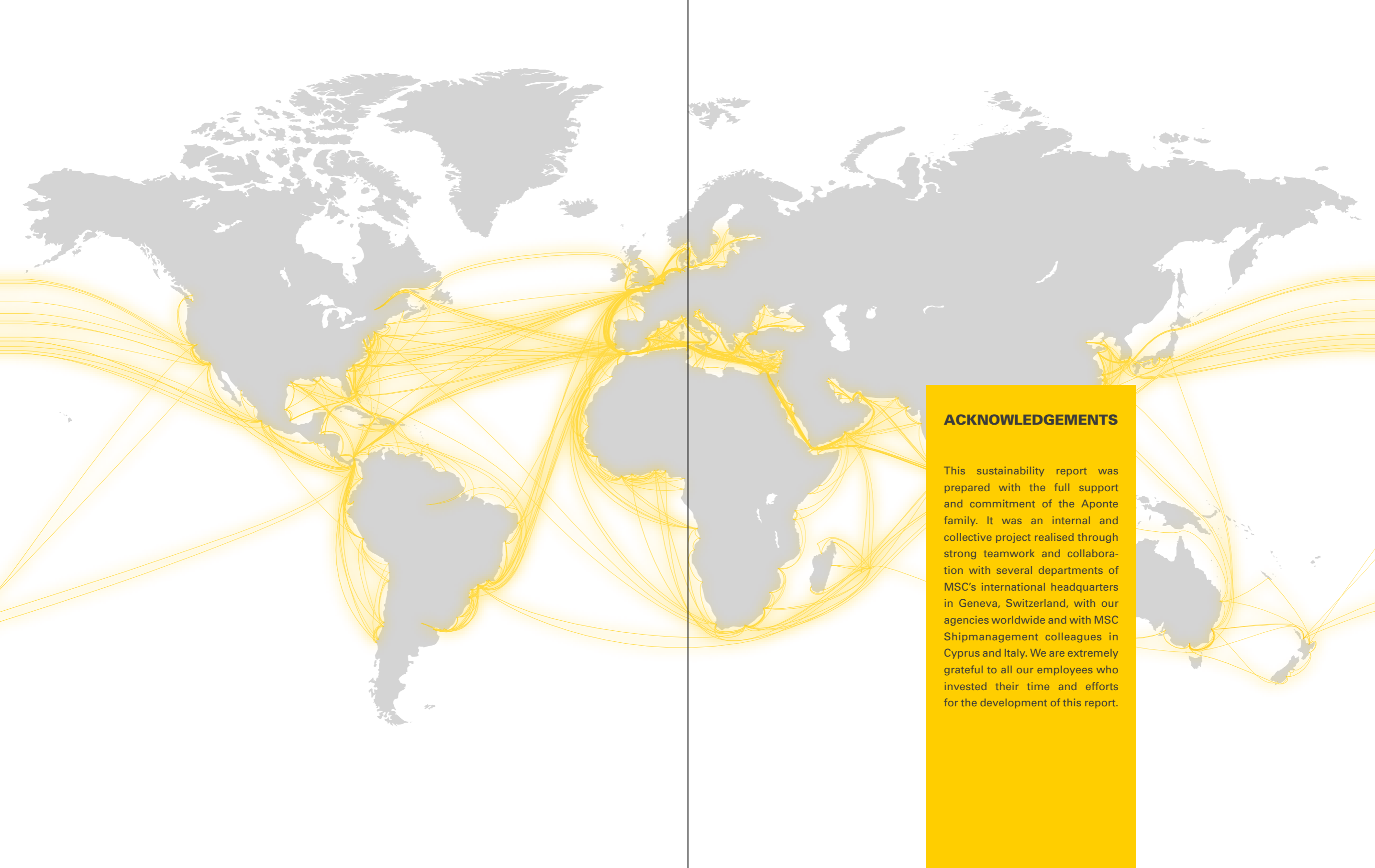




2016
**SUSTAINABILITY
REPORT**



ACKNOWLEDGEMENTS

This sustainability report was prepared with the full support and commitment of the Aponte family. It was an internal and collective project realised through strong teamwork and collaboration with several departments of MSC's international headquarters in Geneva, Switzerland, with our agencies worldwide and with MSC Shipmanagement colleagues in Cyprus and Italy. We are extremely grateful to all our employees who invested their time and efforts for the development of this report.

