | 05 - 07            | ✓                  |
| G4-5  | Location of the organization's headquarters                               | ABOUT OUR BUSINESS   | 05 - 07            | ✓                  |
| G4-6  | Countries of operation  | ABOUT OUR BUSINESS   | 05 - 07            | ✓                  |
| G4-7  | Nature of ownership and legal form  | ABOUT OUR BUSINESS   | 05 - 07            | ✓                  |
| G4-8  | Markets served  | ABOUT OUR BUSINESS   | 05 - 07            | ✓                  |
| G4-9  | Scale of the organization   | ABOUT OUR BUSINESS<br>PERFORMANCE STATISTICS<br><i>For our financial performance, please refer to Wharf's financial reports.</i>   | 05 - 07<br>41 - 47 | ✓                  |
| G4-10   | Profile of workforce  | PERFORMANCE STATISTICS<br><i>There was no substantial portion of the Group performed by workers who are legally recognized as self-employed during the reporting period.</i> | 41 - 47            | ✓                  |
| G4-11   | Percentage of total employees covered by collective bargaining agreements | PERFORMANCE STATISTICS<br><i>Currently there is no collective bargaining agreements in Hong Kong business unit.</i>  | 41 - 47            | ✓                  |
| G4-12   | The organisation's supply chain   | ABOUT OUR BUSINESS   | 02                 | ✓                  |
| G4-13   | Significant changes during the reporting period                           | ABOUT THE REPORT<br><i>There have been no significant changes during the reporting period regarding the Group's size, structure, ownership or its supply chain.</i>          | 05 - 07            | ✓                  |
| G4-14   | Precautionary approach  | CORPORATE GOVERNANCE   | 08 - 11            | ✓                  |
| G4-15   | Externally developed economic, environmental and social charters          | SELECTED MEMBERSHIPS AND CHARTERS  | 36                 | ✓                  |
| G4-16   | Memberships in associations   | SELECTED MEMBERSHIPS AND CHARTERS  | 36                 | ✓                  |
| <b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b> |   |  |                    |                    |
| G4-17   | Entities included in the organization's consolidated financial statement  | ABOUT OUR BUSINESS<br><i>A list of our principal subsidiaries is also disclosed in Wharf financial reports.</i>  | 05 - 06            | ✓                  |



| GRI G4 Indicator              | Description  | Section/ Cross-reference/ Comment/ Reason for Omission   | Page          | External Assurance |
|-------------------------------|--|--|---------------|--------------------|
| G4-18                         | Process for defining the report content and the aspect boundaries                          | ENGAGING WITH OUR STAKEHOLDERS   | 16            | ✓                  |
| G4-19                         | List all of material aspects identified in the process for defining report content         | ENGAGING WITH OUR STAKEHOLDERS   | 16 - 17       | ✓                  |
| G4-20                         | Aspect boundary within the organization  | ENGAGING WITH OUR STAKEHOLDERS   | 16 - 17       | ✓                  |
| G4-21                         | Aspect boundary outside the organization   | ENGAGING WITH OUR STAKEHOLDERS   | 16 - 17       | ✓                  |
| G4-22                         | Restatements of information  | <i>There have been no restatement of information or change from previous reporting periods.</i>                          | -             | ✓                  |
| G4-23                         | Report significant changes in the scope and aspect boundaries                              | ABOUT THE REPORT   | 02            | ✓                  |
| <b>STAKEHOLDER ENGAGEMENT</b> |  |  |               |                    |
| G4-24                         | Stakeholder groups engaged   | ENGAGING WITH OUR STAKEHOLDERS   | 12            | ✓                  |
| G4-25                         | Identification and selection of stakeholders   | ENGAGING WITH OUR STAKEHOLDERS   | 12            | ✓                  |
| G4-26                         | Approaches to stakeholder engagement   | ENGAGING WITH OUR STAKEHOLDERS   | 13            | ✓                  |
| G4-27                         | Key topics and concerns raised by stakeholders   | ENGAGING WITH OUR STAKEHOLDERS   | 14 - 15       | ✓                  |
| <b>REPORT PROFILE</b>         |  |  |               |                    |
| G4-28                         | Reporting period   | ABOUT THE REPORT   | 02            | ✓                  |
| G4-29                         | Date of most recent previous report  | <i>Our previous CSR Report was published in Nov 2013.</i>  | -             | ✓                  |
| G4-30                         | Reporting cycle  | <i>We target to report biennially.</i>   | -             | ✓                  |
| G4-31                         | Contact point  | ABOUT THE REPORT   | 02            | ✓                  |
| G4-32                         | Report the 'in accordance' option  | ABOUT THE REPORT<br>GRI G4 CONTENT INDEX   | 02<br>48 - 55 | ✓<br>✓             |
| G4-33                         | External assurance for the report  | VERIFICATION STATEMENT<br><i>We continue to seek external assurance from independent third party for our CSR Report.</i> | 56            | ✓                  |
| <b>GOVERNANCE</b>             |  |  |               |                    |
| G4-34                         | Governance structure of the organization   | CORPORATE GOVERNANCE   | 08 - 11       | ✓                  |
| G4-35                         | Process for delegating authority for economic, environmental and social topics             | CORPORATE GOVERNANCE   | 08 - 11       | ✓                  |
| G4-36                         | Executive-level position with responsibility for economic, environmental and social topics | CORPORATE GOVERNANCE   | 08 - 11       | ✓                  |
| G4-39                         | Whether the Chair of the highest governance body is also an executive officer              | CORPORATE GOVERNANCE<br><i>The Chair of the highest governance body is also the CEO of the Group.</i>                    | 08 - 11       | ✓                  |

