



**HUTCHISON PORTS**

Hutchison Port Holdings Trust  
Sustainability Report 2017

# ADVANCING IN **A NEW ERA**



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## ABOUT THIS REPORT

This report is the first sustainability report of Hutchison Port Holdings Trust (“HPH Trust” or “Trust”), produced in compliance with the Listing Rule 711A of Singapore Exchange (“SGX”), and with reference to the primary components set out in Listing Rule 711B. For the first year of reporting, it is published within 12 months of the end of our financial year, following the requirements of the SGX Listing Rule Practice Note 7.6 Sustainability Reporting Guide. It has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core option. The GRI Standards represent the global best practice for reporting on a range of environmental, social and governance (“ESG”) impacts.

As this is our first published report, there are no restatements of information and we have not sought external assurance.

The report has been reviewed by the Board of Directors of HPH Trust, and is published on our corporate website to accompany the Annual Report 2017, which covers the financial year ended 31 December 2017.

We welcome feedback on this report and any aspect of our sustainability management approach and performance. Comments or feedback can be sent via email to [ir@hphtrust.com](mailto:ir@hphtrust.com).

### DETERMINING SCOPE AND MATERIAL TOPICS

The scope of this report includes our operations at Hongkong International Terminals (“HIT”) (Terminals 4, 6, 7 and 9 North) and Yantian International

Container Terminals (“YANTIAN”) (Phases I and II; Phase III and Phase III Expansion; and West Port Phases I and II) as these are the majority-owned terminals and core businesses of the Trust.

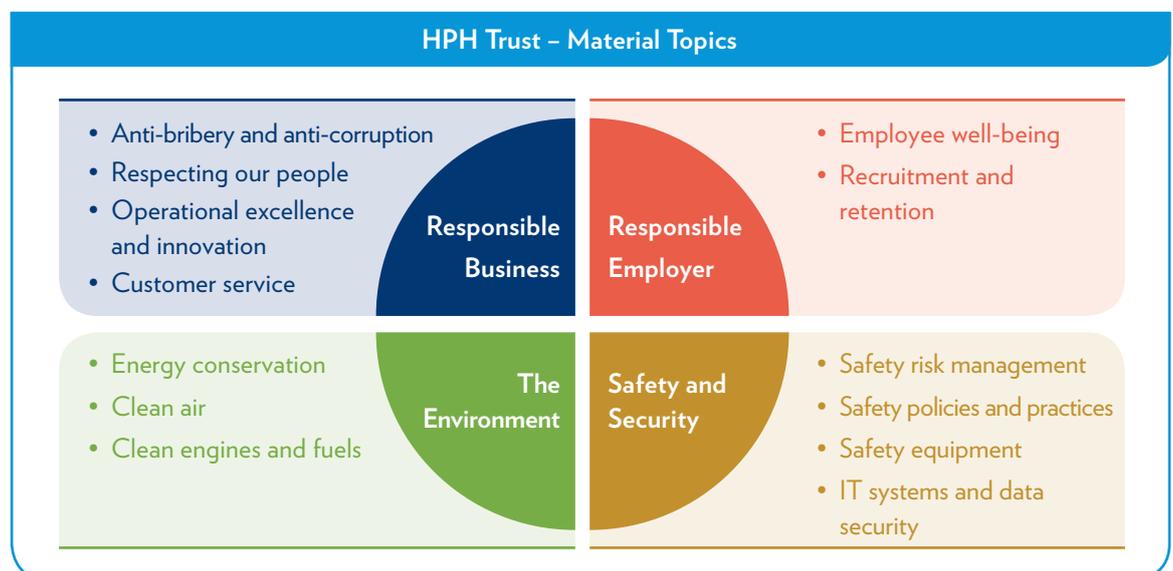
This year marks our first dedicated sustainability materiality assessment to determine the topics that are material to the business. The assessment, conducted according to the GRI Standards for defining report content, covers our operations across Hong Kong and China.

The assessment involved:

- a context review and benchmarking exercise that looked at container port industry best practices and global peers
- an extensive engagement process, collecting feedback from 159 internal stakeholders across operations, using surveys and interviews
- mapping results in a matrix based on their significance to the business and importance for stakeholders
- discussing and verifying the results with senior and executive management teams
- material topics confirmed and signed-off by the Board of Directors

The 12 material topics the Trust identified during the materiality assessment, plus the additional topic of “IT systems and data security” highlighted during Board sign-off, are relevant across all our operations. We have also mapped the impact boundary (see page 33 for details) outside of our operations for our material topics, considering each stakeholder group.

### MATERIAL TOPICS



## EXECUTIVE SUMMARY

This year, in compliance with a new reporting requirement from the SGX, HPH Trust issues its first sustainability report. This report is based on one of the most widely adopted global standards for sustainability reporting, the GRI.

The Trust listed on the SGX in 2011 but its business units had already been operating for many years, and had reported their corporate social and responsibility measures through Hutchison Port Holdings Limited (“HPH”) since 2000. Sustainability is an important consideration in the way the Trust business unit run their businesses and in the new technologies they adopt. Sustainability has also factored in their approach to embedding business integrity, equal opportunity, environmental awareness, and safe, healthy work practices as cornerstones of corporate culture. These cornerstones have become rooted in the way the business units plan, develop, test and adopt new practices and technologies.



### RESPONSIBLE BUSINESS

HPH Trust upholds high standards for business integrity, honesty and transparency in its business dealings. Policies in the areas of anti-bribery and anti-corruption (“ABAC”), whistle-blowing and related incident reporting procedures have been enacted. Refresher training on the code of conduct, especially relating to ABAC, is provided periodically to the management team and selected staff members based on their work scope. Any reported cases are independently investigated.



### RESPONSIBLE EMPLOYER

As a responsible employer, HPH Trust is committed to providing a working environment that is free from all forms of discrimination. Staff recruitment and retention is a key focus at HPH Trust. Aside from developing career roadmaps for staff members, HIT and YANTIAN have collaborated with local schools over the years to encourage a better understanding of, and interest in, the ports and logistics industry. These include apprenticeships, trainee programmes and internship programmes. As in previous years, these programmes and the achievements of selected staff members were recognised by local authorities in 2017.



### SAFETY AND SECURITY

HPH Trust also invests in technologies that support safer operations while enhancing overall productivity. In 2017, all rubber-tyred gantry cranes (“RTGCs”) in Container Terminal 9 North (“CT9 North”) at HIT had been converted to remote-control operations. This technology allows operators to operate the cranes from a control centre located in the office building, as compared to working from an operator cabin atop the crane. Not only does this enhance operational safety and provide a more comfortable and flexible working environment, it also allows for more efficient operations and job handover.

HPH Trust seeks to continuously improve its safety and health performance, in the face of evolving regulations and standards, customer expectations and technology. At HPH Trust, efforts to ensure the safety and health of our workforce is more extensive than establishing policies and providing induction safety training for front-line personnel. In 2017, HIT and YANTIAN conducted 93 drills, with scenarios ranging from firefighting and fire evacuation to gas leakage, chemical leakage and handling emergency situations caused by extreme weather. Through these drills, as well as refresher training, case studies and safety booklets, HPH Trust business units aim to incorporate safety awareness and equip workers with emergency handling skills in everyday operations.

## EXECUTIVE SUMMARY

In the age of digitalisation, safety in operations also extends to cybersecurity. While hardware and firewalls form the basics, effective data-handling monitoring procedures are also key elements of sound system controls. In 2017, YANTIAN was the first container terminal in mainland China accredited with ISO 27001:2013 Information Security Management certification. Together with the ISO 27001:2009 Information Security Management certification obtained by HIT in 2009 and subsequent renewals, the Trust's information systems and practices are aligned with the best industry practices. Neither HIT nor YANTIAN had any recorded breaches of customer privacy, loss of customer data, identified digital attacks or digital security breaches in 2017.

**THE ENVIRONMENT**

Operational excellence demands the continuous review of operating procedures and the adoption of new technology to improve efficiency while lessening impacts on the environment. In January 2017, all front-line port operations in Kwai Tsing ports under HPH Trust were centralised under a co-management arrangement. Through centralised planning and resource deployment, the HPH Trust Hong Kong terminals can more seamlessly allocate vessels to increase berth availability, reduce inter-terminal transfers and related emissions, and optimise yard usage.

Proactively managing environmental impact and advocating for environmentally responsible practices is an important element of the sustainability strategy of HPH Trust. Through the adoption of new technology and the use of alternative energy, HPH Trust business units strive to reduce their carbon footprint. At HPH Trust, the process of adopting new technology takes time, from installation to multiple testing cycles while minimising interruptions to regular operations. Over the past decade, HIT and YANTIAN invested in the conversion of traditional diesel-powered RTGCs to run on electricity or hybrid energy, which reduced noise and carbon dioxide emissions. In 2017, the Trust achieved a 90% utilisation rate for the electric-powered rubber-tyred gantry cranes ("eRTGCs").

YANTIAN began a trial run of nine tractors powered by liquefied natural gas ("LNG") in 2009, a cleaner fuel than diesel. In 2017, a total of 340 LNG-powered tractors were deployed to support daily operations.

In 2017, YANTIAN took the lead in green shore power technology by installing mobile shore power systems that can service 10 berths. This allows vessels to turn off their diesel engines and connect to the local electric grid while at berth, reducing noise and particle emissions. This project was regarded by the Ministry of Transport of China as one of the leading pilot projects for shore power in the country.

**GOING FORWARD**

Going forward, the Sustainability Steering Committee ("SSC") of HPH Trust will continue to lead efforts in setting short-term and long-term strategies for HPH Trust business units. This will include refining policies to reflect changes in local regulations, incorporating best industry practices in operations, formulating sustainability approach and action plans, and continually adopting new technologies into its operations. HPH Trust will continue to share more of its efforts and achievements in the area of sustainability in the annual sustainability report.

## MESSAGE FROM THE CEO

### DEAR UNITHOLDERS,

On behalf of the Board of Directors, I am pleased to present the first sustainability report of HPH Trust. It is prepared according to the principles of the internationally recognised GRI Standards.

This report reflects our approach to sustainability, and focuses on topics that are most material to our business and stakeholders.

### OUR SUSTAINABILITY JOURNEY

Since the start of our container-handling operations in the late 1960s, and long before HPH Trust was established in 2011, we have worked diligently to establish the strong fundamentals that allow us to strategically optimise operations, infrastructure and talent. These fundamentals embed sustainability within our operations and support our long-term development and competitiveness.

As a responsible business, we are accountable to our unitholders and employees, and have a duty to run an economically sound business with strong corporate governance. Therefore, our approach to sustainability extends not only to the environment, but also to our dealings with unitholders, customers, employees, suppliers and communities.

Environmental performance and cost-efficiency are closely linked for our business. We invest in technology and management systems to maximise our efficiency, while reducing fuel consumption and emissions. For example, over the past decade, we have gradually replaced the traditional diesel-powered RTGCs with eRTGCs or hybrid RTGCs in HIT and YANTIAN. This effort greatly contributed to the successful reduction of overall carbon dioxide emission per twenty-foot equivalent unit ("TEU") by 24%.

### NAVIGATING CHANGES IN 2017

The shipping industry has been undergoing important changes over the last few years, with ever-larger vessels being deployed and formation of new shipping alliances. These changes have presented economic and operational challenges. They have also driven improvements in the quality and efficiency of our operations, with a renewed focus on resource conservation and environmental performance.

The introduction of stricter environmental regulations in the shipping industry necessitated the retrofitting of vessels calling in certain countries, mandating the use of cleaner fuel while at berth. To leverage this opportunity to support and facilitate greener operations for our shipping line customers, our port in Yantian has taken a lead in green shore power technology. It is one of the first container terminal operators in China to use a mobile onshore power system, allowing vessels to connect to a cleaner onshore electrical power source and turn off their engines at berth, reducing emissions. The Ministry of Transport of China regards this system as one of the leading pilot projects for shore power in the country.

The establishment of co-management arrangements at our Hong Kong terminals was a major move forward in 2017. Working with our partners in operations planning and resource deployment, we have increased productivity and cost-efficiency. We have been able to share best operational practices while standardising key performance and productivity targets. By co-managing berth and yard resources, we can optimise vessel allocation. This allows us to further improve berthing flexibility, minimise inter-terminal transfers and optimise yard usage.