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INTRODUCTION TO THE MSC GROUP

OUR STABILITY COMES FROM OUR PEOPLE

Headquartered in Geneva, Switzerland, and privately-owned, the MSC Group is a global business engaged in the transport and logistics sector. The Group encompasses a Cargo Division, MSC Mediterranean Shipping Company (MSC), a Passenger Division, MSC Cruises, a Terminal Division, Terminal Investment Limited (TIL) and a Logistics Division, MEDLOG.

MSC Mediterranean Shipping Company is the second largest container shipping company in the world, carrying more than 16 million Twenty Foot Equivalent Units (TEUs) annually. MSC offers 200 trade routes, calling at 315 ports around the globe, and operates a modern cargo fleet of 460 vessels, with a total intake capacity of 2.8 million TEUs. Through its cargo operations, the MSC Group literally connects the world.

MSC Cruises is the world's largest privately-owned cruise company. Following a EUR 5.7 billion investment endeavour between 2003 and 2013 for the construction of their first 12 modern cruise ships, MSC Cruises launched in 2014 a second EUR 9 billion investment plan to build another 11 next-generation cruise ships, coming into service between 2017 and 2026. MSC Cruises holidays are offered globally through a distribution network in 67 countries. The division employs over 25,000 people around the world.

In recent years, MSC has expanded its business activities to provide additional services to its customers and partners. Its subsidiary, Terminal Investment Limited (TiL), is one of the largest and most geographically diversified terminal investors, handling over 40 million moves per year. TiL has highly strategic assets located in key gateways for global trade. The company plays a crucial role in developing essential infrastructure to foster international trade and sustainable development.

In addition to its investments in terminals, MSC has developed an inland logistics arm, MEDLOG, offering transport solutions by truck, rail and barge as well as depot and warehousing services in 48 countries worldwide.

MSC generates an annual turnover of approximately USD 24 billion and employs, in its headquarters and country offices worldwide, a workforce of more than 60,000 motivated and highly skilled people.

Despite its global presence and large scale operations, MSC is, above all, a family business, guided by the ambitious vision of its founder, Captain Gianluigi Aponte, who has always placed employees and his passion for the sea at the heart of his development strategy. Captain Aponte's innovative, flexible and unique approach to shipping has allowed MSC to grow significantly over the last 46 years, transforming a one vessel operation in 1970 into a successful and sustainable global business.

Today, MSC's wide range of operations covers 155 countries across 5 continents, where MSC provides timely delivery of goods and services to local communities, customers and international business partners. MSC is proud to offer to populations and countries all around the world its long-standing and globally recognised expertise in the maritime sector, as well as its local knowledge of the business through its local agencies.

MSC's day-to-day operations and long-term public-private partnerships (PPPs) are in line with countries' national strategies and its business practices promote the respect of cultural diversity as well as equal opportunities for all. MSC supports governments, especially those of low-income, emerging and developing countries, Least Developed Countries (LDCs) and Small Island Developing States (SIDS), in their efforts to reduce poverty and increase inclusive economic and social growth, through job creation, vocational training, diversification of economies, transfer of know-how and massive investments in world-class infrastructure.

MSC is also committed to promote sustainable use of the sea and marine resources, while extensively investing in the latest generation green technologies to minimise the environmental impact of its business activities on lands, oceans and populations.

Despite its global presence and large scale operations, MSC is, above all, a family business, guided by the ambitious vision of its founder, Captain Gianluigi Aponte, who has always placed employees and his passion for the sea at the heart of his development strategy

ECONOMIC GROWTH

As a privately held company, MSC operates without any obligation to publicly disclose its financial earnings or undertakings.

