

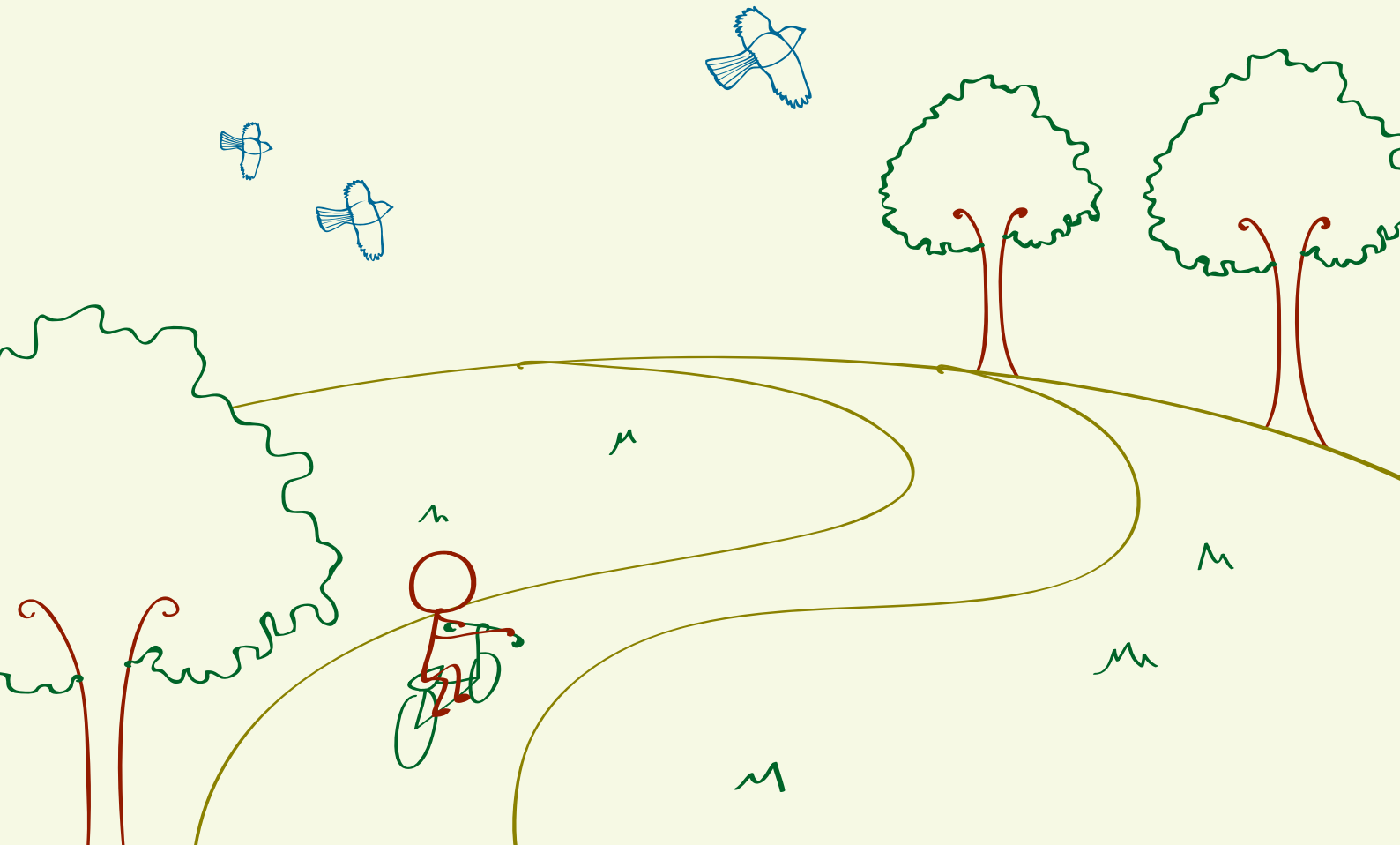
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

COSCO International practises the philosophy of corporate social responsibility of COSCO Group, abides by the scientific development of people-orientation and pursues comprehensive, coordinative and sustainable development. COSCO International takes its responsibilities with respect to **workplace quality, environmental protection, operating practices** and **community involvement** as an integral part of the Company's development strategies, operations and management. The existing internal policies, rules and regulations of COSCO International, such as Staff Code of Conduct (the "Staff Code") and Whistleblowing Policy provide guidances on our operations.

REPORTING FRAMEWORK AND SCOPE

This report aims to review the performance and achievements of COSCO International's implementation of social responsibility strategies in 2014 and is prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") set out in Appendix 27 to the Rules Governing of the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules").

The scope of the report covers workplace quality, environmental protection, operating practices and community involvement that enhance our job fulfillment, reduce our environmental impact, reinforce our class-leading safety culture and mitigate safety and environmental risks and promote responsible engagement in the community where we operate. For the governance aspect, please refer to the Corporate Governance Report in this annual report. Among the segments of shipping services of COSCO International, certain key performance indicators ("KPIs") from the coatings segment are relatively important. In this report, we focus on reporting the operations of head office and the business units of the core business of shipping services, especially the coating manufacturing enterprises.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The determination of this report content is based on a materiality assessment and a review of stakeholders' concerns which includes the processes of a) identifying the sustainability issues and stakeholders; b) determining and prioritising the reporting issues; c) preparing the reporting issues and validating the report; and d) reviewing and addressing stakeholders' expectation.

Materiality Matrix

Impact on Stakeholders	High	Areas identified as relevant for discussion: Waste management Operating practices Community involvement Anti-corruption	Areas identified as critical for disclosure: Product responsibility Emissions Energy efficiency Reduction of sewage and pollutant emission Health and safety
	Low-to-Medium	Areas identified as not materials for disclosure: Other outputs	Areas identified as relevant for discussion: Energy consumption Go green and environmental protection Employment standards Development and training Working conditions
		Low-to-Medium	High
		Relevance to the Group	

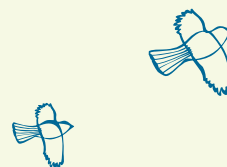
Stakeholder Engagement

The stakeholders of COSCO International include Shareholders, institutional investors, customers, employees, regulators/government bodies, suppliers, business partners, bankers and industry.