Technology and innovation continue to play pivotal roles in enhancing our operational efficiency. This year was a landmark year for HPH Trust, with CT9 North launching its remote-controlled RTGCs and an automated container stacking system at HIT. This landmark development made CT9 North the first container terminal in Hong Kong to operate all yard cranes remotely and use fully automated container stacking system at the yard.

## MESSAGE FROM THE CEO

The remote-controlled operations project has opened a new chapter in the development of container terminals in Hong Kong. It reinforces the competitiveness of the Hong Kong port while enhancing efficiency, occupational safety and the working environment of crane operators. The transition to remote-controlled RTGCs and an automated stacking system while maintaining round-the-clock operations was a world-first.

The application of new technology throughout our business is also reshaping the roles and skills of our personnel. While it is providing an opportunity to broaden the skills of our workforce, it is important that we remain diligent about recruiting and retaining new local talent across all our terminal operations. We continue to secure and train skilled technical personnel, and remain committed to building relationships and nurturing future talents for the industry.

**FORGING AHEAD**

On behalf of the Board and management, we invite you to review our sustainability journey during the 2017 financial year. We will continue to strengthen our sustainability governance, develop new targets and report on our performance. We intend to regularly talk about our sustainability successes and challenges with our stakeholders, and we welcome your feedback on our efforts.

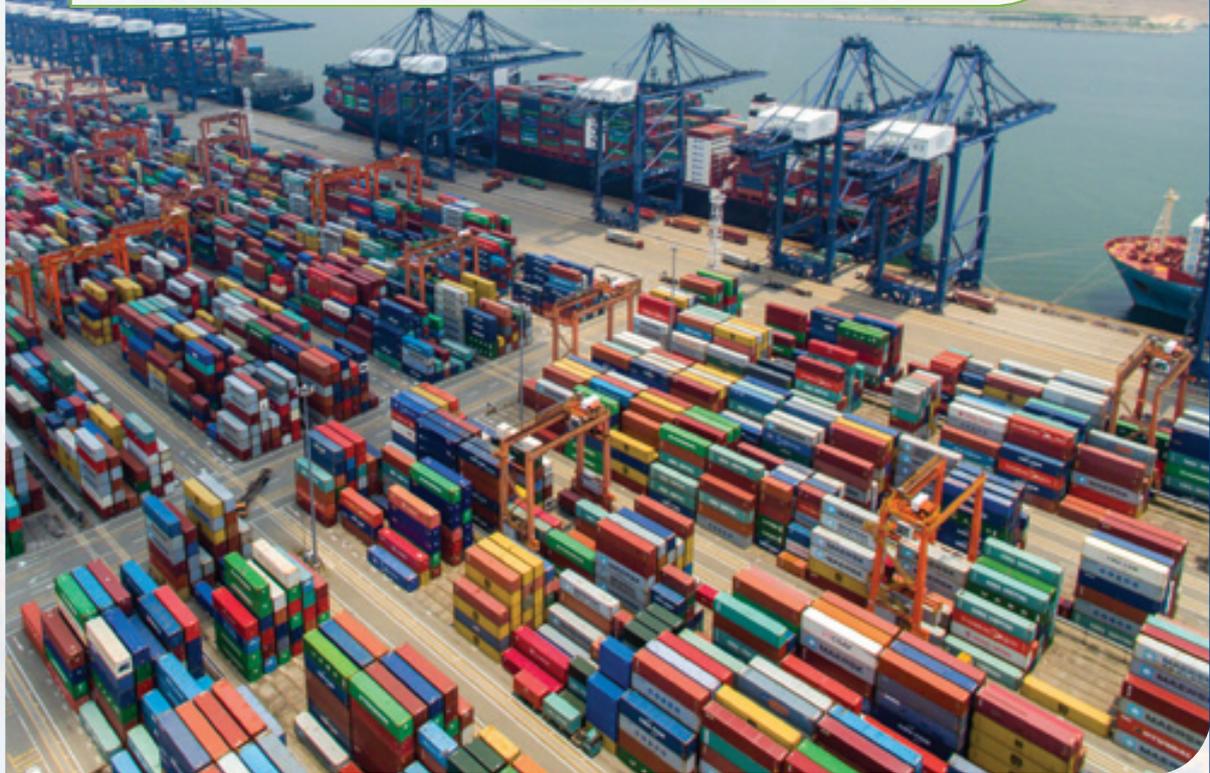
**YIM Lui Fai, Gerry**  
*Chief Executive Officer*



## BOARD STATEMENT

The Board considers ESG impetus as part of its responsibility for directing the strategic objectives and overseeing the management of HPH Trust business. The executive management team determined the material ESG topics for 2017, which the Board approved. The Board oversees management and monitoring of material ESG topics, and regularly evaluates and reviews them to ensure they are relevant to the business.

HPH Trust Board of Directors



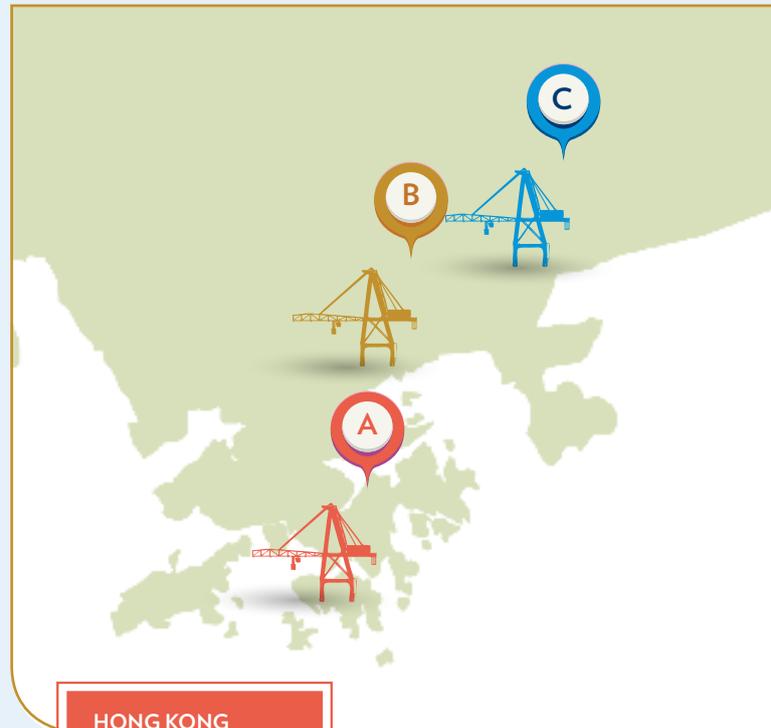
## ABOUT HPH TRUST

### HPH TRUST PROFILE

HPH Trust is the first publicly traded container port business trust in the world. It was listed on the Main Board of the SGX in March 2011, and in early 2012 became the first entity to launch dual-currency trading for its units on SGX. The Trust was admitted into the Straits Times Index on 3 April 2013, and is one of the top 30 companies on the SGX Main Board.

The mandate of the Trust is principally to invest in, develop, operate and manage deep-water container ports in Guangdong Province in China, as well as in Hong Kong and Macau (collectively known as the “Pearl River Delta”).

HPH Trust operates Hongkong International Terminals (“HIT”), COSCO-HIT Terminals (“COSCO-HIT”) and Asia Container Terminals (“ACT”) in Hong Kong, and Yantian International Container Terminals (“YANTIAN”) and Huizhou International Container Terminals (“HICT”) in China. Upon the completion of the two additional berths at West Port Phase II in January 2018, HPH Trust operates 38 berths across 647 hectares of land. In 2017, the Trust delivered a combined throughput of approximately 24.3 million TEU.



#### HONG KONG

- HIT
- COSCO-HIT
- ACT

A

#### SHENZHEN

- YANTIAN Phases I & II
- YANTIAN Phase III & YANTIAN Phase III Expansion
- West Port Phases I & II

B

#### HUIZHOU

- HICT

C



## ABOUT HPH TRUST

### HPH TRUST PROFILE



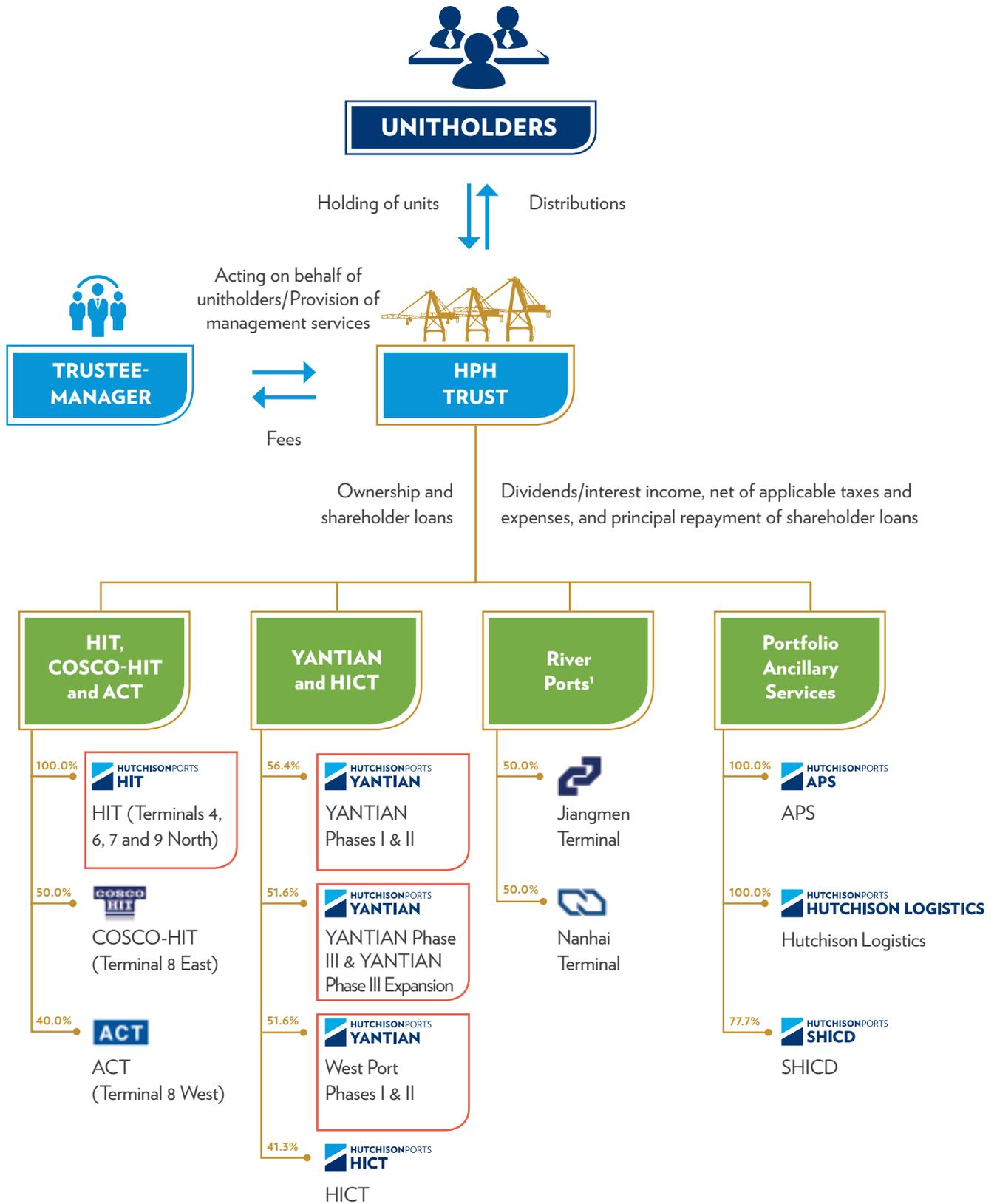
The core port operations of the Trust are complemented by river port facilities and ancillary services, which aim to provide customers with seamless supply chain solutions for imports and exports. HPH Trust holds economic benefits (“River Ports Economic Benefits”) in two river ports in China: Jiangmen International Container Terminals (“Jiangmen Terminal”) and Nanhai International Container Terminals (“Nanhai Terminal”). Collectively, they are known as the “River Ports”. HPH Trust also operates ancillary services via Asia Port Services Limited (“APS”), operator of one of the largest fleets of dedicated barges in Hong Kong; HPH E.Commerce Limited (“Hutchison Logistics”), a provider of supply chain solutions across rail, sea and land networks; and Shenzhen Hutchison Inland Container Depots Co., Limited (“SHICD”), operator of an inland container depot and warehouse in Shenzhen.