Many companies in the transportation industry, particularly container shipping companies, faced difficult and challenging market conditions in 2016. While MSC was not immune to such conditions, the company performed well, recording a positive EBIT margin on its full-year results. To achieve such results, MSC focused on cost-saving initiatives throughout the year and we are proud to confirm that we did so without reducing our human capital.

MSC's management commits to appraise the business in a thorough and systematic manner, both internally and externally, to meet the expectations of financial institutions and other affected or interested stakeholders. MSC carries out robust auditing at frequent periods, to ensure its compliance and effectiveness.

In 2016, the company continued to invest in the global supply chain and the sustainability of its operations. Such investments should be viewed as a positive sign of the financial health of the company.

MSC continuously assesses and reviews its investment plans in terms of sea and inland logistics.



A WORD FROM OUR PRESIDENT & CEO
**WE NOT ONLY
TRANSPORT GOODS,
WE CONNECT PEOPLE
AND CONTINENTS**

In 2016, the global container shipping industry has experienced ongoing overcapacity, while continuing to be affected by a dramatic slowing of the world trade growth. This resulted in significant losses for most shipping lines. To face these challenging market conditions, during the last few years, MSC has invested in several unprecedented cost-saving initiatives, such as operational strategic alliances, and has further diversified its business-related activities. This was necessary to defend our global market share, ensure the continuation of a sustainable business and protect our main strength: our workforce. Despite unfavourable economic trends and shortfalls, we decided not to cut jobs and not to reduce salaries. Instead, we sought innovative solutions, re-directed investments and re-thought our business plans. These measures were taken to guarantee a future to our people, based all around the world, who work tirelessly and proudly for our family.

In all our strategies, we have chosen not to compromise our core family values, which are based, above all, on the respect of human dignity. This is also the main reason that motivates us, in our day-to-day operations, to have fair business practices and expect the same from

all our stakeholders, as well as to invest in corporate citizenship that goes far beyond charity.

We not only transport goods, we connect people and continents, remaining committed and loyal to our customers and partners despite natural disasters, political instabilities and wars. We do not simply generate jobs, we create opportunities and career paths, especially in developing and least developed countries, providing our employees with safe working conditions as well as the means to improve their living standards. Our spirit is to create dignity and pride through the continuous improvement of our workforce's professional skills. We do not just comply with environmental regulations but we genuinely care for the environment and it is a constant priority in our strategic planning.

As such, our current business plans and practices consider social and environmental values and the Ten Principles of the United Nations already guide us in all aspects of our activities. Some of the Sustainable Development Goals (SDGs), such as no poverty, decent work, quality education, gender equality and those related to climate change and marine wildlife protection, constitute the foundations of our strategic vision. Therefore, we thought that joining the United Nations

Global Compact and further contribute to the realisation of the SDGs was simply the right thing to do.

In this regard, we believe that it is imperative that all relevant stakeholders, throughout the supply chain and the international community join forces to provide the private sector with an enabling environment to operate and prosper. Sustainable development and the ambitions set up by the Agenda 2030 and the Paris Agreement on Climate Change can only be achieved through concerted actions and win-win partnerships.

“Shipping is indispensable to the world,” as the Secretary-General of the International Maritime Organization (IMO), Mr. Kitack Lim said on World Maritime Day in 2016. He stressed that “It is thanks to this global fleet and global workforce of over one million seafarers that the import and export of goods on the scale necessary to sustain the modern world can take place.” Secretary-General Lim also highlighted that ships have “never been safer and never been so environment-friendly as they are today” and that “sustainable economic growth, employment, prosperity and stability can all be enhanced through developing maritime trade, improving port infrastructure and efficiency, and promoting seafaring as a career – especially within the developing world.” MSC fully embraces the IMO Secretary-General’s views and we believe that companies like ours have a key role to play. Yet, to ensure such positive returns on the international trade, the lands, the populations and the environment, global efforts should be strengthened.