COSCO International strives for mutual-benefits and joint development with customers, employees, Shareholders and other stakeholders, and tries to benefit the community with our development achievements. Therefore, stakeholder engagement is an integral part of the Company's business development and commitment to corporate social responsibility.

Recognising the necessity to build trust and productive relationships with our stakeholders, we interact regularly with them through various communication channels. During the year, Q&A session had been provided to the Shareholders to raise their concern at the 2014 annual general meeting. Besides, the Company maintained two-way communications with Shareholders, potential investors and sell-side analysts by holding results announcement press conferences, analyst meetings, post-result roadshows, annual general meetings, and organising or participating in investors' conferences or industry forums held by securities firms, one-on-one meetings and responding to email inquiries, so as to enable Shareholders and investors to understand the latest developments and future direction of the Company. In addition to day-to-day contact with customers, we arranged regular visits to key customers who provide valuable opinions about our operations and ways we can improve. Internally, employees raised their concerns through two-way appraisal.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



WORKPLACE QUALITY

Working Conditions

COSCO International believes that quality talents are important assets of an enterprise and also the cornerstone for sustaining corporate development. We committed to providing a fair and competitive compensation package to attract and retain quality talents, in the form of a basic salary, incentives bonus, mandatory provident fund, and other fringe benefits, such as healthcare benefits, education and training sponsorship.

In order to encourage employees feedback and free expression of ideas on different aspects of workplace, such as employee benefits and communication channels, COSCO International has conducted survey to collect employees' opinions that are therefore taken into consideration when management formulates employee caring programmes.

The Group strictly complies with the rules and regulations of the Company, such as Staff Code, the labour legislations of different regions and the relevant guidelines. During the year, the Company was not aware of any material non-compliance with relevant standards, rules and regulations.

As at 31st December 2014, the Group had a total of 835 (2013: 804) employees, all of them are permanent full-time employees.

Details of workforce of the Group are as follows:

	As at 31st December	
	2014	2013
Total No. of Employees	835	804
By region		
Hong Kong	100	112
The PRC	700	658
Outside Hong Kong and The PRC ^(note)	35	34
By age group		
Below 30	171	160
30 to 50	589	573
Over 50	75	71
Employee Turnover Rate (%)	8%	4%
By region		
Hong Kong	19%	13%
The PRC	6%	1%
Outside Hong Kong and the PRC ^(note)	20%	21%
By age group		
Below 30	9%	1%
30 to 50	8%	4%
Over 50	4%	4%

note: The 2013 figures refer to employees stationed in Japan, Singapore and Germany. In 2014, the Group acquired a subsidiary in the United States and therefore the 2014 figures refer to employees stationed in Japan, Singapore, Germany and the United States.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety

COSCO International is an investment holding company and the nature of our daily operations means that we have a relatively low safety risk profile. However, COSCO Kansai Companies, being non-wholly owned subsidiaries of the Company, and Jotun COSCO, being a joint venture of the Company, engaging in the production of inflammable and explosive coating chemical products in Mainland China, COSCO International believes that ensuring stable and safety production is the most important social responsibility to its shareholders, employees and the community where it operates. Therefore, the Group has always regarded ensuring safety and stable production as one of the priorities in corporate management and endeavours to comply with the relevant safety management contained in the rules and regulations of COSCO International and measures for the local management in mainland, information management policy, management policy for information dissemination on the internet and document management policy.

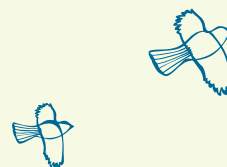
The Safety Committee of the Company was set up in 2006, with the mission of “Safety First, and Precaution is Crucial with Comprehensive Management”. It performs unified guidance, inspection, assessment, supervision, education and promotion of safe production of the subsidiaries in accordance with the “Production Safety Law of the PRC”, relevant laws and regulations of the local governments of the PRC, industry standards and the relevant safety management regulations of Hong Kong. The safety management work of each subsidiary is comprehensively regulated and managed, and the employees of all levels gain heightened awareness in occupational safety and health through the establishment of a normalised and standardised management system as well as the construction of a corporate culture of Health, Safety and Environment (HSE). During the year, the Company was not aware of any material non-compliance of relevant standards, rules and regulations.



COSCO International firmly adheres to “Absolute Safety with Three Zeros” as the general objective of the safety management. “Absolute Safety” refers to an overall production environment be ensured safe and “Three Zeros” refers to zero number of reports in accident, injury and pollution be ensured. The coating manufacturing subsidiaries of COSCO International had obtained Quality Management System Certification (ISO9001), Occupational Health and Safety Assessment Series Certification (OHSAS18001) and Environmental Management System Certification (ISO14001) formulated by the International Organisation for Standardisation (ISO) (“ISO”) and they were certified, thus effectively guaranteeing the establishment of a healthy, safe and stable working environment.

In 2014, there was no work-related fatalities (2013: nil) and work injury cases (2013: 1 work injury case resulting in 108 lost days). The injury occurred in 2013 was caused by improper procedures taken by the worker of production department in the plant. Remedial actions were taken after the accident, i.e. organising trainings for production workers in order to avoid any improper procedure(s) being carried out and strengthen their safety awareness. The Group did not record any significant incident in relation to production safety so that safe and stable production was ensured.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



During 2014, the Group adopted various safety and health measures as follows:

Safety Measures adopted	Implemented and monitored in 2014
1. Full-range hidden hazards rectification in various forms on multi-levels by means of "Three Inspections": <ul style="list-style-type: none"> ○ self inspection ○ wide inspection ○ supervisory inspection 	<ul style="list-style-type: none"> ○ To take precautions at an early stage, the Group carried out safety inspections of each operating unit regularly and irregularly so as to track the hidden hazards and make rectifications accordingly. ○ COSCO Kansai Companies launched three activities, namely "Safety Self-assessment Campaign", "I Am Safety Supervisor Campaign" and "Dangerous Experience and Hidden Hazard Report Campaign". During the year, COSCO Kansai Companies implemented various security checks for 158 times, found 1,363 hidden hazards, all of which have been rectified.
2. Increased the number of unannounced emergency drills and raised the number of examination and renewal of the contingency equipment	<ul style="list-style-type: none"> ○ Safety Committee conducted a total of 27 (2013: 18) on-site safety inspections in the Group. ○ Coating manufacturing subsidiaries of COSCO International held a total of 23 (2013: 19) large-scale comprehensive and special emergency drills with 1,216 attendances (2013: 1,143 attendances).
3. Promotion and education on occupational safety and health	<ul style="list-style-type: none"> ○ Set different safety and health training goals for different safety management tasks and organised a variety of training activities.