The Trust is managed by Hutchison Port Holdings Management Pte. Limited (“Trustee-Manager”), an indirect wholly owned subsidiary of CK Hutchison Holdings Limited (“CKHH”). The Trustee-Manager has dual responsibilities in safeguarding the interests of unitholders and managing the businesses of HPH Trust. The Board of Directors of the Trustee-Manager consists of individuals with a broad range of commercial experience and expertise in the port industry.

This sustainability report focuses on our port operations at HIT and YANTIAN, which are our majority-owned terminals and core businesses, representing around 85% of the total throughput handled by the Trust.

<sup>1</sup> The River Ports Economic Benefits represent the economic interest and benefits of the River Ports – including all dividends and any other distributions or other monies payable to HPH or any of its subsidiaries in its capacity as a shareholder of the relevant holding company of the River Ports arising from the profits attributable to the business of the River Ports and all sale or disposal proceeds derived from such businesses, assets, rights and/or liabilities constituting any part of the business of the River Ports as agreed with HPH and any of its subsidiaries.

ABOUT HPH TRUST  
CORPORATE STRUCTURE



<sup>1</sup> HPH Trust holds River Ports Economic Benefits, but not the shares of the River Ports' holding companies.

Denotes terminals included in the scope of this report

ABOUT HPH TRUST  
PORTFOLIO OVERVIEW

HIT

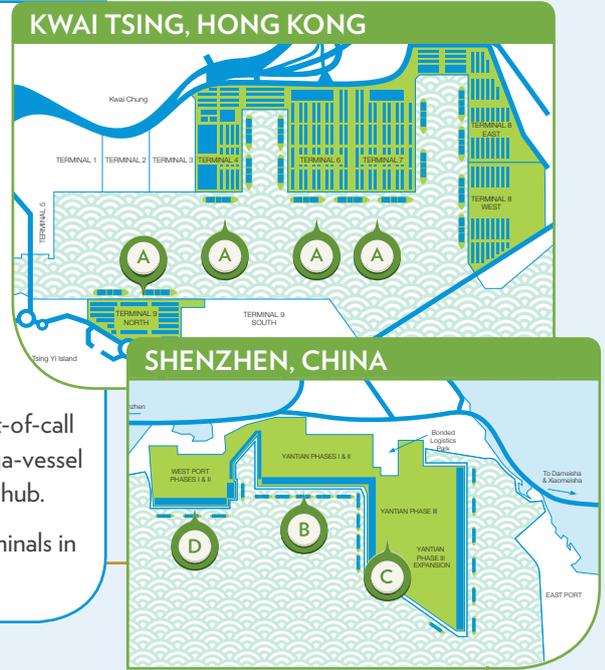
HIT, as a stand-alone terminal operator, operates 12 of the 24 deep-water berths located in Kwai Tsing, Hong Kong. A co-management arrangement between HIT, COSCO-HIT and ACT further allows for optimal flexibility in berth and yard planning, and resource deployment across all HPH Trust Hong Kong terminals, covering a total of 16 berths.

This report focuses on HIT operations as these are our majority-owned terminals in Hong Kong.

YANTIAN

YANTIAN, as the sole terminal operator in eastern Shenzhen, is the preferred port-of-call for mega-vessels in South China. Its natural deep-water berths and exemplary mega-vessel handling capabilities are key features contributing to its reputation as a world-class hub.

This report focuses on YANTIAN operations as these are our majority-owned terminals in Shenzhen, China.



**A** HIT

- 100% ownership
- 12 container berths across Terminals 4, 6, 7 and 9 North, with a combined land area of 111 hectares

**B** YANTIAN Phases I & II

- Effective interest: 56.4%
- 5 container berths, with a combined land area of 130 hectares

**C** YANTIAN Phase III and YANTIAN Phase III Expansion

- Effective interest: 51.6%
- 11 container berths, with a combined land area of 226 hectares

**D** West Port Phases I & II

- Effective interest: 51.6%
- 1 container berth at West Port Phase I, with an area of 17 hectares
- 3 container berths at West Port Phase II in operation, 2 of which have only been in operation since January 2018, with a combined land area of 44 hectares



AROUND  
**3,800#**

EMPLOYEES AND

**7,500#**

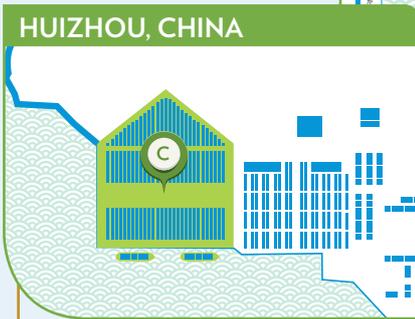
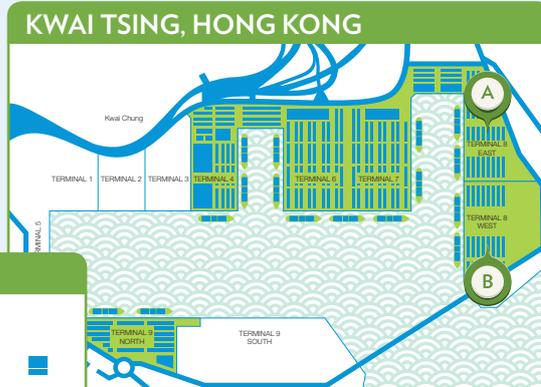
EXTERNAL CONTRACTOR WORKERS ON-SITE DAILY

\* Total container berths increased from 30 to 32 following the addition of two berths at West Port Phase II in January 2018

# Approximate figures

Figures as at 31 December 2017

ABOUT HPH TRUST  
PORTFOLIO OVERVIEW



OTHER BUSINESS UNITS UNDER  
HPH TRUST (NOT INCLUDED IN  
THE SCOPE OF THIS REPORT)

The Trust portfolio of assets also includes COSCO-HIT, ACT and HICT. These business units are not considered within the scope of this report as they are not majority owned by the Trust.

**A COSCO-HIT**

- 50/50 joint venture with COSCO SHIPPING Ports Limited (“COSCO SHIPPING Ports”)
- 2 container berths at Terminal 8 East, with a combined land area of 30 hectares

**B ACT**

- Strategic partnership between HPH Trust and COSCO SHIPPING Ports, with stakes of 40% and 60% respectively
- 2 container berths at Terminal 8 West, with a combined land area of 29 hectares

**C HICT**

- Effective interest: 41.3%
- 2 container berths with a combined land area of 60 hectares



# Approximate figures  
Figures as at 31 December 2017

## ABOUT HPH TRUST

### MISSION AND PRINCIPLES

HPH Trust adopted the core values of UNITY from HPH which include: Unrivalled standards, Network strength, Informed decisions, Trusted and honest, and Your partners. We strive to be one of the world’s leading container terminal operators, through our excellence in customer service, teamwork and innovation.

We communicate these core values and principles of conduct to all staff members of the Trust, and with our partners. Our values are integrated into our process and controls, and reflected in our general performance appraisals.

We aim to:



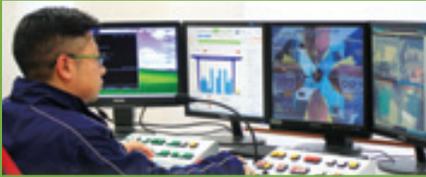
**CUSTOMERS**

- Put our customers first
- Listen proactively
- Win our customers’ trust with our sincerity and reliable service
- Provide excellent customer service




**TEAMWORK**

- Share the same goals
- Work together as one
- Respect and accommodate others
- Support and encourage each other

**INNOVATION**

- Be open-minded
- Draw on our collective wisdom
- Boldly innovate
- Open up new frontiers



### GOVERNANCE

The Trustee-Manager strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the HPH Trust group of companies as it believes that effective corporate governance practices are fundamental to safeguarding interests of unitholders and other stakeholders and enhancing unitholder value.

The Exco (“Management”) of the Trust is responsible for the daily operations of the HPH Trust group. It includes heads of business units, and key functional heads of the Operations, Engineering, Commercial and Human Resources.

The Board, which is accountable to unitholders for the long-term performance of HPH Trust, is responsible for directing the strategic objectives and overseeing the management of HPH Trust business. Directors are charged with the task of promoting the success of HPH Trust and making decisions in the best interests of HPH Trust with due consideration on sustainability issues.

Hi everybody! I’m Nannan, the mascot of the corporate culture at HPH Trust. I represent and promote these values across our operations and to all our staff.



## ABOUT HPH TRUST

The Board has established a framework for the management of HPH Trust, putting in place all relevant risk management and internal control systems review assessment and reporting processes.

For further information on our corporate governance, principles and practices, see pages 42–59 of the Annual Report 2017.

### MANAGING RISK

The Trustee-Manager regularly reviews the business and operational activities to identify areas of significant business risk, assess how those risks are being managed, and take appropriate measures to control and mitigate them.

HPH Trust has adopted an Enterprise Risk Management framework, consistent with the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) framework, that facilitates a systematic approach to managing risks within the Trust. The COSO-compliant framework, coupled with a strong internal control environment, enables the Trust to effectively manage the risks it faces, be they strategic, financial, operational or compliance.

### SUPPLY CHAIN

Although our terminals use heavy equipment to support container handling operations, a front-line labour force, which includes employees and external contractor workers, is still required. Key front-line roles include equipment operators, stevedores, truck drivers, and maintenance team personnel working at berths and in the container yard areas.

We select external contractors according to the trade or skills required, or to complement the internal labour force during busy times. We source external contractors locally, except when we need contractors with specialised skills and knowledge that is not available locally to support maintenance and engineering projects.

External contractors form a significant portion of our workforce: we work with more than 7,500 external contractor workers in delivering front-line services at HIT and YANTIAN, such as internal trucking, stevedoring, equipment operation and security.

Our maintenance teams are typically supported by three local companies. Working with user departments, the Procurement and Stores department conducts periodic pricing and performance reviews for all external contractors, at the same time ensuring that sound labour practices are being applied and the contracts in place reflect market prices.

The Trust has comprehensive internal controls to ensure it is following fair and equitable procurement processes. We clearly and properly communicate tender processes, and select suppliers based on specific criteria – such as experience, quality, price competitiveness and the ability to meet stated project requirements. We procure major equipment such as quay cranes and yard cranes mainly from China. The Trust has worked in partnership with crane suppliers to design and construct our cranes, adapting the technology to our operating needs.

### SUSTAINABILITY MANAGEMENT

The Trust, led by the Chief Executive Officer (“CEO”) and overseen by the Board of Directors, is responsible for driving sustainability performance. At an operational level, the Operations, Engineering, Human Resources, and Commercial functions manage, implement and monitor the effectiveness of the approach.

### FUTURE PLANS AND TARGETS

The SSC at HPH Trust, chaired by the CEO, regularly brings together heads of Trust business units and key functional areas to ensure strategic alignment on major decisions, co-ordination and knowledge-sharing at a senior level. Its key agenda is to set short-term and long-term sustainability targets against material sustainability topics. Going forward, the annual sustainability report of the Trust will focus on measuring performance and progress towards these goals.

## ENGAGING STAKEHOLDERS

The Trust undertakes various activities throughout the year to foster strong and dynamic professional relationships with different stakeholder groups. We are committed to ensuring effective and transparent stakeholder interactions; to better addressing and understanding specific stakeholder concerns; and to making business decisions that create the most sustainable value for all.