| GRI G4 Indicator            | Description  | Section/ Cross-reference/ Comment/ Reason for Omission | Page               | External Assurance |
|-----------------------------|--|--|--------------------|--------------------|
| G4-42                       | Roles of the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts | CORPORATE GOVERNANCE                                   | 08 - 11            | √                  |
| G4-43                       | Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics  | CORPORATE GOVERNANCE                                   | 08 - 11            | √                  |
| G4-44                       | Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics and the actions taken  | CORPORATE GOVERNANCE                                   | 08 - 11            | √                  |
| G4-45                       | The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities, and whether those are supported by stakeholder consultation   | CORPORATE GOVERNANCE                                   | 08 - 11            | √                  |
| G4-46                       | The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics  | CORPORATE GOVERNANCE                                   | 08 - 11            | √                  |
| G4-47                       | The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities  | CORPORATE GOVERNANCE                                   | 08 - 11            | √                  |
| G4-48                       | The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered  | ENGAGING WITH OUR STAKEHOLDERS                         | 12 - 17            | √                  |
| G4-49                       | The process for communicating critical concerns to the highest governance body   | CORPORATE GOVERNANCE                                   | 08 - 11            | √                  |
| <b>ETHICS AND INTEGRITY</b> |  |  |                    |                    |
| G4-56                       | The organization's values, principles, standards and norms of behaviour  | CORPORATE GOVERNANCE                                   | 08 - 11            | √                  |
| G4-57                       | Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity   | CORPORATE GOVERNANCE<br>ENGAGING WITH OUR STAKEHOLDERS | 08 - 11<br>12 - 17 | √<br>√             |
| G4-58                       | Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organizational integrity   | CORPORATE GOVERNANCE                                   | 08 - 11            | √                  |