In addition, Safety Committee also conducted 2 (2013: 3) on-site safety inspections in the plant of Jotun COSCO during the year.

Development and Training

COSCO International places strong emphasis on the career development of individual employees. Employees are encouraged to keep abreast of the changing world and pursue continuing education, so as to cope with the rapidly changing society and meet the evolving corporate development needs. The Group encourages and subsidises its employees to participate in individual continuing education programs which are related to their job duties, with a view to strengthening the professional career training of its staff teams, promoting professional expertise of management teams and stimulating the potential abilities of employees.

The Company also organised working seminars or meetings in relation to business development such as management of accounts receivable, thus increasing the opportunities for the different level of staff and professionals from different regions to exchange and explore issues through active discussion of and expression of views, thereby achieving a better result for exchange and learning from each other during trainings. In the future, the Company will continue to enhance the quality of the management staff and provide more advancement opportunities through systematic training management to motivate each employee to grow together with COSCO International.

Training records by employment category are as follows:

	For the year ended 31st December	
	2014	2013
Total no. of training hours received	17,905 hours	17,905 hours
Average no. of training hours per employee/rate of employees trained by employment category		
Senior	20 hours/81%	17 hours/94%
Middle-level	25 hours/90%	29 hours/92%
General	20 hours/83%	21 hours/89%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employment Standards

The Company has a set of comprehensive human resources management policy set out in rules and regulations of the Company to support everything we do in regard to human resources. The policies include recruitment, appraisal, training and benefits, such as subsidy of annual subscription fee for professional bodies of which the employees belong. Besides, we also strictly observe the relevant legislations of different regions regarding the equal employment opportunities, child labour and forced labour.

COSCO International abides by the employment regulations of the relevant jurisdictions where it operates and through this employees' human rights are ensured. In addition, the Company has its internal procedure to report employees' information regularly in order to review employment practices so as to avoid any non-compliance. These particularly relate to issues concerning child labour and forced labour.

During the year, the Company was not aware of any material non-compliance with relevant standards, rules and regulations regarding operations and activities, labour practices, including but not limited to compensation and remuneration, recruitment, working hours, equal opportunity, health and safety, child labour and forced labour.

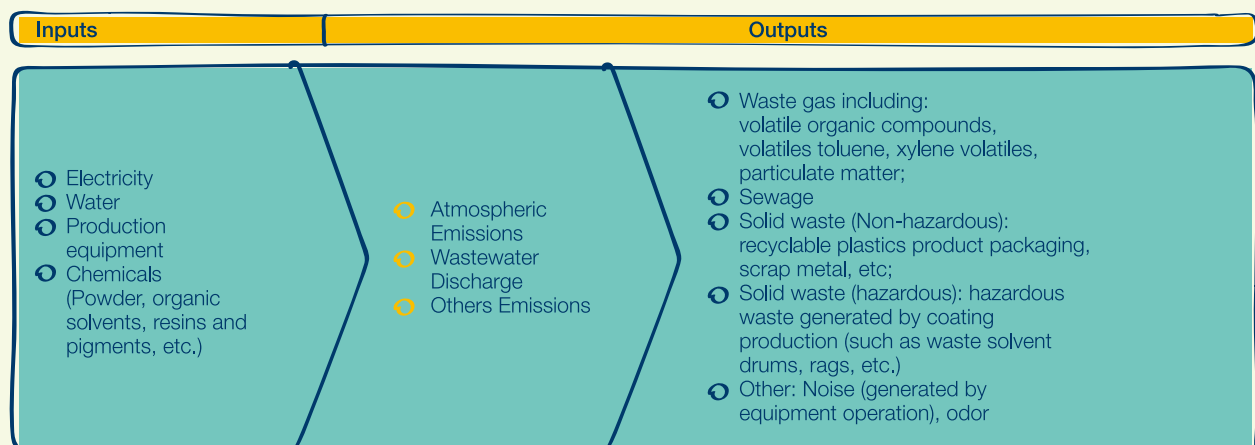
ENVIRONMENTAL PROTECTION

The Group is committed to promoting green operation and actively implementing energy saving, emission reduction and recycling. Especially, the coating manufacturing subsidiaries of the Company have strictly implemented the various systems and management measures stated in the Environmental Management System Certification formulated by ISO, and developed new technologies and skills for the promotion of energy saving and emission reduction, in order to minimise the environmental damage caused during the production process. Internally, we encourage our employees to adopt environmentally responsible behavior, we continue to improve our environmental management practices and measures to reduce use of other resources, minimise waste and increase recycling.

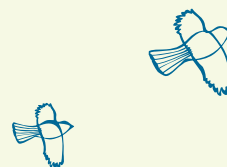
The coating manufacturing subsidiaries of the Company strictly comply with the laws and regulations in the PRC, including but not limited to Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's Republic of China on the Prevention and Control of Water Pollution, Environmental Protection Law of the People's Republic of China and Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, as well as different local rules and standards in the PRC in respect of prevention and control of environment pollution by discarded dangerous chemicals, standard of air pollutants and integrated wastewater discharge standard. During the year, the Company was not aware of any material non-compliance with relevant standards, rules and regulations.