Stakeholder groups	How we engage	Key topics in 2017
Unitholders & Investors	Announcements, reports, conference calls, meetings and terminal visits	Unit price, redevelopment opportunities for Hong Kong port, the impact of regulations and policy updates
Employees	New employee orientation, training, bulletins, notices, meetings, surveys, company intranet, townhall briefings, team briefings and staff magazines	Career prospects, shift duty requirements, safety, communication, working environment, compensation and benefits, general operational and financial performance
External Contractors & Suppliers	Induction, training, bulletins, notices, meetings, surveys and reviews	Safety, contractor compensation and benefits
Government	Meetings, calls, discussions and terminal visits	Compliance, best practices and regulations
Customers	Events, brochures, meetings, calls, terminal visits, workshops, news releases and Customer Plus mobile app	Optimising terminal performance, process improvements, digitalisation, and sales and marketing efforts across HPH Trust terminals
People & Communities	Announcements, terminal visits, education and internship programmes, environment and community services	Training programmes and internships for students, community and environmental engagement
Port Users	Induction, bulletins and managing terminal operations	Safety, efficiency and new procedures
Media	Press briefings and press releases	Key vessel calls, launch of remote operations system, redevelopment opportunities for Hong Kong port

The Trust responds to stakeholders as part of ongoing engagement and discussions. In 2017, specific actions included developing road maps, conducting dedicated research, holding meetings, and planning for this sustainability report which focuses on topics that are important to our stakeholders.

## RESPONSIBLE BUSINESS



HPH Trust has adopted a comprehensive approach to building a long-term business by investing in facilities, people and technology. We are committed to continuously improving corporate governance practices and instilling an ethical corporate culture that supports our goals.

### ANTI-BRIBERY AND ANTI-CORRUPTION

HPH Trust ensures compliance with relevant ABAC legislation across all our business units. As part of this effort, we require all our companies to provide formal ABAC compliance training every two years, to all managers, supervising personnel and other selected individuals from departments such as Human Resources, Commercial and Procurement and Stores. Department heads must also ensure that all relevant employees receive this training.

HIT has its own ABAC Policy and Code of Conduct incorporated into its Internal Control Manual which can be accessed via its intranet. Each employee also receives a staff handbook, which highlighted the

important policies and summarised certain required behaviours according to the Code of Conduct. All new joiners participate in an ABAC briefing as part of their orientation programme, and employees are reminded at monthly team briefings of the company's guidelines on accepting "seasonal gifts". The Human Resources department is responsible for staff ABAC compliance training, which includes arranging tailored seminars conducted by the Hong Kong Independent Commission Against Corruption, monitoring completion rates and keeping training records.

The Integrity Management Policy of YANTIAN is aligned with the approach of HPH Trust. All new joiners are briefed on ABAC as part of their orientation programme, and the Human Resources department oversees and monitors ABAC compliance training.

Senior and middle management also receive annual Integrity Management Policy training through the YANTIAN e-Learning portal. A small group of front-line staff members, nominated by their respective supervisors, also receive this training, and relevant employees and suppliers receive a reminder of the ABAC policy before all major festivals. The Finance and Legal department of YANTIAN is responsible for integrity management and undertakes internal audits to ensure compliance.

### 2017 ABAC Compliance Training Figures<sup>1</sup>



**100%**  
Managers & Controllers  
373 completed



**7%**  
Front-line<sup>2</sup>  
204 completed

<sup>1</sup> Training is conducted once every two years. Figures shown include HIT and YANTIAN, as per reporting scope.

<sup>2</sup> All managers, supervisory personnel and selected individuals from departments such as Procurement and Stores, Commercial and Human Resources receive ABAC compliance training. The majority of staff members in front-line operations, including yard crane operators, quay crane operators and others such as control room personnel, are not required to take ABAC compliance training.

## RESPONSIBLE BUSINESS

### RESPECTING OUR PEOPLE

The Trust is committed to complying with all relevant labour laws, and to ensuring there is no child labour or forced labour in our workforce. HIT and YANTIAN are not aware of any breach in local labour regulations, and have not recorded any known violations of child or forced labour laws. Where applicable, supplier contracts include an explicit clause requesting that they comply with these same laws when managing their own employees.

The Trust does not have explicit wording in our current policies regarding no child labour or forced labour, as this is already a statutory requirement. However, to explicitly state our position, we are currently introducing wording to this effect in our internal control policy, and will ensure that this policy change is adopted in 2018.



### OPERATIONAL EXCELLENCE AND INNOVATION

At HPH Trust, diligence, reliability and cost-efficient front-line management are the keys to operational excellence. To maintain these high standards, drive innovation and advance operational efficiency, the Operations Development teams at HIT and YANTIAN define key performance indicators (“KPIs”) and set operational targets. The relevant teams monitor these KPIs daily and track performance for review in weekly management meetings.

Our terminals stepped up their operational efficiency during the year by adopting new technology and continuing to improve processes. A full review of our operational advances in 2017 is available on pages 24–26 of the Annual Report 2017.

#### 2017 Operational Highlights

##### Co-management Gains

Successfully implementing the co-management of front-line operations across all 16 berths at five terminals at Kwai Tsing, and enabling seamless allocation of vessels to minimise berthing delays and inter-terminal transfers while optimising yard usage.

##### Modernising Facilities

Investing in modern equipment and facilities, including adding new-generation cranes at YANTIAN to complement the existing equipment fleet, progressively converting conventional manual RTGCs to a remote-controlled operation at HIT CT9 North, dredging alongside berths at HIT and further enhancing capabilities to serve mega-vessels.

##### System Upgrades

Continuing the Autogate Phase II project at YANTIAN, eliminating manual inspections and easing heavy traffic flow in the terminal. Also launching a Mobile Equipment and Vehicle Monitoring System to track the movement of all mobile equipment in real time and allow the terminals to address issues such as speeding, idling and routing of trucks to increase productivity.

##### Service Expansions

Growing a multi-modular feeder network by sea, rail and land to expedite cargo transfer within the Pearl River Delta and to key hinterland areas.

## RESPONSIBLE BUSINESS

In 2017, YANTIAN set the following operational benchmarks:

- Five container handling records were recognised by the Container Branch of the China Ports and Harbours Association, including handling more than 100 containers per hour for a single vessel.
- Handling a peak day throughput of 77,829 TEU, 9% more than the figure for 2016.
- Handling 29,584 gate moves in peak day, a 9.4% increase over 2016.

We are confident that our operational excellence, and continued investments in people, infrastructure, technology and equipment, will continue to strengthen our business fundamentals. These qualities will continue to enhance the Trust's flexibility and ability to better navigate the ever-changing dynamics of the global shipping industry and enable us to respond swiftly to new opportunities and challenges.

### CUSTOMER SERVICE

HPH Trust is a member of one of the world's leading port networks of CKHH. We strive to deliver reliable and efficient service to our customers. Our service excellence has continued to garner us industry awards year after year, and a strong focus on customer service helps us maintain this hard-earned reputation.

The Customer Service teams within the HIT and YANTIAN Commercial departments work towards providing a one-stop service point for our customers. These teams find solutions to help customers solve problems, and they initiate joint marketing efforts for HPH Trust ports to maximise business value. They also conduct regular reviews with customers to assess terminal performance and ensure that service delivery is meeting customers' expectations. The commitment to forging strategic bonds with different stakeholders along the supply chain, such as by holding discussion forums and sharing updates of local regulations with key shippers and customers, has enabled HPH Trust to capitalise on opportunities and promote sustainable growth in the industry.

The Customer Service teams also manage ongoing engagement with customers, conduct periodic meetings, form solid relationships and discuss all aspects of service. Through meetings and with the support of relevant operations staff members, these teams work with customers to optimise solutions, sometimes recommending changes in the customers' own practices to improve overall efficiency for all parties. They also collaborate with customers to capitalise on technology, and improve business and data transparency.

To ensure high-quality service delivery, the members of these teams respond to feedback individually. In 2017, we received feedback from major customers about vessel turnaround times at HIT. For YANTIAN, the main comments were related to the availability of berths on arrival and customs inspection processes.

## RESPONSIBLE BUSINESS

HIT – customer concerns & responses

### IMPROVING THE TURNAROUND TIME OF BARGES AND VESSELS

We are enhancing productivity and mega-vessel handling capacity through a terminal co-management approach and infrastructure upgrade. We collaborate with shipping lines to improve sailing schedule forecasts and transshipment pre-declarations, and collaborate with barge operators and Pearl River Delta ports to improve sharing and data exchange relating to operational information such as barge sailing schedules and berthing locations. Barge bookings have been streamlined through an enhanced Common Barge Platform, a common IT platform with mobile applications launched to simplify barge scheduling updates and reporting.

### ORGANISING JOINT EVENTS TO OPTIMISE BUSINESS OPPORTUNITIES

HIT collaborates with shipping lines, barge operators and end users to organise joint events for marketing purposes, facilitate shipping information exchanges and strengthen Hong Kong's position as one of the leading transshipment hubs and inbound gateways. Through maintaining close bonds and active dialogues with its stakeholders, HIT is able to better address future challenges by catering to the ever-changing needs of its customers.

### MINIMISING HUMAN ERROR & STREAMLINING OPERATIONAL FLOW

HIT works to minimise human error and streamline operations by putting necessary procedures in place and continuing the digitalisation of its operations. This includes digitalising the shipment process by promoting Electronic Release Orders, and improving the visibility of operations through the Customer Plus mobile application.

YANTIAN – customer concerns & responses

### HIGH EXPECTATIONS OF BERTH ON ARRIVAL

Carriers have high expectations that YANTIAN will assist them in meeting vessel schedules. YANTIAN achieves a high rate of Berth on Arrival, even when the vessel fails to arrive on schedule.

### SIMPLIFYING RELEASE PROCEDURE FOR EMPTY CONTAINERS

Shortening the turnaround time of empty containers is always a key concern for carriers. The lack of empty containers during peak seasons is an ongoing concern they raise. We will continue to review the process with designated government departments, looking for areas of improvement.

### EVALUATING OUT-OF-GAUGE AND BREAK-BULK CARGO HANDLING CAPACITY

As the demand for out-of-gauge and break-bulk cargoes keeps growing, special operational and stacking requirements are applied to cargoes. We will continue to review our internal resources and processes in terms of safety and efficiency.

### STREAMLINING CUSTOMS AND QUARANTINE INSPECTION PROCEDURE

There are instances where export containers miss the vessel schedule due to Customs / China Entry-Exit inspection and Quarantine inspection. We will keep communicating with the relevant departments to expedite the process and improve our inspection resources.

## GOING FORWARD

Going forward, the sustainability reports of HPH Trust will focus on progress towards the sustainability targets.

We will continue to support our ABAC initiatives through training and education, and will investigate and follow up on any reported cases of non-compliance.

The Trust will formally issue a policy update in 2018 to reflect our position against the use of child labour and forced labour.

The Trust will also formalise the procedure for following up on and addressing customer feedback across our operations.

## RESPONSIBLE EMPLOYER



Our employees are the driving force of our achievements. We are devoted to developing home-grown expertise to maintain our competitive edge. We believe that investing in people is the key to the long-term success of the Trust.

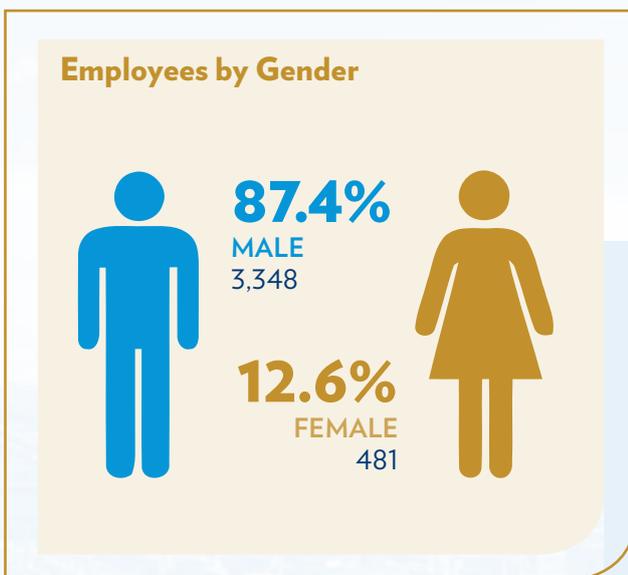
### WORKFORCE

Our workforce is made up of mostly permanent full-time workers. There are no part-time or temporary workers at YANTIAN. At HIT, there were only 25 temporary or part-time employees as of 31 December 2017 (18 male and seven female). The number of permanent staff members is set out in the diagrams below. We aim to hire new staff members during non-peak periods to allow for training in preparation for peak times. However, there has not been significant change in the number of staff members over the course of the year.