| GRI G4 Indicator                            | Description  | Section/ Cross-reference/ Comment/ Reason for Omission  | Page                          | External Assurance |
|---|--|---|-------------------------------|--------------------|
| <b>ECONOMIC - Economic Performance</b>      |  |   |                               |                    |
| <b>G4-DMA</b>                               | Management Approach  | MESSAGE FROM CEO<br>ABOUT OUR BUSINESS<br>ENGAGING WITH COMMUNITIES   | 03 - 04<br>05 - 07<br>26 - 29 | ✓<br>✓<br>✓        |
| <b>EC-1</b>                                 | Direct economic value generated and distributed  | ABOUT OUR BUSINESS<br>ENGAGING WITH COMMUNITIES<br><i>For our financial performance, please refer to Wharf's financial reports.</i> | 05 - 07<br>26 - 29            | ✓<br>✓             |
| <b>EC-3</b>                                 | Coverage of the organization's defined benefit plan obligations  | OUR PEOPLE  | 18 - 22                       | ✓                  |
| <b>ECONOMIC - Market Presence</b>           |  |   |                               |                    |
| <b>G4-DMA</b>                               | Management Approach  | MESSAGE FROM CEO<br>ABOUT OUR BUSINESS  | 03 - 04<br>05 - 07            | ✓<br>✓             |
| <b>EC-5</b>                                 | Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation | PERFORMANCE STATISTICS  | 41 - 47                       | ✓                  |
| <b>ECONOMIC - Indirect Economic Impacts</b> |  |   |                               |                    |
| <b>G4-DMA</b>                               | Management Approach  | ABOUT OUR BUSINESS<br>ENGAGING WITH COMMUNITIES   | 05 - 07<br>26 - 29            | ✓<br>✓             |
| <b>EC-7</b>                                 | Development and impact of infrastructure investments and services supported  | ABOUT OUR BUSINESS<br>ENGAGING WITH COMMUNITIES   | 05 - 07<br>26 - 29            | ✓<br>✓             |
| <b>ENVIRONMENTAL - Materials</b>            |  |   |                               |                    |
| <b>EN-1</b>                                 | Materials used by weight or volume   | PERFORMANCE STATISTICS  | 41 - 47                       | ✓                  |
| <b>ENVIRONMENTAL - Energy</b>               |  |   |                               |                    |
| <b>G4-DMA</b>                               | Management Approach  | ENVIRONMENT   | 30 - 35                       | ✓                  |
| <b>EN-3</b>                                 | Energy consumption   | PERFORMANCE STATISTICS  | 41 - 47                       | ✓                  |
| <b>EN-6</b>                                 | Reduction of energy consumption  | ENVIRONMENT   | 30 - 35                       | ✓                  |
| <b>ENVIRONMENTAL - Water</b>                |  |   |                               |                    |
| <b>G4-DMA</b>                               | Management Approach  | ENVIRONMENT   | 30 - 35                       | ✓                  |
| <b>EN-8</b>                                 | Total water withdrawal by source   | PERFORMANCE STATISTICS  | 41 - 47                       | ✓                  |

| GRI G4 Indicator                           | Description   | Section/ Cross-reference/ Comment/ Reason for Omission  | Page               | External Assurance |
|--|---|---|--------------------|--------------------|
| <b>ENVIRONMENTAL - Biodiversity</b>        |   |   |                    |                    |
| G4-DMA                                     | Management Approach   | <p><b>ENVIRONMENT</b></p> <p><i>We understand our port activities may have an impact on both marine and terrestrial habitats located in the vicinity of our operations. The Group conducted an assessment of our impact on biodiversity as part of the ISO 14001 environmental management system. For any related issues identified, the CSR Steering Committee was notified to take further appropriate action. To further strengthen our management and protection of ecosystems that our business operations interact with, the Group is now preparing a guideline for handling the wildlife, such as birds, observed in our working area.</i></p>   | 30 - 35            | ✓                  |
| EN11                                       | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | <p><i>To date, the assessments we conducted of our environmental impact on biodiversity as part of the ISO 14001 environmental management system have not identified any protected areas and areas of high biodiversity value in or adjacent to our operational sites.</i></p> <p><i>We continuously monitor our environmental impact to minimise the operational disturbance towards surrounding environment. Our operational activities that may impact local flora and fauna are mainly related to wastewater discharge and potential chemical and oil spills. Operational control mechanisms are in place to manage these impacts. For examples, chemical spillage handling procedures are in place for proper chemical handling and treatment of sewage before discharging into the sea to minimise the impact on marine habitats. In addition, we set up a guideline on tree administration in 2010 and appoint arborists to conduct annual inspection for the trees in our Hong Kong business unit operations area to ensure the health and of the trees as well as the safety of pedestrians.</i></p> | -                  | ✓                  |
| <b>ENVIRONMENTAL - Emissions</b>           |   |   |                    |                    |
| G4-DMA                                     | Management Approach   | ENVIRONMENT   | 30 - 35            | ✓                  |
| EN-15                                      | Direct greenhouse gas (GHG) emissions (Scope 1)   | PERFORMANCE STATISTICS  | 41 - 47            | ✓                  |
| EN-16                                      | Indirect greenhouse gas (GHG) emissions (Scope 2)   | PERFORMANCE STATISTICS  | 41 - 47            | ✓                  |
| EN-19                                      | Reduction of greenhouse gas (GHG) emissions   | ENVIRONMENT   | 30 - 35            | ✓                  |
| <b>ENVIRONMENTAL - Effluents and Waste</b> |   |   |                    |                    |
| G4-DMA                                     | Management Approach   | ENVIRONMENT   | 30 - 35            | ✓                  |
| EN-23                                      | Total weight of waste by type and disposal method   | ENVIRONMENT<br>PERFORMANCE STATISTICS   | 30 - 35<br>41 - 47 |                    |
| EN-24                                      | Total number and volume of significant spills   | <i>We did not have any significant spills during the reporting period.</i>  | -                  | ✓                  |