Emissions

The coating manufacturing subsidiaries of the Company require the following inputs in the operation and production of coatings, the outputs of which listed below impact the environment:



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Types of emissions and respective emissions data of coating manufacturing subsidiaries of the Company

	Unit	2014	2013
Sewage	metric tons	27,046	30,705
Waste gas	10,000 m ³	12,386	14,836
Solid waste (Hazardous)	metric tons	1,788	1,473
Solid waste (Non-hazardous)	metric tons	97	152

During the year, total packaging material used for coatings by COSCO Kansai Companies was approximately 4,776 tonnes (2013: approximately 4,415 tonnes).

Reduction of Sewage and Pollutant Emission

During the year, the environmental management measures on emission reduction and sewage reduction implemented by coating manufacturing subsidiaries of the Company were as follows:

- Cleaned the environmentally friendly sewage treatment sedimentation tank on a regular basis, inspecting the condition of water pump and aeration tank and making corresponding records, and enhancing the management on sewage treatment in order to meet the sewage discharge requirements of environmental protection department.
- Transformed the sewage treatment system to improve wastewater treatment efficiency.
- Established new waste gas treatment facilities for workshops to purify air in workshops and through which the waste gas from other areas of the plant were centrally processed and discharged.
- Established new waste gas treatment facilities for laboratory and installation of efficient fume scrubber in canteen.
- Used pipelines, central ventilation system and dust filtration equipment to reduce waste generation.

COSCO Kansai (Shanghai) was awarded as clean production qualified unit by Shanghai municipal government during 2014.

Waste Management

The Group is dedicated to managing waste in a responsible way and strive to optimise the use of resources. Hazardous wastes like discharges from waste disposal and gas treatment facilitates, waste equipment cleaning solvents, wastes from workshops and research and development laboratories, etc., are designated to qualified units for processing. Non-hazardous wastes like some waste bags, clips, papers, etc., are recycled by qualified units for reuse. Regular garbage is cleaned by the sanitation department regularly.

During the year, the coating manufacturing subsidiaries of the Company adopted the following waste reduction initiatives:

- Strengthened staff's awareness and knowledge about hazardous wastes and treatment of hazardous wastes through training workshops.
- Enhanced hazardous waste collection and storage management.
- Advanced production operations management, to ensure smooth production and reduce the generation of hazardous waste.

During the year, the Company was not aware of any material non-compliance with relevant standards, rules and regulations and had no significant incident record of environmental pollution.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Consumption

The following is energy consumption of the Group by type:

	Unit	2014	2013
Water ^(note 1)	metric tons	61,687	38,988
Electricity ^(note 2)	kilowatt hour	4,355,372	4,066,057
Natural gas	metric tons	4	4

note 1: As the water supply of the members of the Group except COSCO Kansai Companies and SZ COSCO Insurance Brokers is controlled by the respective building management or landlord of the office premises and provision of sub-meters for the units occupied by them are not available, the amount of water consumed by the Group other than COSCO Kansai Companies and SZ COSCO Insurance Brokers is not available.

note 2: As the electricity supply of COSCOSHIP Beijing Company Limited, a subsidiary of the Company, is controlled by the building management or landlord of the office premises and provision of sub-meter for the unit occupied by COSCOSHIP Beijing Company Limited is not available, the amount of electricity consumed by COSCOSHIP Beijing Company Limited is not available.

Energy Efficiency

The Company considers that “Energy” is one of the sustainability priorities, and improvement of the energy efficiency of operations will not only ensure improved environmental outcomes, but also reduce cost and improve operational efficiency in the long-term.

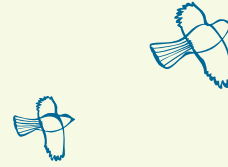
The Group held diversified trainings and education activities through cooperation with different environmental protection organisations to raise its employees’ awareness of environmental conservation, enhance the application and knowledge of energy saving and emission reduction, energy efficiency, thereby further establishing a corporate culture of low-carbon office. COSCO International launched environment-friendly campaign of “Saving a drop of water, a kilowatt of power and a piece of paper” by encouraging staff to reduce office consumables such as printing papers; to save energy by turning off the computers or electrical appliances and equipments when not in use, using energy efficient bulbs, and adjusting the air conditioning temperature to 25 degrees Celsius at office, so as to build up conservation awareness among all staff and save energy.

In addition, COSCO Kansai Companies adopted the following energy saving measures in daily operation during the year:

- ① Launched Total Productive Maintenance (“TPM”) campaign for all staff, organising regular TPM training for staff in workshops, enhancing staff’s awareness on regulated operation of equipment, reducing equipment failure and impairment, improving operation efficiency and ensuring safety equipment operation.
- ① Replaced old lighting with high energy efficient light-emitting diode (“LED”) lights. This not only increased the brightness but also reduced electricity consumption and saved energy. On average, one LED light can save up to 150 kwh per year.
- ① Through the promotion activities of energy savings by the channels of network, billboards, television in canteens, employees can better understand the significance of energy saving. In addition, a number of energy conservation promotional banners and posters were post up in various places to remind workers. Through catchy slogan and posters, everyone paid high attention to environmental protection and resource conservation.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



- Strengthened energy conservation training and education. During low-season, the companies carried out trainings on energy conservation and hazardous waste knowledge, to improve the awareness of energy conservation and the waste handling specification. ISO14001 system training focused on explanation of new regulations regarding the environmental pollution was organised.
- Utilised new technology and process to reduce energy consumption. For instance, transformed water cooling system to reduce operation time and remoulded sand mills, which can help to save consumption of electricity and coal every year respectively.