Every employee receives an introduction to relevant employment-related policies and guidelines during his/her staff orientation. The Human Resources departments at HIT and YANTIAN, with the support of line management, are responsible for managing employee recruitment, training, welfare, development, performance, benefits and remuneration.

We conduct regular internal audits to ensure that these policies and procedures are being closely enforced. The Operations departments at HIT and YANTIAN are responsible for monitoring the on-site working conditions of external contractor workers, and checking their employers are providing the expected remuneration and welfare.

Due to the 24/7 nature of our business, it is necessary for staff members to work in shifts. During 2017, engagement with employees at HIT found that career prospects and the need to perform shift duties were major concerns among staff members. Feedback from the recruitment process supports these findings, indicating that new candidates and graduates are looking for positions with a fast-track for career development and are reluctant to take up jobs that involve shift duties. Staff satisfaction is very important to our operations and in response to these concerns, HIT developed a career road map with detailed advancement steps, then presented and explained it to staff members. We will conduct more studies of shift patterns to continue to address these concerns.



## RESPONSIBLE EMPLOYER

YANTIAN labour union was established in 2007. YANTIAN management team and Labour Union representatives worked closely together over the past decade to improve communication regarding key staff matters, including any issues related to remuneration and benefits. In 2018, as in previous years, YANTIAN management and labour union representatives will negotiate a revised standard of remuneration and benefits, and both parties will sign the final remuneration agreement.

### EMPLOYEE BENEFITS

HIT and YANTIAN are committed to ensuring compliance with relevant local legal requirements on labour practices, and there were no reported incidents of non-compliance in 2017.

HIT provides employees' compensation, parental leave, annual leave, sick leave and Mandatory Provident Fund contributions for full- and part-time employees. Full-time permanent employees also have the option to choose the Occupational Retirement Schemes. All employees also have access to the employee assistance programme run by the company, which provides support during any personal, family or work-related difficulties.

Full-time permanent employees also receive group life, total permanent disability and medical insurance; and are entitled to apply for a Compass Visa credit card, which provides discounts at certain retail outlets.

The remuneration and benefits policies of YANTIAN apply to all employees at the terminal, though benefit entitlement varies according to different grades of employment. Benefits provided include those required by local government, such as social security fund (pension fund, medical, unemployment, employment injury and maternity insurance) and public housing fund. We also provide workers' compensation, enterprise annuity (supplementary pension), group life and accident insurance, death benefits, annual physical check-ups, parental leave, annual leave and sick leave. Furthermore, YANTIAN participates in government-aided rental scheme which benefited over 300 staff members, and offer local residency transfers to Shenzhen.

Reflecting local practice, YANTIAN also provides festive gifts, meal subsidies and child study sponsorship for all staff members.

HIT and YANTIAN both provide a company bus service, sports facilities and an on-site canteen with employee discounts.

### RECRUITMENT AND RETENTION

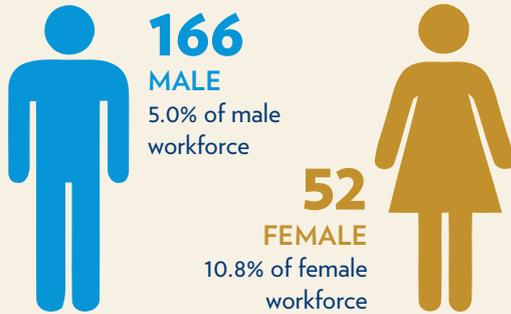
Recruiting and retaining employees is a central focus for the Human Resources departments at HIT and YANTIAN. We have introduced different programmes, such as HIT's Start Your Journey@Port programme, to attract diverse types of targeted candidates to join the port industry. We conduct career talks at universities and continuing education programmes, and we participate in relevant job fairs. The Staff Referral programme is another channel for hiring people into different positions within the Operations and Engineering departments.



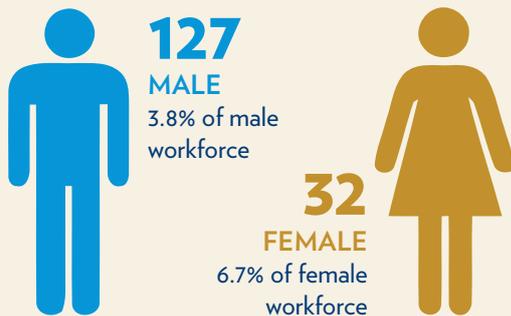
RESPONSIBLE EMPLOYER

Turnover and New Hires by Gender

TURNOVER

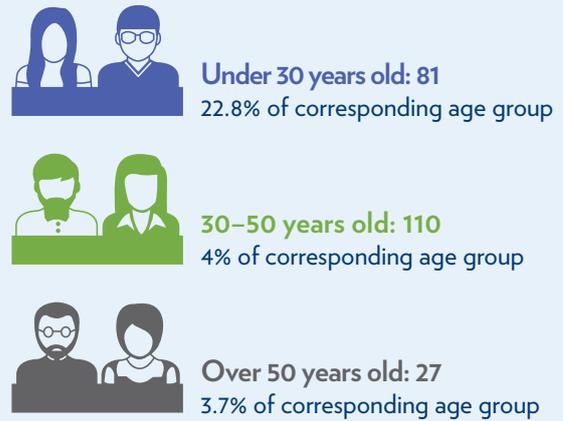


NEW HIRES

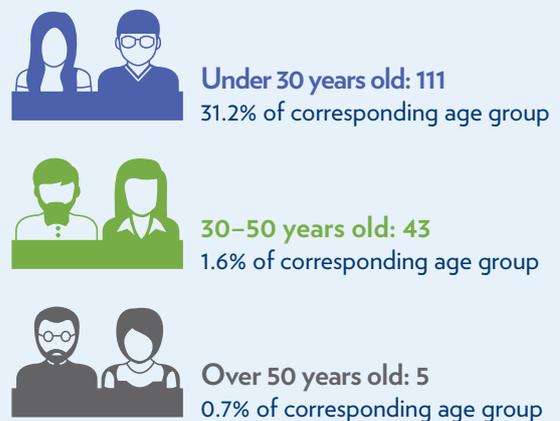


Turnover and New Hires by Age

TURNOVER



NEW HIRES



START YOUR JOURNEY@PORT PROGRAMME

Start Your Journey@Port is a HIT programme, developed in collaboration with Hong Kong Institute of Vocational Education (“IVE”) and the Hong Kong University School of Professional and Continuing Education (“HKU SPACE”). The programme offers scholarships to higher diploma students studying logistics and engineering, and an industrial placement internship programme offered to IVE engineering students. HIT also initiated a 24-month Graduate Trainee Development Programme (July 2015-17) for university graduates, with the goal to develop home-grown young talent for its leadership pipeline.

## RESPONSIBLE EMPLOYER

### TRAINING AND DEVELOPMENT

We are committed to providing resources that support our staff members' continuing education. This ensures that they are equipped with the relevant knowledge and skills they need to build a competent workforce that meets our business needs.

All of the Trust employees undertake regular performance and career development reviews. In 2017, all staff at HIT and YANTIAN completed their performance reviews.

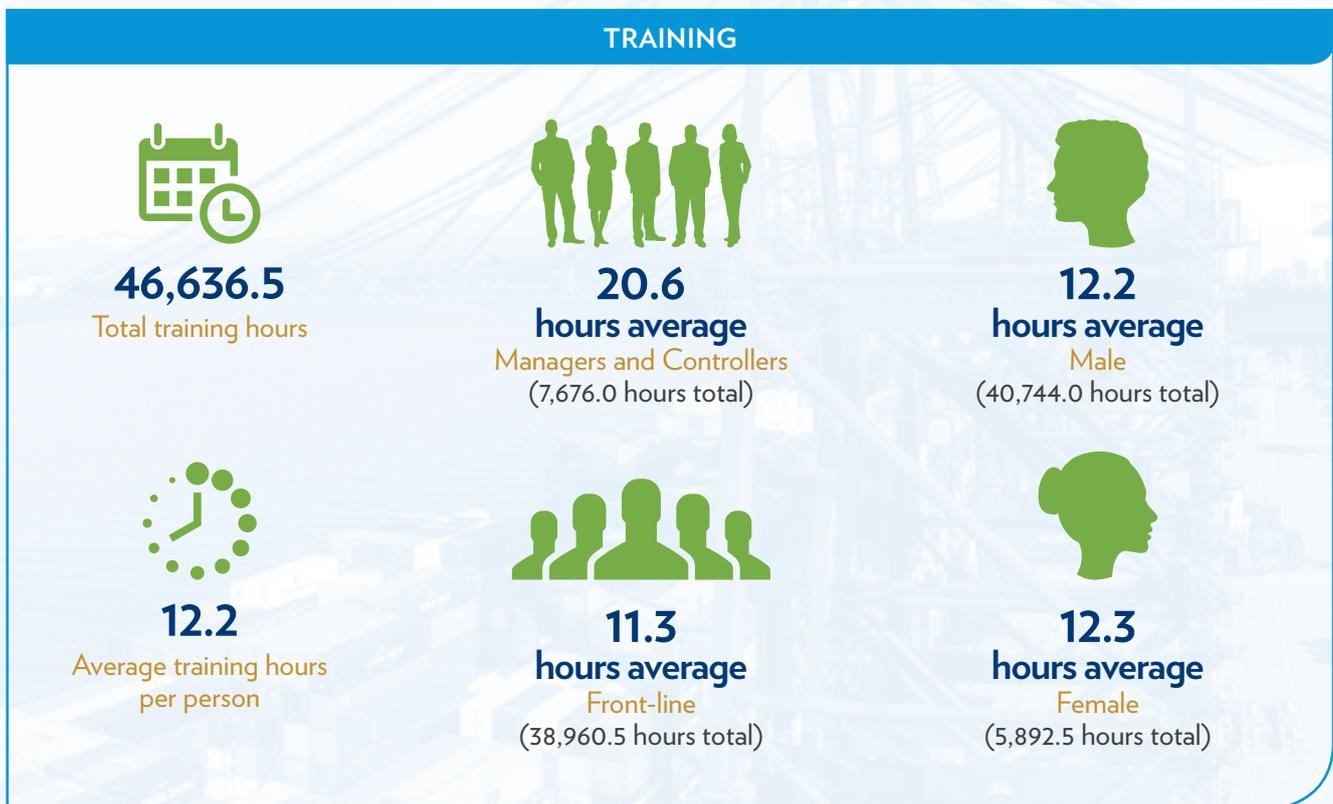
We offer needs-based training to enhance employees' workplace competence, uplift their skills and help them advance their careers with us. The training we offer includes:

- orientation for new staff members
- general topics, such as personal effectiveness, languages, soft skills and time management
- technical skills and safety

- management skills, such as situational leadership and team leadership
- compliance, such as ABAC, competition law and our Code of Conduct.

We identify training requirements through understanding our business needs, and for individual staff members, through the performance appraisal process. The Human Resources departments at both HIT and YANTIAN work in collaboration with other department heads to identify and follow up on addressing training needs.

YANTIAN implements its own Training Management Policy and offers a Learning Management System to provide computer-based training courses. It also offers several talent development and transition assistance programmes, including a Duty Manager Trainee programme, a Commercial Trainee programme, a Learning Assistance programme, and training courses provided by the Yantian District Government.