The collaboration between the public and private sectors can have a catalytic and transformative impact only if the right conditions are put in place and only if we all share responsibilities. Filling the current environmental and social gaps will require tremendous financial efforts that cannot be afforded by individual companies on their own, especially after a decade during which the market suffered and still suffers considerably. Geopolitical uncertainties also affect and will continue to affect our business every day. Therefore, we hope the international community will consider real economic concerns and challenges, the emerging unpredictable global threats and the increased costs of environmental regulations.

Being a commercial enterprise, MSC needs to remain competitive to attract volumes; we need to preserve our reliability with our customers, business partners, financial institutions and all other stakeholders to maintain long-lasting and trustful partnerships. We need peace and stability for our workers to ensure no disruption in our productivity and to contribute further towards inclusive growth and social inclusion.

In our first report on sustainability for the United Nations Global Compact,

“It is thanks to this global fleet and global workforce of over one million seafarers that the import and export of goods on the scale necessary to sustain the modern world can take place.”

Mr. Kitack Lim

Secretary-General of the International Maritime Organization (IMO)

we provide an overview of the fundamental areas that make us successful and our business sustainable today, namely our care for the environment and our commitment to inclusive social responsibility, health and safety, business ethics and the protection of human rights.

Our long-term vision will remain centred on these areas, as their promotion is in our DNA. One of our main priorities will be to continuously improve our environmental performance and make all possible efforts to comply with new regulations, such as the IMO’s requirement for a much more restrictive fuel sulphur cap to enter into force in 2020.

As we continue to expand our activities and our global presence, we have launched an assessment of our Corporate Social Responsibility (CSR) activities around the world to better translate our commitment to the United Nations Global Compact into concrete actions. Further steps will also be taken to ensure the integration of the SDGs agenda into the MSC’s strategy. We will also establish a Global Maritime Policy and Government Affairs Department to be proactively involved in the international policy dialogue and further enhance our collaboration within the broad United Nations system, especially the IMO, International Labour Organization (ILO), and other relevant bodies.

We look forward to working with all our stakeholders and the international development community to explore ways to establish new innovative partnerships, improve our business models and leverage our ongoing efforts to foster sustainable development.

Diego Aponte
President and CEO

MEMBERSHIPS

In 2016, MSC continued to nurture strong relationships as part of significant global and localised membership organisations, which align with our CSR commitments.

MSC has always undertaken membership activity with great commitment, and therefore only engages with organisations where its level of obligation is fully understood, and where the body's wider objectives and activities are transparent and wholly respected.

The Executive Chairman of MSC Cruises, Mr. Pierfrancesco Vago, has served as the chair of the Cruise Lines International Association (CLIA), Europe, until the end of 2016. He also serves on CLIA's Global Executive Committee and Global Board of Directors. CLIA serves as the unified voice for the cruise industry and MSC fully supports their efforts to do so in a responsible manner that upholds the highest standards for this important maritime sector.

In 2016, MSC's Chief Operating Officer, Mr. Claudio Bozzo, was appointed to the board of the World Shipping Council (WSC). The goal of the WSC is to provide a coordinated voice for the liner shipping industry. As such, MSC is honoured to have Mr. Bozzo representing its voice at the table of this organisation.

MSC's membership commitments and engagement within the relevant organisations are constantly reviewed by MSC's senior leadership, to ensure they continue to be appropriate for MSC's current business activities and wider objectives.