Go Green and Environmental Protection

Development and Promotion of Green Coating Products

In respect of the promotion of green coating, COSCO Kansai Companies and Jotun COSCO have made great efforts in the research and development and promotion of green coatings for years. COSCO Kansai Companies actively shifted its focus from price competition in a homogeneous product to gaining leadership by differentiated technologies, enhanced their technical research and development works, increased their technology reserves, as well as improved their innovative capability and their ability for applying new technology. Among their products, the fluorocarbon coatings for wind turbine tower with a 20-year ultra-long anti-corrosion period and the high performance anti-frozen coatings for wind turbine blade developed by COSCO Kansai Companies have become the leading products for coating upgrade in marine wind turbine and specific coating areas. In 2014, the technical centre of COSCO Kansai Companies was named as the major laboratory of special industrial coating in Tianjin, with its developed products achieving good sales result. As confirmed with the business partner in relation to the support and promotion plan for water-based coatings and high solids coatings, the coating testing on water-based container coatings and high solids container coatings was successfully implemented with satisfactory results.

In 2014, Jotun COSCO further enhanced the promotion of Hull Performance Solution and the high performance anti-fouling coating, Sea Quantum X200. As such product can lessen the roughness of the vessel body, enhancing saving energy and accelerating the speed. Theoretically, it can save up to 13.2% fuel consumption, as compared with market average level, which greatly reduces the fuel cost of shipowners and reduces emission of greenhouse gases. During the year, the Sea Quantum X200 anti-fouling coatings were successfully applied in several new build very large crude carriers. Hull Performance Solution of Jotun COSCO gains increasing recognition from the industry.

Promotion and Implementation of Green Coating Standards

Green coating is an important component in the development of green shipping. The Company actively promotes the development of green coating in an effort to protect the global climate. With its professional experiences and techniques in developing and using green coatings over the years, Jotun COSCO participated in formulation of international standard, namely the "Anti-fouling and Anti-rusting System for Vessel Body" which has been issued and the formulation of another one, namely "Performance Testing on Vessel Body and Propeller" led by Jotun COSCO will be completed in 2015. Such efforts of Jotun COSCO can maintain the effective and sustainable development of shipping enterprises.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

Being a responsible enterprise, COSCO International seeks to understand the customers and their business and adhere to trading practices that comply fully with local and international law. Staff are required to observe internal and external codes of conduct prohibiting bribery, fraud, competitive behavior and corruption. As the reputation of the Company and the quality of products are extremely important, the Group therefore emphasises that purchases must be made from suppliers after going through internal selection.

Supply Chain Management

Suppliers management measures govern the engagement of suppliers. The Group implements supplier management in accordance with internal guidance. Suppliers are chosen according to screening and evaluation procedures among the suppliers, based on the quality as well as price. In addition, to ensure supplier capability in quality assurance, safety and other aspects of environmental management, field investigation will be conducted on their production capacity, technology level, quality assurance capabilities, supply capacity, security and environment management qualifications if needed.

Number of suppliers of the Group by geographical region is as follows:

Mainland China	Hong Kong	Other Countries
865	122	768

Product Responsibility

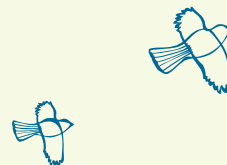
The Group is committed to providing quality, health and safety products and services to its customers in accordance with the applicable local and international laws. COSCO Kansai Companies were registered as dangerous chemical production enterprises pursuant to the relevant rules and regulations of the PRC. Unified classification and format of product safety technical manual and safety label according to the relevant requirements of State Administration of Work Safety are used. During the year, the Company was not aware of any material non-compliance with relevant standards, rules and regulations.

The Group strives to provide customers with quality products and services, high attention is paid to complaints about products and services. Procedures for handling complaints are in place to deal with complaints in relation to the services and product. Specific person(s) is(are) responsible to investigate and take certain corrective measures to avoid such complaints in the future. During the year, 10 products and services related complaints (2013: 8) have been received by the Group and were properly handled and settled.

To ensure the product safety and quality, quality assurance process and recall procedures were established. In the production process, sampling and laboratory testing would be conducted regularly. Any product that fails to meet the standards would be classified as inferior-quality product for further investigation. Recalled products would be tested and in case the products meet with the standards, they would become stock, otherwise adjustments would be made. However, if the products fail to meet with the standard after adjustment, they would be destroyed. During the year, no products manufactured by the Group sold was subject to recalls for safety and health reasons (2013: nil).



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



The Group actively protects its own intellectual property rights. COSCO Kansai (Tianjin) was entitled “Tianjin Patent Demonstration Unit” in 2014, and received patent supporting funding of RMB600,000 from local government. During 2014, two out of twenty patent applications were succeeded, with a total number of nine authorised patents.

In the daily operations in Hong Kong, personal data from the stakeholders of the Company is collected from time to time for different purposes. Personal data is collected only for lawful and relevant purposes and in accordance with Hong Kong Personal Data (Privacy) Ordinance. We ensure that personal and business information of our stakeholders is used in the proper context and exclusively for authorised business purpose, being accessible only to those staff who need to know. For the operations in the PRC, customer management measures are established and specific personnel is responsible for the maintenance of customer data.

Anti-corruption

In order to ensure the Company’s reputation be enhanced by the honest, loyal and ethical behaviours of staff, the Group has in place a formal Staff Code and Whistleblowing Policy. Staff Code serves as a clear and complete guideline to monitor the code of conduct of the employees of the Group during daily operations. Every year, the Group reviews the implementation status of the Staff Code within the Group through a self-inspection process by the Company and each of its subsidiaries, in order to ensure that the contents of the Staff Code had been applied throughout the actual operations and management practices, so as to balance and safeguard the interests between the Group and the stakeholders and build up a long-term partnership. Whistleblowing Policy provides a channel and guidelines to report any misconduct, malpractice or impropriety concerns within the Group. Employee who has a malpractice concern can inform the relevant designated superiors or take the complaint direct to the Chairman of the Audit Committee. Electronic reporting mailbox and a hotline were established, all reporting is treated as confidential and in a sensitive manner. The chairman of Audit Committee would review the complaint and decide how the investigation should proceed. During the year, the Company was not aware of any material non-compliance with relevant standards, rules and regulations. Furthermore, there was no legal case regarding corrupt practices brought against COSCO International or its employees during 2014 (2013: nil).