Figures shown include HIT and YANTIAN as per reporting scope  
For the year 2017

## RESPONSIBLE EMPLOYER

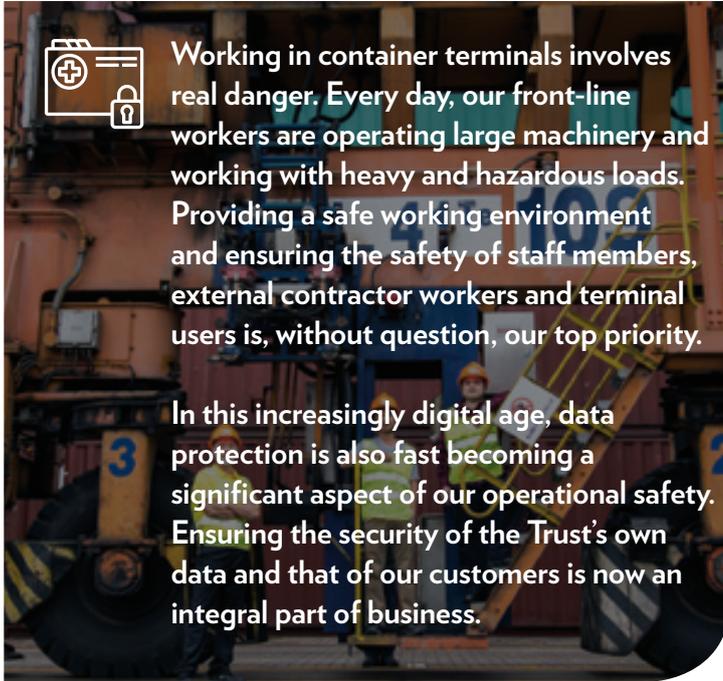
## GOING FORWARD

The Trust will continue to require all permanent staff members to complete performance reviews, with figures to be reported in the next report. In the future, the Trust will also continue to explore new operating modes and shift arrangements, while balancing operating costs, to provide an ideal working environment. The Trust will also continue to provide tailor-made and job-specific training programmes to develop staff for specific roles (for example, for new supervisors and duty managers).

It is recognised that operators of remote-controlled RTGCs require a different skill set due to change in operating mode. This provides an opportunity for HPH Trust to expand the range of skills sought when recruiting, and to develop the skills of existing employees.



## SAFETY AND SECURITY



Working in container terminals involves real danger. Every day, our front-line workers are operating large machinery and working with heavy and hazardous loads. Providing a safe working environment and ensuring the safety of staff members, external contractor workers and terminal users is, without question, our top priority.

In this increasingly digital age, data protection is also fast becoming a significant aspect of our operational safety. Ensuring the security of the Trust's own data and that of our customers is now an integral part of business.

### SAFETY POLICIES AND RISK MANAGEMENT

The ultimate goal of the Trust is to achieve zero serious injuries and accidents. HIT and YANTIAN both have established safety policies and safety management systems in accordance with local laws and regulations. In 2017, we had zero reported incidents of non-compliance with safety laws and regulations.

Senior executives and worker representation through front-line supervisors make up the Safety and Health committees at HIT and YANTIAN. These committees hold regular meetings to review and discuss any safety risks the terminals are facing or could potentially face, and the measures that need to be undertaken to mitigate these risks and oversee safe operations. Functional departments are responsible for incorporating and communicating these practices in their training and operations, and raising staff awareness about operational safety.

We carry out annual safety audits to ensure safety procedures are being followed. The Occupational Safety and Health Council ("OSHC") audited HIT in May 2017 to assess the efficiency, effectiveness and reliability of its Safety Management System. During 2017, HIT also received the prestigious Continual Improvement Safety Programme Recognition of System Level 3 Certificate from OSHC.

In 2017, YANTIAN obtained a Level 1 Certificate for the Standardisation of Enterprise Transportation Safety and Construction for Dangerous Goods Operations at Ports, from the Ministry of Transport of China. In addition, both HIT and YANTIAN have received ISO 14001:2015 Environmental Management System certification.

Safety risk management includes being prepared for emergencies, which also ensures operational continuity. HIT and YANTIAN have developed their own emergency response plans detailing responsibilities and procedures for managing different types of emergencies. Both terminals also conduct emergency drills throughout the year: HIT and YANTIAN conducted 93 drills in 2017, with scenarios ranging from firefighting and fire evacuation to gas leakage, chemical leakage, and the handling of emergency situations caused by extreme weather.



## SAFETY AND SECURITY



## ENGAGING ON SAFETY

Enhancing a culture of employee safety plays a critical role in ensuring the safety of all staff members.

HIT has workshops targeting different types of audience, focusing on staff members who were previously involved with unsafe practices, with the aim of raising staff awareness of and alertness around safety matters. HIT has also placed slogans and posters around its buildings and in yard areas to promote occupational safety and health among staff members. HIT also published booklets to raise awareness about safety for front-line workers.

YANTIAN conducted a safety training programme on national security laws in China, fire safety and occupational health, to raise awareness among more than 50 new staff members about sources of danger, occupational hazards and the correct use of safety equipment. YANTIAN also provides refresher training each year; in 2017, more than 5,000 staff members took part in re-training courses on national safety laws, regulations and emergency responses.

A significant number of external contractor workers perform activities within our terminals, and it is our responsibility to make sure our safe working environment extends beyond our employees to include them. As such, it is critical that we communicate the importance of safety at our operations to these external contractor workers when we engage them.

In 2017, more than 2,000 external contractor workers attended a safety training workshop conducted by YANTIAN that reinforced national safety laws and regulations, and reviewed accident cases in the region. YANTIAN also organised a safety operations management meeting with external contractor workers to raise awareness about risks in the terminal area, with an emphasis on safety as the first priority of the terminal's operations.

June 2017 was the 16th National Safe Production Month in China, and the theme for the year was "Full implementation of enterprises' responsibility on safety". YANTIAN organised a series of activities to mark the occasion, including lectures on natural disasters, fire evacuation drills and experiential personal safety exercises (such as artificial respiration). These activities, acknowledged by the local authorities, attracted the participation of around 5,500 staff members and external contractor workers.

## SAFETY EQUIPMENT

All staff members, based on their job needs, receive personal protection equipment in accordance with local laws and regulations. The equipment protects them from physical, chemical and biological hazards, and may include reflective vests, safety ropes, safety helmets, safety gloves and safety boots, respirators and chemical protection suits.

Raising the bar on industry best practice, we strive to be prepared for any safety-related incidents by furnishing the terminals with additional safety equipment. YANTIAN, in particular, has safety-related equipment that includes two water and foam fire trucks, an ambulance, multi-functional gas detectors, infrared detectors and electrical protection equipment and other professional assistance equipment.

## SAFETY AND SECURITY

### SAFETY PERFORMANCE

Despite all our efforts in ensuring the safety of staff members and external contractor workers, we regret that we had two fatalities in 2017, both involving external contractors. One of these incidents occurred at the operations included within the scope of this report, where an external contractor worker supporting the Engineering team was fatally caught between a crane structure while replacing wire ropes during preventive maintenance. The joint investigation conducted by the company and the relevant authorities concluded that the case was an accident.

After the incident, HPH Trust business units immediately reviewed the wire rope replacement procedure, and revised and enhanced the risk assessment and safety monitoring mechanism – not only for the wire rope replacement work, but for all high-risk engineering activities. In addition, the crane involved, as well as other cranes of the same design, has been modified to prevent similar accidents. This modification included installing a separate maintenance platform that provides a safer environment for workers inspecting and replacing wire ropes.

#### SAFETY PERFORMANCE

**Injury incidence rate:** 7.3 per 1,000 employees

**Lost days frequency rate:** 98.6 per 1 million working hours

**Absentee rate:** 2,057.6 per 1 million working hours

Safety Performance (2017)	Overall	Male	Female
<b>Injury incidence rate (per 1,000 employees)</b>	<b>7.3</b>	<b>7.5</b>	<b>6.2</b>
<i>No. of minor injuries</i>	27	24	3
<i>No. of major injuries</i>	1	1	0
<b>Lost days frequency rate (per 1 million working hours)</b>	<b>98.6</b>	<b>111.1</b>	<b>11.6</b>
<i>No. of lost days</i>	810	798	12
<b>Absentee rate (per 1 million working hours)</b>	<b>2,057.6</b>	<b>1,947.8</b>	<b>2,819.4</b>
<i>No. of absent days</i>	16,904.2	13,984.7	2,919.5

## SAFETY AND SECURITY

### IT SYSTEMS AND DATA SECURITY

The Information Service departments at HIT and YANTIAN are responsible for ensuring the safety of data belonging to the Trust and to our customers. Both business units have been awarded ISO 27001:2013 certification for Information Security Management, and both implemented coherent and comprehensive suite of information security controls. We track information security performance monthly through KPIs, and monitor policy implementation through regular internal and external audits.

We also require that our partners and suppliers who have access to customer data have the best available internal security measures to protect against hacking.

We take confidentiality seriously, especially with regard to customer privacy and data. Neither HIT nor YANTIAN had any recorded breaches of customer privacy, loss of customer data, identified digital attack incidents or digital security breach incidents in 2017.



## SAFETY AND SECURITY

### GOING FORWARD

The Trust remains committed to supporting a culture of safety, and continues to strive for zero fatalities alongside year-on-year improvement in safety performance.

We will formalise our HPH Trust Safety and Security Committee in 2018, to co-ordinate and align our strategies and priorities with those of our functional safety workgroups, and facilitate better communication among the various HPH Trust terminals. We will continue to work with user departments to refine safety standards and set targets for the key trades where we source external contractors, and will track our performance against these standards. We will also evaluate our centralised safety induction training for new staff members and external contractor workers, to assess the cost and benefit of this approach.

HPH Trust will continue to participate in the Hutchison Ports Safety Committee, which covers 52 ports in 26 countries, sharing best practices, industry trends and case studies among the members of the network.

For our Hong Kong port operations, we will conduct a gap analysis to compare requirements under ISO 45001 – Occupational Health and Safety with our current operating standards. The goal is to adopt the same standard across all our terminals in Hong Kong, replacing the different safety management certifications we have obtained in the past.

We will seek to maintain the certification for our information management systems at HIT and YANTIAN, and will continue to protect our customers' data. In 2018, the annual emergency drill at YANTIAN will involve a cyberattack scenario, testing our backup plans, the efficiency of our internal recovery procedures, the effectiveness of related communications, and cross-department co-ordination and response. With a combination of technical and physical security controls, internal review and sound practices, our target is to work towards zero compromise of our critical IT infrastructure and zero loss or unauthorised access to customer data in our terminal operating system.



## THE ENVIRONMENT



HPH Trust is committed to proactively managing our environmental impacts and advocating for environmentally responsible practices among our business partners. The Trust will continue to uphold best practices in energy efficiency, pollution prevention, emissions reduction, operational sustainability and environmental protection.

China submitted its Intended Nationally Determined Contribution (“INDC”) to the United Nations Framework Convention on Climate Change in 2015. The INDC indicates that by 2030, China will have lowered its carbon dioxide emissions per unit of GDP by 60–65% compared to 2005 levels, and will have increased the share of non-fossil fuels in its primary energy consumption to around 20%. The Government of the Hong Kong SAR has also adopted a multi-pronged approach to reducing carbon emissions, and has committed to reducing carbon intensity by 50–60% of 2005 levels by 2020. We recognise that with operations in China and Hong Kong, we will play a part in helping achieve these commitments.

Our environmental commitments and actions are guided by publicly accessible environmental protection policies and ISO 14001–certified environmental management systems at HIT and YANTIAN. The HPH Trust Environmental Steering Committee consists of representatives from each business unit, and meets every quarter to review environmental management performance.

### ENERGY CONSERVATION

Operating heavy machinery in the terminals consumes a large amount of energy. We have identified gantry cranes and vehicles as the most energy- and fuel-intensive consumption sources. The Engineering teams at HIT and YANTIAN periodically measure energy consumption and report this information to the Management.

The Trust relies on technological advances and good operating practices to continually reduce our energy consumption and improve energy efficiency. Since 2008, it has been gradually replacing diesel-powered RTGCs with hybrid-powered RTGCs and eRTGCs. Both replacement types consume up to 50% less fuel than diesel-powered RTGCs.

In 2017, we replaced 14 diesel-powered RTGCs with hybrid-powered RTGCs. HIT and YANTIAN both had 2017 utilisation rate targets of 85–88% for eRTGCs. The measured eRTGC utilisation rate was approximately 90% for both HIT and YANTIAN, comfortably exceeding these targets.