| GRI G4 Indicator                                 | Description   | Section/ Cross-reference/ Comment/ Reason for Omission  | Page               | External Assurance |
|--|---|---|--------------------|--------------------|
| <b>ENVIRONMENT - Products and Services</b>       |   |   |                    |                    |
| <b>G4-DMA</b>                                    | Management Approach   | ABOUT OUR BUSINESS<br>ENVIRONMENT   | 05 - 07<br>30 - 35 | ✓<br>✓             |
| <b>EN-27</b>                                     | Extent of impact mitigation of environmental impacts of products and services   | ENVIRONMENT   | 30 - 35            | ✓                  |
| <b>ENVIRONMENT - Compliance</b>                  |   |   |                    |                    |
| <b>G4-DMA</b>                                    | Management Approach   | ENVIRONMENT<br><i>We always seek to achieve environmental best practice and goes beyond the regulatory requirements.</i>  | 30 - 35            | ✓                  |
| <b>EN-29</b>                                     | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | <i>There were no significant fines or non-monetary sanctions for non-compliance with environmental laws or regulations during the reporting period.</i>                   | -                  | ✓                  |
| <b>SOCIAL - Labour Practices and Decent Work</b> |   |   |                    |                    |
| <b>Employment</b>                                |   |   |                    |                    |
| <b>G4-DMA</b>                                    | Management Approach   | OUR PEOPLE  | 18 - 22            | ✓                  |
| <b>LA-1</b>                                      | Total number new employee hires and employee turnover   | PERFORMANCE STATISTICS  | 41 - 47            | ✓                  |
| <b>LA-2</b>                                      | Benefits provided to full-time employees  | OUR PEOPLE  | 18 - 22            | ✓                  |
| <b>LA-3</b>                                      | Return to work and retention rates after parental leave, by gender  | PERFORMANCE STATISTICS  | 41 - 47            | ✓                  |
| <b>Labour / Management Relations</b>             |   |   |                    |                    |
| <b>G4-DMA</b>                                    | Management Approach   | OUR PEOPLE  | 18 - 22            | ✓                  |
| <b>LA-4</b>                                      | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements                      | OUR PEOPLE<br><i>Senior management communicates in advance important business and operational changes or developments to employees via various channels in good time.</i> | 18 - 22            | ✓                  |
| <b>Occupational Health and Safety</b>            |   |   |                    |                    |
| <b>G4-DMA</b>                                    | Management Approach   | SAFETY FIRST  | 23 - 25            | ✓                  |
| <b>LA-6</b>                                      | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities        | PERFORMANCE STATISTICS<br><i>Data breakdown by gender under Occupational Health and Safety is not available.</i>  | 41 - 47            | ✓                  |
| <b>LA-7</b>                                      | Workers with high incidence or high risk of diseases related to their occupation  | <i>Our employees are not involved in occupational activities that have high incidence or high risk of specific diseases.</i>  | -                  | ✓                  |

| GRI G4 Indicator                       | Description  | Section/ Cross-reference/ Comment/ Reason for Omission  | Page               | External Assurance |
|--|--|---|--------------------|--------------------|
| <b>Training and Education</b>          |  |   |                    |                    |
| <b>G4-DMA</b>                          | Management Approach  | OUR PEOPLE<br>SAFETY FIRST  | 18 - 22<br>23 - 25 | √<br>√             |
| <b>LA-9</b>                            | Average hours of training per year per employee by gender, and by employee category  | PERFORMANCE STATISTICS  | 41 - 47            | √                  |
| <b>LA-11</b>                           | Percentage of employees receiving regular performance and career development reviews   | <i>All of our full-time employees are required to conduct performance appraisal annually.</i>   | -                  | √                  |
| <b>SOCIAL - Human Rights</b>           |  |   |                    |                    |
| <b>Non-discrimination</b>              |  |   |                    |                    |
| <b>HR-3</b>                            | Total number of incidents of discrimination and corrective actions taken   | <i>There were no reported incidents of discrimination during the reporting period.</i>  | -                  | √                  |
| <b>SOCIAL - Product Responsibility</b> |  |   |                    |                    |
| <b>Product and Service Labeling</b>    |  |   |                    |                    |
| <b>G4-DMA</b>                          | Management Approach  | ABOUT OUR BUSINESS<br><i>Based on the operational needs of each of business units, we conduct regular customer satisfaction survey. Our customers are also allowed to provide feedback on our services through regular engagement channels.</i> | 05 - 07            | √                  |
| <b>PR-4</b>                            | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes | <i>There were no reported incidents of non-compliance during the reporting period.</i>  | -                  | √                  |
| <b>Customer Privacy</b>                |  |   |                    |                    |
| <b>G4-DMA</b>                          | Management Approach  | <i>We take customer privacy issues seriously. Stringent guidelines are set on how to handle the customers' data and ensure data privacy. Only designated staff is allow to access the data.</i>   | -                  | √                  |
| <b>PR-8</b>                            | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data  | <i>There were no relevant substantiated complaints during the reporting period.</i>   | -                  | √                  |