Furthermore, the Group has from time to time arranged different levels of staff, ranging from top management to front-line staff, to participate in a series of business ethics seminars conducted by the Company and/or COSCO Hong Kong, with the aim of further enhancing the professional conduct and integrity management of its management team, promoting a management culture with high values of business ethics and incorruptibility and enhancing the staff’s recognition and commitment to the Staff Code.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

COMMUNITY INVOLVEMENT

Community Investment

COSCO International is committed to creating sustainable prosperity that brings long-term social and economic benefits for all stakeholders. Under the philosophy of “giving back to the community with what they get from the community”, COSCO International does not only endeavour to fulfill its obligations as a corporate citizen and proactively give back to the society, but also motivates its employees to participate in various social charitable activities, so that it can contribute to the country and the community, and provide more assistance to the people in need.

In 2014, COSCO International formulated a charitable donation policy. The donation policy is intended to provide a guideline for the Group in allocating the fund to the non-governmental organisations and other charitable bodies. It formalises the manner in which its philanthropic efforts are handled and to ensure its commitment to building partnerships in the communities in which the Company and its subsidiaries operate. In accordance with the policy, the Company would contribute 0.1% of the profit attributable to the shareholders of the previous financial year for all direct donations and indirect expenses to all charitable events and related community services for the year. Every year, the actual charitable donation budget plan has to be submitted to the senior management for final approval.

During the year, the Group’s involvement in the community focused in areas of education, environmental care, and volunteer services for the underprivileged.

Education

Continuous Support to Education in Mountainous Areas in Mainland China

COSCO International has always made donations to the students in mountainous areas to support them to continue their studies and change their lives with knowledge, and sponsored the annual large-scale fund-raising hiking activity of Sowers Action, a non-profit making charitable organisation, namely “Sowers Action Challenging 12 Hours Charity Marathon” for seven consecutive years. Every year, COSCO International encouraged and sponsored its staff to participate in the charitable hiking activity to raise fund.



In 2014, COSCO International sent 46 employees together with their family members, totaling 13 teams, number of which hit record high, to participate in the fund raising activity of “Sowers Action Challenging 12 Hours Charity Marathon 2014”. All participating teams completed the 12 km race within the designated time, in which 4 Open Teams and 1 Family Team achieved outstanding results and received merit medals.

Environmental Care

Partnering with Environmental Protection Bodies to Cultivate Green Awareness

COSCO International has joined the WWF-Hong Kong as a corporate member for three consecutive years to support its conservation work for our environment. In 2014, COSCO International, with its headquarters in Hong Kong, supported the WWF-Hong Kong’s annual eco-event, Earth Hour, to show our commitment to save the planet by turning off all non-essential lights. Moreover, the Company participated in WWF-Hong Kong’s mangrove boardwalk activity in Mai Po Nature Reserve to nurture green awareness for its employees and their family members.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Every year, the Company co-operates with the non-profit organisation, Christian Action, to organise the “Green Collection Day” programme to encourage the employees to reduce waste by donating recycled items such as electrical appliances, toys and clothes for the people in need. In 2014, a total of 84 kilograms of clothes, toys and housewares were donated. The donated items were sent to those families newly migrated to Hong Kong, ethnic minorities, and the orphans and disabled children in Qinghai province, China, or sold for charity to finance various charitable services of Christian Action.

Volunteer Services for the Underprivileged

To show our care for the underprivileged and our commitment to contribute to society, COSCO International has launched volunteer services since 2011. Since then, the Company has stepped up various efforts to improve volunteer services policy so as to attract more staff to do volunteer service. In 2013, COSCO International launched a volunteer holiday policy, which aims to encourage its staff in Hong Kong to participate in volunteer services with holiday offer. All Hong Kong staff who has participated in volunteer services organised or referred by the Company for over 8 hours in a year will be entitled to a half-day paid leave. In 2014, COSCO International officially formed a volunteer team with a team slogan of “Our Passion to Serve” to demonstrate our commitment to care for the people in need.



In recent years, COSCO International organised several volunteer activities particularly for the senior citizens who live alone or living in poverty and the new arrival families, which are growing social concerns in Hong Kong. Partnering with a non-profit organization providing care for the underprivileged, Neighbourhood Advice-Action Council, COSCO International volunteer team has paid home visits to the senior citizens who live alone during festive seasons, and sponsored some gift packs to show care for the elderly in the past few years. During the year, a total of 15 households of senior citizens living alone in a public housing estate in Shek Kip Mei in Kowloon were successfully visited.

In recent years, COSCO International organised several volunteer activities particularly for the senior citizens who live alone or living in poverty and the new arrival families, which are growing social concerns in Hong Kong. Partnering with a non-profit organization providing care for the underprivileged, Neighbourhood Advice-Action Council, COSCO International volunteer team has paid home visits to the senior citizens who live alone during festive seasons, and sponsored some gift packs to show care for the elderly in the past few years. During the year, a total of 15 households of senior citizens living alone in a public housing estate in Shek Kip Mei in Kowloon were successfully visited.

For the new arrival families, COSCO International joined hands with Christian Action for the first time to organise “COSCO International Green Living Fun Day” on 13th September 2014. The activity aimed to help the children cultivate green awareness. A total of 33 children aged from 5 to 14 were accompanied by COSCO International volunteer team to join a tour in an organic farm, namely One Hand Farm, in Kam Tin, Yuen Long. Guided by farm instructors, the children learnt using natural resources to make organic products with their own hands and experienced a day of life in the organic farm.