Energy Consumption	FY2017
Natural gas	226,100,000 L*
Liquefied natural gas	10,044,230,000 L*
Petrol	637,318 L*
Diesel	37,396,555 L*
Liquified petroleum gas	285,113 Kg <sup>#</sup>
Purchased electricity	214,144,113 kWh <sup>®</sup>
<b>Total energy consumption</b>	<b>2,600,147 GJ<sup>&amp;</sup></b>
<b>Energy intensity</b>	<b>0.123 GJ/TEU</b>

\*L = Litre

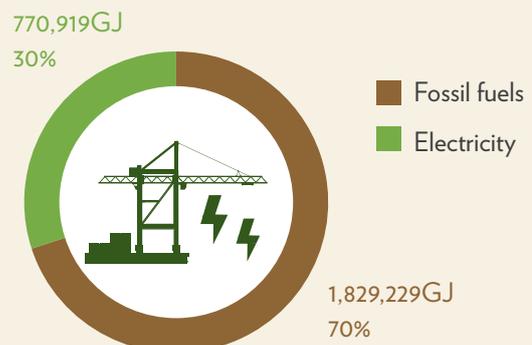
<sup>#</sup>Kg = Kilogram

<sup>®</sup>kWh = Kilowatt hour

<sup>&</sup>GJ = Gigajoule

Figures shown include HIT and YANTIAN as per reporting scope  
For the year 2017

### Energy Consumption



## THE ENVIRONMENT

We are also continuously replacing conventional lighting such as high-pressure sodium floodlights on RTGCs, light towers and quay cranes with energy-saving LED lights. In 2017, our energy-saving measures reduced our energy consumption by 6,658 gigajoules.

### CLEAN AIR

Tackling climate change requires us to reduce greenhouse gas (“GHG”) emissions and take steps to adapt to the changing climate so we can ensure business continuity. In addition to reducing our own GHG emissions, we believe we have a moral duty to help shipping line customers reduce their GHG emissions and comply with the standards of the increased regulations in this area.

The Engineering and Operations teams at HIT and YANTIAN are responsible for driving down the Trust’s carbon footprint. In 2017, actions taken to reduce our energy consumption also reduced our carbon emissions, helping us achieve an emissions intensity of 0.0136 tonnes of carbon dioxide equivalent (“CO<sub>2</sub>e”) per TEU. Emissions are calculated based on local standards\*\* where our business units operate.

### CLEAN ENGINES AND FUELS

YANTIAN is one of the first container terminal operators in China to use mobile onshore power systems, and currently has the largest shore power capacity in the country. Four sets of mobile onshore power systems with a total of 16 megavolt-amp

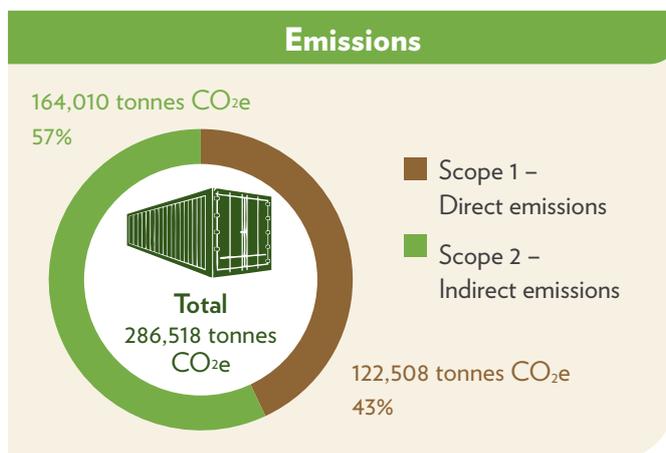
capacity provide shore power to 10 mega-vessel berths. When vessels connect to onshore power systems, they tap into the local electricity grid to power their needs instead of running their diesel engines, reducing engine noise and emissions. YANTIAN has provided shore power to numerous mega-vessels from international shipping lines including China COSCO Shipping, Evergreen Marine Corporation, CMA CGM Group and Yang Ming Marine Transport Corporation.

YANTIAN is also the first container terminal operator in China to deploy container tractors powered by LNG in its operations, running 340 LNG-powered tractors around the clock. Compared to diesel-powered container tractors with the same horsepower, LNG-powered tractors emit 82% less exhaust emission matter.

### GOING FORWARD

We are committed to identifying our major indirect sources of GHG emissions and setting procedures to reliably measure and report on them. We strive to strike a balance between saving energy, controlling emissions and cost-efficiency when identifying and piloting new technology. We evaluate the use of alternative and renewable energy based on its availability and cost, and whether our local operations can effectively adopt these energy sources.

Operations at YANTIAN were included in the 2017 roll-out of the national carbon trading scheme of China, and we are committed to achieving a 4% year-on-year reduction of CO<sub>2</sub>e emissions at YANTIAN. We will also continue to pursue our drive for efficiency across our operations, including by expanding shore power capacity at YANTIAN to support 13 mega-vessel berths, and continuing to upgrade equipment.



Figures shown include HIT and YANTIAN as per reporting scope For the year 2017

\*\* The follow standards were adopted:  
Hong Kong: Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)  
Shenzhen: Specification with guidance for quantification and reporting of the organisation’s greenhouse gas emissions (2012)

## COMMUNITY ENGAGEMENT



We are committed to supporting and contributing to the local communities where we operate. Our community activities involve nurturing the youth, supporting the elderly and providing opportunities for employment. A significant portion of the Trust's engagement with local communities is through our employee volunteering programmes.

### EDUCATION

We actively engage with schools, vocational institutions and universities to raise students' awareness of and interest in the port industry; to educate them about the specifics of the ports business through presentations and projects; and to provide internship and employment opportunities. Through these activities, we seek to help young people better understand the industry and inspire them to develop their career in this industry.

#### Third HIT Scholarship Award Presentation Ceremony

The third HIT Scholarship Award Presentation Ceremony recognised scholarship recipients from HKU SPACE and IVE.

HIT has integrated this scholarship into a pre-employment scheme that includes a three-month HIT placement and subsequent skills development. In 2017, more than 250 students joined terminal visits at HIT, while 160 students attended port-specific seminars as part of the Start Your Journey@Port programme.

#### Dock School Competition Certification Ceremony

HIT Managing Director Gerry Yim presented certificates and incentive awards to five winning teams in the Final Year Project Competition, part of the Dock School programme offered by HIT. More than 20 teams of IVE students entered the competition, each using a different container terminal as the focus of a project titled "Maritime Transport Management".

#### Young Entrepreneurs Development Council visits HIT

A group of 12 students from the Young Entrepreneurs Development Council ("YDC") visited HIT. HIT supports the Mind Way, My Way® Life Planning programme operated by the YDC, which aims to raise students' awareness of and interest in science, technology, engineering and mathematics subjects. In addition to the terminal visit, Lawrence Li, Head of Information Services at HIT, shared with students various aspects of the terminal's systems.

#### Summer interns learning through action

HIT offers a summer internship programme to nurture young students. In 2017, a group of 16 interns participated in an eight-week programme that involved job attachment, terminal visit, team-building workshop and group project. The theme of the group project was "S3 Lift: Simple Life, Sharing, Staying Positive". The interns presented their project findings to HIT employees in the form of interactive games and activities at an event on 31 July, with more than 300 staff members in attendance.

#### Terminal visit for local university students

Around 50 local university students from the Maritime Aviation Training Fund ("MATF") student internship scheme visited HIT to tour its facilities and gain a better understanding of container terminal operations. MATF is an initiative run by the Transport and Housing Bureau of Hong Kong to promote careers in the maritime and aviation industries.

This is the fourth year HIT has partnered with MATF to provide terminal visits and internships for students during the summer holidays.

#### YANTIAN Commercial Trainee programme for young talent

YANTIAN held a three-week summer internship programme for students from Dalian Maritime University and Shenzhen University in 2017, the 11th year of this annual programme. During the internship, students learned about terminal operations and business management by interacting with YANTIAN representatives. Two of these interns went on to participate in a two-year commercial trainee programme at YANTIAN.

## COMMUNITY ENGAGEMENT

### COMMUNITY

#### Shenzhen Port Environment Day

YANTIAN arranged a terminal tour for around 60 local residents as part of Shenzhen Port Environment Day, hosted by the Shenzhen Ports Association.

#### Community Graffiti Day @ the Terminals

HIT, COSCO-HIT and ACT jointly organised Community Graffiti Day@ the Terminals, to promote community harmony through graffiti art. Nearly 100 participants from different age groups – including staff members and local Kwai Tsing residents – transformed 10 containers into dazzling works of art.



### EMPLOYEE VOLUNTEERING

#### Lunar New Year greetings

YANTIAN representatives visited Yantian District Social Welfare Centre (“YDSWC”) to deliver Lunar New Year greetings to elderly residents. YANTIAN staff members and volunteers decorated the centre to create a festive atmosphere.

#### In-flat maintenance services at Lai King Estate

HIT employees volunteered to provide in-flat maintenance services at Lai King Estate. 12 HIT volunteers organised by the Community Caring Group helped four households with cleaning and minor repairs, and replacing small electrical fixtures.

#### Chinese Seniors’ Day

A YANTIAN volunteer team and staff representatives joined a party celebrating Chinese Seniors’ Day with the elderly residents of the YDSWC. At the event, the YDSWC presented a plaque to YANTIAN commending its caregiving efforts.

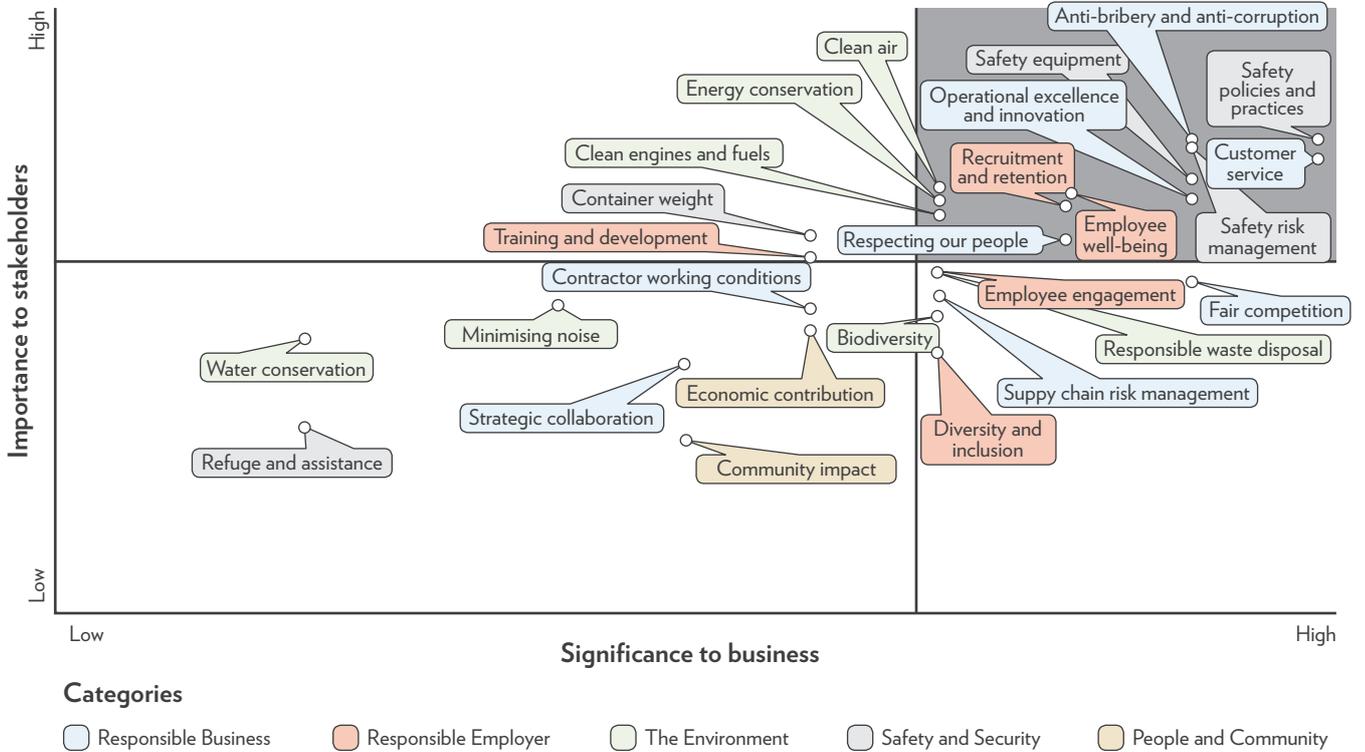
#### Hong Kong Maritime Week 2017

For the second year running, HIT and COSCO-HIT participated in the Hong Kong Maritime Week Opening Ceremony Orienteering Race. This event is co-organised by the Hong Kong Maritime and Port Board, Hong Kong Shipowners Association and Hong Kong Maritime Museum. A total of six teams from both terminals entered the race and were named second runner-up in the Corporate Group category.