| GRI G4 Indicator  | Description  | Section/ Cross-reference/ Comment/ Reason for Omission   | Page         | External Assurance |
|-------------------|--|--|--------------|--------------------|
| <b>Compliance</b> |  |  |              |                    |
| <b>G4-DMA</b>     | Management Approach  | <p>ABOUT OUR BUSINESS</p> <p><i>We demonstrate our commitment of service responsibility through providing health and safe workplaces for our employees. We continuously seek operational best practices and goes beyond the regulatory requirements.</i></p> | 05 - 07<br>- | <p>✓</p> <p>✓</p>  |
| <b>PR-9</b>       | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services | <p><i>There were no reported significant fines for non-compliance during the reporting period.</i></p>   | -            | ✓                  |



## Assurance Statement

Modern Terminals Limited (“MTL Group”) has prepared the Group Corporate Social Responsibility Report 2013/2015 (hereinafter referred to as “the Report”) in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. The Hong Kong Productivity Council (HKPC) was commissioned by MTL Group to provide independent verification<sup>[1]</sup> of the Report, which covers the sustainability performance of MTL Group in terms of environmental, social and economic aspects between 1 July 2013 and 30 June 2015.

## Objectives

The main objective of HKPC’s verification work was to provide independent assurance on the completeness, accuracy and reliability of the information presented in the Report. More specifically, the objectives were to:

- assess whether the scope of the Report covered all significant aspects of MTL Group’s sustainability performance;
- check whether the Report conformed to the Core option of the GRI G4 Sustainability Reporting Guidelines;

- evaluate whether the selected statements and data presented in the Report were accurate;
- review whether the data collection and information management mechanisms used to prepare the Report were reliable; and
- provide recommendations for future reports.

## Approach

The assurance assessment was performed with reference to the International Standard on Assurance Engagements 3000 (ISAE 3000). HKPC’s verification procedures<sup>[2]</sup> consisted of a comprehensive review of the Report, followed by the selection and verification of a representative sample of statements and data pertaining to significant sustainability aspects of MTL Group. During an interview with the MTL Group representatives conducted on 15 March 2016, we reviewed and examined the data collation systems and supporting materials relating to the selected statements and data as well as MTL Group’s relevant management practices and initiatives.

## Conclusion

The Report conforms to the Core option of the GRI G4 Sustainability Reporting Guidelines. It presents an overview of MTL Group’s environmental, social and economic

performance with respect to the key services, activities and initiatives of MTL Group. In terms of the accuracy and reliability of the Report, the selected sample of statements and data examined during the verification process was consistent with the source materials reviewed and reflected a fair account of MTL Group’s environmental, social and economic performance. The data collation and information management systems adopted were generally considered to be reliable.

A handwritten signature in black ink, appearing to read 'Clement Li', is written over a light blue horizontal line.

**Clement Li**

*Principal Consultant*

*Hong Kong Productivity Council*

30 March 2016

<sup>[1]</sup> This verification statement has been prepared for MTL Group for the purpose of assuring the statements and data presented in its Group Corporate Social Responsibility Report 2013/2015 only. The statement was prepared based on HKPC’s review of information provided by MTL Group during the verification process. HKPC will not accept or assume any responsibility or liability (legal or otherwise) in relation to this verification statement.

<sup>[2]</sup> Our verification work did not cover data and information which had already been published in the press releases, on the Group’s website, or in the annual reports of its mother company.





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