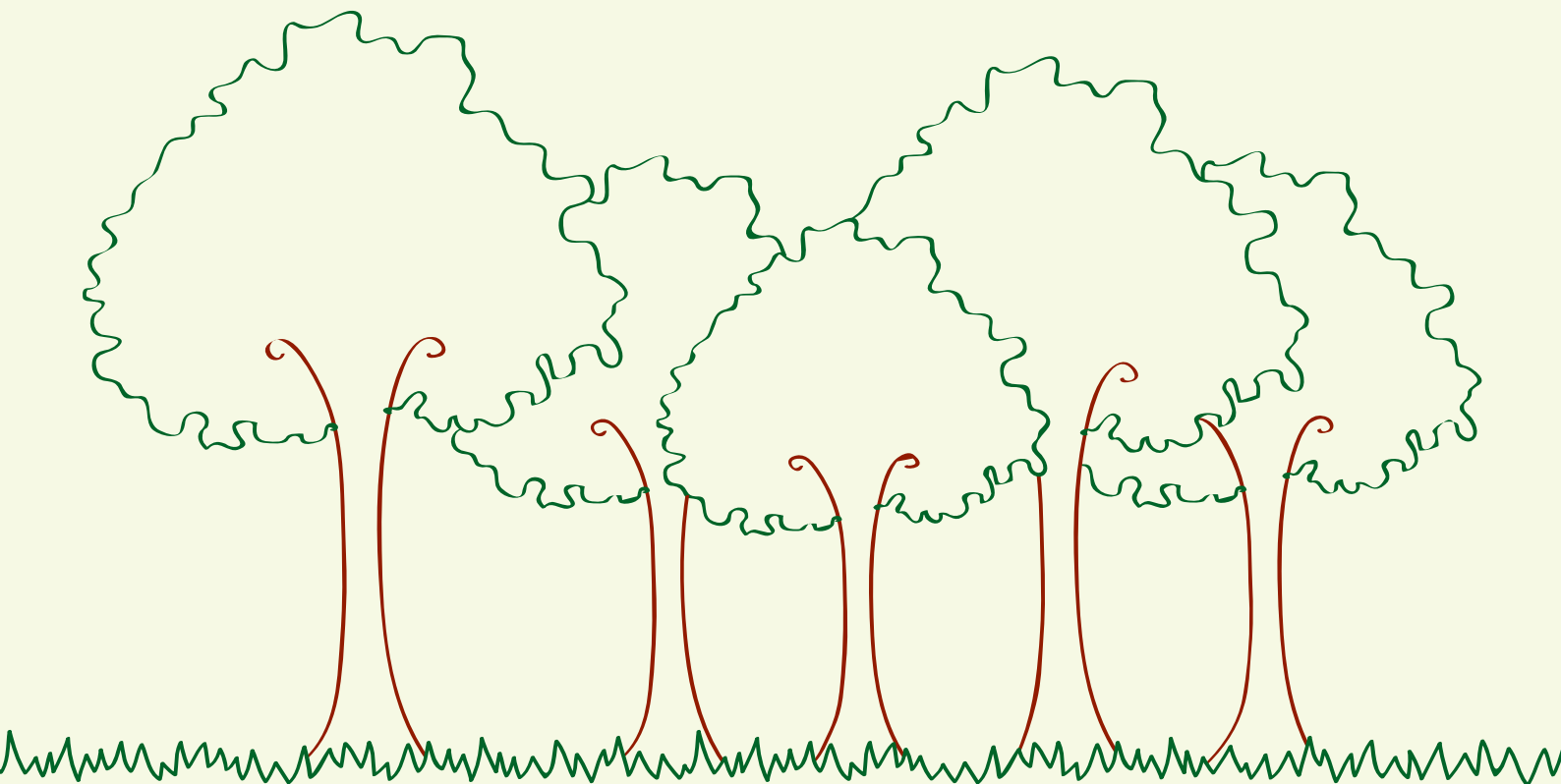
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2014, the number of volunteers participating in volunteer services amounted to 38 attendances while 236 volunteer hours were recorded. A total of 48 persons benefited from the above activities, reflecting a volunteering culture of caring for the community had been built up in COSCO International.

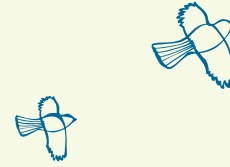
Community Investment (HK\$)	Year ended 31st December	
	2014	2013
Corporate charitable donations & sponsorships	230,000	201,000

Volunteer Participation (Hours)	Year ended 31st December	
	2014	2013
Volunteer hours	236	292

Number of Beneficiaries	Year ended 31st December	
	2014	2013
Beneficiaries	48	79



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



ESG Reporting Guide under the Listing Rules

A. Workplace Quality	Reference in this report
A1 Working conditions	
<ul style="list-style-type: none"> ○ Information on the policies and compliance and material non-compliance with relevant standards, rules and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity and other benefits and welfare. 	Workplace Quality – Working Conditions
<ul style="list-style-type: none"> ○ KPI A1.1 Total workforce by employment type, age group and geographical region. 	Workplace Quality – Working Conditions
<ul style="list-style-type: none"> ○ KPI A1.2 Employee turnover rate by age group and geographical region. 	Workplace Quality – Working Conditions
A2 Health and safety	
<ul style="list-style-type: none"> ○ Information on the policies and compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards. 	Workplace Quality – Health and Safety
<ul style="list-style-type: none"> ○ KPI A2.1 Number and rate of work-related fatalities. 	Workplace Quality – Health and Safety
<ul style="list-style-type: none"> ○ KPI A2.2 Lost days due to work injury. 	Workplace Quality – Health and Safety
<ul style="list-style-type: none"> ○ KPI A2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored. 	Workplace Quality – Health and Safety
A3 Development and training	
<ul style="list-style-type: none"> ○ Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. 	Workplace Quality – Development and Training
<ul style="list-style-type: none"> ○ KPI A3.1 The percentage of employees trained by employee category. 	Workplace Quality – Development and Training
<ul style="list-style-type: none"> ○ KPI A3.2 The average training hours completed per employee by employee category. 	Workplace Quality – Development and Training
A4 Labour standards	
<ul style="list-style-type: none"> ○ Information on the policies and compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour. 	Workplace Quality – Employment Standards
<ul style="list-style-type: none"> ○ KPI A4.1 Description of measures to review employment practices to avoid child and forced labour. 	Workplace Quality – Employment Standards
<ul style="list-style-type: none"> ○ KPI A4.2 Description of steps taken to eliminate such practices when discovered. 	Not applicable