# APPENDIX

## HPH TRUST'S MATERIALITY MATRIX



Note: 13 topics including 12 topics located in the top right quadrant of the materiality matrix and "IT Systems and Data Security", are the focus of this sustainability report

MATERIAL TOPIC BOUNDARIES		Investors	Employees	Government	Contractors & Suppliers	Customers	People & Community	Port Users
Responsible Business	Anti-bribery and anti-corruption	•	•	•	•	•		
	Respecting our people		•	•	•		•	•
	Operational excellence and innovation	•	•		•	•		
	Customer service	•	•			•		•
Responsible Employer	Employee well-being		•	•	•			
	Recruitment and retention	•	•				•	
The Environment	Energy conservation	•		•	•			•
	Clean air			•	•	•	•	•
	Clean engines and fuels				•			•
Safety and Security	Safety risk management		•	•				
	Safety policies and practices		•	•	•			
	Safety equipment		•	•	•			•
	IT systems and data security	•	•	•	•	•		

APPENDIX



**MEMBERSHIPS  
AND ASSOCIATIONS**

**HIT**

- British Chamber of Commerce in Hong Kong
- Business Environment Council
- Employers' Federation of Hong Kong
- Hong Kong Container Terminal Operators Association
- Hong Kong General Chamber of Commerce
- Hong Kong Logistics Association
- Hong Kong Maritime and Port Board
- Hong Kong Maritime Museum Trust
- Sailors Home and Mission to Seamen
- The Chartered Institute of Logistics and Transport
- The Merchant Service Club

**YANTIAN**

- China Communications and Transportation Association
- China Port Association
- China Promotion Consortium for Special Equipment Safety and Energy-saving
- China Water Transportation Construction Association
- Guangdong Port & Harbours Association
- Industry Association, Guangdong Shenzhen Customs Brokers Association
- Refrigeration Logistics Special Interest Committee of Guangdong Logistics
- Shenzhen Association for Friendship with Foreign Countries
- Shenzhen Association of Enterprises with Foreign Investment
- Shenzhen Container Yard Association
- Shenzhen Entry & Exit Inspection and Quarantine Association
- Shenzhen Federation of Returned Overseas Chinese
- Shenzhen Ports Association
- Shenzhen Port Facility Security Association
- Shenzhen Publishers Association
- Shenzhen Society of Macroeconomics
- The Radio Association of China

## GRI CONTENT INDEX

### GRI 102: GENERAL DISCLOSURES 2016

#### GENERAL DISCLOSURES

DISCLOSURE	DESCRIPTION	PAGE, REFERENCE OR ADDITIONAL COMMENT
<b>Organisational Profile</b>		
102-1	Name of the organisation	Hutchison Port Holdings Trust (“HPH Trust” or “Trust”)
102-2	Activities, brands, products, and services	Pages 7 - 11
102-3	Location of headquarters	The place of business for the Trustee-Manager in Hong Kong is at HIT in Kwai Tsing, Hong Kong
102-4	Location of operations	Pages 7 - 11
102-5	Ownership and legal form	Pages 7 - 8
102-6	Markets served	Pages 7 - 11
102-7	Scale of the organisation	Pages 7 - 11, 19 Also refer to “HPH Trust Annual Report 2017” pages 7, 71-73
102-8	Information on employees and other workers	Pages 10 - 11, 13, 19, 21 Data compilation based on Human Resources records
102-9	Supply chain	Page 13
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary principle or approach	Page 13
102-12	External initiatives	Page 34
102-13	Membership of associations	Page 34
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Pages 4 - 5
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards and norms of behaviour	Page 12 Corporate culture is promoted under a two-tier system headed by the Corporate Culture Steering Committee of the Trust, which is chaired by the General Manager of Human Resources, and implemented by a task force composed of members from all business units within the Trust. Various staff activities are built around the corporate values to reinforce the Trust’s corporate culture

## GRI CONTENT INDEX

DISCLOSURE	DESCRIPTION	PAGE, REFERENCE OR ADDITIONAL COMMENT
<b>Governance</b>		
102-18	Governance structure	Pages 12 - 13 Also refer "HPH Trust Annual Report 2017" pages 42 - 59
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	Page 14
102-41	Collective bargaining agreements	Not applicable for HIT as the Hong Kong Employment Ordinance does not provide for collective bargaining agreements. 100% of employees at YANTIAN are covered by collective negotiation
102-42	Identifying and selecting stakeholders	Page 14
102-43	Approach to stakeholder engagement	Pages 1, 14
102-44	Key topics and concerns raised	Pages 1, 33
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	Refer "HPH Trust Annual Report 2017" pages 66 - 122
102-46	Defining report content and topic boundaries	Pages 1, 33
102-47	List of material topics	Pages 1, 33
102-48	Restatements of information	Page 33 There are no restatements of information
102-49	Changes in reporting	This is the first sustainability report for the Trust
102-50	Reporting period	Page 1 1 January to 31 December 2017
102-51	Date of most recent report	This is the first sustainability report for the Trust
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Page 1 ir@hphtrust.com
102-54	Claims of reporting in accordance with the GRI Standards	Page 1
102-55	GRI content index	Pages 35 - 40
102-56	External assurance	No external assurance was sought for this report

## GRI CONTENT INDEX

### TOPIC-SPECIFIC DISCLOSURES

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE, REFERENCE OR ADDITIONAL COMMENT
<b>ENVIRONMENT</b>			
<b>Topic: Energy Conservation</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 29 - 30, 33
	103-2	The management approach and its components	Pages 29 - 30
	103-3	Evaluation of the management approach	Page 29
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Page 29
	302-3	Energy intensity	Page 29
<b>Topic: Clean Air</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 29 - 30, 33
	103-2	The management approach and its components	Page 30
	103-3	Evaluation of the management approach	Page 30
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Page 30
	305-2	Energy indirect (Scope 2) GHG emissions	Page 30
	305-4	GHG emissions intensity	Page 30
<b>Topic: Clean Engines and Fuels</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 29 - 30, 33
	103-2	The management approach and its components	Page 30
	103-3	Evaluation of the management approach	Page 30
Non-GRI		Use of clean engines and fuels	Page 30
<b>RESPONSIBLE BUSINESS</b>			
<b>Topic: Anti-bribery and Anti-corruption</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 15, 33
	103-2	The management approach and its components	Page 15
	103-3	Evaluation of the management approach	Page 15

## GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE, REFERENCE OR ADDITIONAL COMMENT
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Page 15
<b>Topic: Respecting our People</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 16, 33
	103-2	The management approach and its components	Page 16
	103-3	Evaluation of the management approach	Page 16
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Page 16
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Page 16
<b>Topic: Operational Excellence and Innovation</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 16 - 17, 33
	103-2	The management approach and its components	Pages 16 - 17
	103-3	Evaluation of the management approach	Pages 16 - 17
Non-GRI		Measuring efficiency	Pages 16 - 17
Non-GRI		Operational excellence awards or recognition	Pages 16 - 17
<b>Topic: Customer Service</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 17 - 18, 33
	103-2	The management approach and its components	Pages 17 - 18
	103-3	Evaluation of the management approach	Pages 17 - 18
Non-GRI		Customer complaints received	Pages 17 - 18 200 complaints were received for HIT operations in 2017. YANTIAN does not keep a complaints log; complaints are dealt with on an individual basis by the account servicing team, with top issues identified through meetings and related de-briefings

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE, REFERENCE OR ADDITIONAL COMMENT
<b>RESPONSIBLE EMPLOYER</b>			
<b>Topic: Employee Welfare</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 19 - 20, 33
	103-2	The management approach and its components	Pages 19 - 20
	103-3	Evaluation of the management approach	Pages 19 - 20
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 19 - 20
<b>Topic: Recruitment and Retention</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 20 - 22, 33
	103-2	The management approach and its components	Pages 20 - 22
	103-3	Evaluation of the management approach	Pages 20 - 22
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Page 21 Total turnover was 218 in 2017, a rate of 5.7% of the workforce at HIT and YANTIAN. In 2017, a total of 159 new hires joined, a rate of 4.2% of the workforce at HIT and YANTIAN
GRI 404: Training & Education 2016	404-1	Average hours of training per year per employee	Page 22
	404-2	Programmes for updating employee skills and transition assistance programmes	Page 21 - 22
	404-3	Percentage of employees receiving regular performance and career development reviews	Page 22
<b>SAFETY AND SECURITY</b>			
<b>Topic: Safety Risk Management</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 24 - 26, 33
	103-2	The management approach and its components	Page 24
	103-3	Evaluation of the management approach	Page 24
Non-GRI		Safety risk	Page 24
Non-GRI		Emergency preparedness and response	Page 24

## GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE, REFERENCE OR ADDITIONAL COMMENT
<b>Topic: Safety Policies and Practices</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 24 - 26, 33
	103-2	The management approach and its components	Pages 24 - 26
	103-3	Evaluation of the management approach	Pages 24 - 26
GRI 403: Occupational Health & Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	Page 24
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 26
<b>Topic: Safety Equipment</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 24 - 26, 33
	103-2	The management approach and its components	Page 25
	103-3	Evaluation of the management approach	Page 25
Non-GRI		Safety equipment provided	Page 25
<b>Topic: IT Systems and Data Security</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 1, 27 - 28, 33
	103-2	The management approach and its components	Page 27
	103-3	Evaluation of the management approach	Page 27
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 27
Non-GRI		Data security incidents	Page 27

## GLOSSARY

<b>A</b>	
ABAC	Anti-bribery and anti-corruption
ACT	Asia Container Terminals
APS	Asia Port Services Limited
<b>C</b>	
CEO	Chief Executive Officer
CKHH	CK Hutchison Holdings Limited
CO <sub>2</sub> e	Carbon dioxide equivalent
COSCO-HIT	COSCO-HIT Terminals
COSCO SHIPPING Ports	COSCO SHIPPING Ports Limited
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CT9 North	Container Terminal 9 North
<b>E</b>	
eRTGC(s)	Electric-powered rubber-tyred gantry crane(s)
ESG	Environmental, social and governance
<b>G</b>	
GHG	Greenhouse gas
GRI	Global Reporting Initiative
<b>H</b>	
HICT	Huizhou International Container Terminals
HIT	Hongkong International Terminals
HKU SPACE	Hong Kong University School of Professional and Continuing Education
HPH	Hutchison Port Holdings Limited
HPH Trust	Hutchison Port Holdings Trust
Hutchison Logistics	HPH E. Commerce Limited
<b>I</b>	
INDC	Intended Nationally Determined Contribution
IVE	Hong Kong Institute of Vocational Education
<b>J</b>	
Jiangmen Terminal	Jiangmen International Container Terminals

## GLOSSARY

<b>K</b>	
KPI(s)	Key Performance Indicator(s)
<b>L</b>	
LNG	Liquefied natural gas
<b>M</b>	
MATF	Maritime Aviation Training Fund
<b>N</b>	
Nanhai Terminal	Nanhai International Container Terminals
<b>O</b>	
OSHC	Occupational Safety and Health Council
<b>R</b>	
RTGC(s)	Rubber-tyred gantry crane(s)
<b>S</b>	
SSC	Sustainability Steering Committee
SGX	Singapore Exchange
SHICD	Shenzhen Hutchison Inland Container Depots Co., Limited
<b>T</b>	
TEU	Twenty-foot equivalent unit
Trust	Hutchison Port Holdings Trust
Trustee-Manager	Hutchison Port Holdings Management Pte. Limited
<b>Y</b>	
Yantian	Yantian District in Shenzhen
YANTIAN	Yantian International Container Terminals
YDC	The Young Entrepreneurs Development Council
YDSWC	Yantian District Social Welfare Centre



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