B. Environmental Protection	Reference in this report
B1 Emissions	
<ul style="list-style-type: none"> ○ Information on the policies and compliance and material non-compliance with relevant standards, rules and regulations on air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, etc. 	Environmental Protection
<ul style="list-style-type: none"> ○ KPI B1.1 Types of emissions and respective emissions data. 	Environmental Protection – Emissions
<ul style="list-style-type: none"> ○ KPI B1.2 Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity. 	Environmental Protection – Emissions
<ul style="list-style-type: none"> ○ KPI B1.3 Total hazardous waste produced (in tonnes) and where appropriate, intensity. 	Environmental Protection – Emissions
<ul style="list-style-type: none"> ○ KPI B1.4 Total non-hazardous waste produced (in tonnes) and where appropriate, intensity. 	Environmental Protection – Emissions
<ul style="list-style-type: none"> ○ KPI B1.5 Description of measures to mitigate emissions and results achieved. 	Environmental Protection – Reduction of Sewage and Pollutant Emission
<ul style="list-style-type: none"> ○ KPI B1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. 	Environmental Protection – Waste Management



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B2 Use of resources

<ul style="list-style-type: none"> ○ Policies on efficient use of resources including energy, water and other raw materials. 	<ul style="list-style-type: none"> Environmental Protection <ul style="list-style-type: none"> – Energy Efficiency
<ul style="list-style-type: none"> ○ KPI B2.1 Direct and/or indirect energy consumption by type in total (kwh in '000s) and intensity. 	<ul style="list-style-type: none"> Environmental Protection <ul style="list-style-type: none"> – Energy Consumption
<ul style="list-style-type: none"> ○ KPI B2.2 Water consumption in total and intensity. 	<ul style="list-style-type: none"> Environmental Protection <ul style="list-style-type: none"> – Energy Consumption
<ul style="list-style-type: none"> ○ KPI B2.3 Description of energy use efficiency initiatives and results achieved. 	<ul style="list-style-type: none"> Environmental Protection <ul style="list-style-type: none"> – Energy Efficiency
<ul style="list-style-type: none"> ○ KPI B2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. 	<ul style="list-style-type: none"> Not Applicable
<ul style="list-style-type: none"> ○ KPI B2.5 Total packaging material used for finished products (in tonnes), and if applicable with reference to per unit produced. 	<ul style="list-style-type: none"> Environmental Protection <ul style="list-style-type: none"> – Emissions
B3 The environment and natural resources	
<ul style="list-style-type: none"> ○ Policies on minimising the operation's significant impact on the environment and natural resources. 	<ul style="list-style-type: none"> Environmental Protection
<ul style="list-style-type: none"> ○ KPI B3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. 	<ul style="list-style-type: none"> Environmental Protection <ul style="list-style-type: none"> – Emissions – Reduction of Sewage and Pollutant Emission – Energy Efficiency – Waste Management

C. Operating Practices

Reference in this report

C1 Supply chain management

<ul style="list-style-type: none"> ○ Policies on managing environmental and social risk of supply chain. 	<ul style="list-style-type: none"> Operating Practices <ul style="list-style-type: none"> – Supply Chain Management
<ul style="list-style-type: none"> ○ KPI C1.1 Number of suppliers by geographical region. 	<ul style="list-style-type: none"> Operating Practices <ul style="list-style-type: none"> – Supply Chain Management
<ul style="list-style-type: none"> ○ KPI C1.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. 	<ul style="list-style-type: none"> Operating Practices <ul style="list-style-type: none"> – Supply Chain Management

C2 Product responsibility

<ul style="list-style-type: none"> ○ Information on the policies and compliance and material non-compliance with relevant standards, rules and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. 	<ul style="list-style-type: none"> Operating Practices <ul style="list-style-type: none"> – Product Responsibility
<ul style="list-style-type: none"> ○ KPI C2.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons. 	<ul style="list-style-type: none"> Operating Practices <ul style="list-style-type: none"> – Product Responsibility
<ul style="list-style-type: none"> ○ KPI C2.2 Number of products and service related compliants received and how they are dealt with. 	<ul style="list-style-type: none"> Operating Practices <ul style="list-style-type: none"> – Product Responsibility
<ul style="list-style-type: none"> ○ KPI C2.3 Description of practices relating to observing and protecting intellectual property rights. 	<ul style="list-style-type: none"> Operating Practices <ul style="list-style-type: none"> – Product Responsibility
<ul style="list-style-type: none"> ○ KPI C2.4 Description of quality assurance process and recall procedures. 	<ul style="list-style-type: none"> Operating Practices <ul style="list-style-type: none"> – Product Responsibility
<ul style="list-style-type: none"> ○ KPI C2.5 Description of consumer data protection and privacy policies, how they are implemented and monitored. 	<ul style="list-style-type: none"> Operating Practices <ul style="list-style-type: none"> – Product Responsibility

C3 Anti-corruption

<ul style="list-style-type: none"> ○ Information on the policies and compliance and material non-compliance with relevant standards, rules and regulations on bribery, extortion, fraud and money laundering. 	<ul style="list-style-type: none"> Operating Practices <ul style="list-style-type: none"> – Anti-corruption
<ul style="list-style-type: none"> ○ KPI C3.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. 	<ul style="list-style-type: none"> Operating Practices <ul style="list-style-type: none"> – Anti-corruption
<ul style="list-style-type: none"> ○ KPI C3.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. 	<ul style="list-style-type: none"> Operating Practices <ul style="list-style-type: none"> – Anti-corruption

D. Community Involvement

D1 Community Investment

<ul style="list-style-type: none"> ○ Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration of communities' interests. 	<ul style="list-style-type: none"> Community Involvement
<ul style="list-style-type: none"> ○ KPI D1.1 Focus areas of contribution. 	<ul style="list-style-type: none"> Community Involvement
<ul style="list-style-type: none"> ○ KPI D1.2 Resources contributed to the focus area. 	<ul style="list-style-type: none"> Community Involvement