MATERIALITY ASSESSMENT

MSC is a family company led by strong corporate values and by its own philosophy, built up from over four decades of our owner and founder's expertise in the shipping sector, as well as his care for people and the environment. Our long-term vision is to foster economic and social development by connecting populations and countries as the Masters of the Seas. To do so, the promotion of sustainable policies and practices, within our sphere of influence, has always been an integral part of our strategic planning and remains an important consideration in our materiality assessment. Being a global company with interests all around the world, we are fully aware that our activities and operations may impact a wide range of external stakeholders. Therefore, both at the headquarters and at country level, we constantly interact and engage in discussions with customers, business partners, port authorities, private financial institutions, regional and development banks, governments, local communities, NGOs and other relevant stakeholders. This is extremely important for us, as all our partnerships are based on mutual trust and seek to lead to common beneficial outcomes. Although our core values remain our framework of reference, our strategies may differ, as they are adapted to different local contexts. Our holistic approach motivates us to identify and address social challenges and development gaps that may interfere with our operations with a view to turn them into new business opportunities. For instance, our 480 country offices located worldwide play an important role in assessing national

requirements as well as the different needs and expectations of the local communities where we operate, by liaising with national authorities and other relevant stakeholders. These insights are regularly shared with our senior management at the headquarters in Geneva, who ensure the incorporation of the sustainability dimension into MSC's business models and plans. The involvement and participation of our internal stakeholders in the decision-making process is promoted by the Aponte family also through employees' surveys. The latest survey was organised in 2016 with a view to identify potential areas of improvement and received a completion rate of 96%. It revealed, among other issues, an increased interest for MSC activities related to CSR. Partly in response to this feedback from employees, MSC has established and implemented several initiatives to raise awareness on our sustainability activities and strengthen the coordination between the headquarters and the country offices on this matter. This includes the "Managing Directors talks," convened at the headquarters where our executives based in our local agencies share information on the impact of MSC business activities around the world and provide briefings about country-specific issues related to economic, social and political developments. We have also established a Green Committee, responsible to suggest charitable activities on environmental issues and further investments in trainings on sustainability for our people. These initiatives are expected to be further enhanced over the coming years.

OUR MATERIAL ISSUES

The protection of the environment has always been, and will continue to be, one of our main concerns as it is a cornerstone of our core values. This is also an important material issue for our customers, our employees and our external stakeholders. Therefore, MSC has decided to further publish information on its environmental performance, as well as to continue investing in environment-friendly technologies and in the promotion of green transportation solutions.

MSC's investments encompass our contribution towards a healthier planet. For instance, we transport goods in a responsible manner and we constantly seek to provide our workers with a safe working environment, both on board and ashore, in line with the IMO and ILO standards as set out in MSC's Health, Safe, Security and Environment (HSSE) guidelines.

A few of our strategic decisions do not have an economic impact per se. Sometimes, social considerations may prevail, as MSC places its employees, their well-being and their progression at the heart of its business strategy. The Aponte family believes that a motivated and loyal workforce, strongly committed to their core values, is the key to MSC's success and therefore an essential component of a sustainable business. In this respect, a constant fundamental material issue will remain our investments in our workforce. We will continue offering to our staff long-term career opportunities and provide them with a wide range of vocational training as well as personal development courses. The promotion of social inclusion through the recruitment of local workforce all over the world will also remain a critical aspect of our business strategy.

At MSC, we are proud to facilitate global trade with integrity. In this respect, the promotion of fair business practices and due diligence remains a fundamental material issue for us. MSC has a dedicated team of experts covering anti-bribery issues, the reporting channel and internal investigations. Through the MSC Code of Business Conduct, we promote non-discrimination, equality for all and condemn child labour along with any type of harassment. In the next years, our extensive network of compliance officers worldwide will further support the implementation of MSC's strategy in this area throughout the MSC Group, raising awareness and managing ethical business-related issues.

THE WAY FORWARD REPORTING ON SUSTAINABILITY PERFORMANCE

With the signing of the United Nations Global Compact by Mr. Diego Aponte, our President and CEO, in April 2016, we responded to the call of the international community to foster development through the promotion and the realisation of the SDGs. As a family-owned company, we feel extremely proud to further contribute to the global efforts aimed to realise inclusive growth in the long term and explore innovative opportunities to maximise the positive social and environmental impacts of our business activities.

We have recently started a global assessment on our economic, social and environmental performance to fulfil our commitment towards the United Nations Global Compact and provide comprehensive information not only to our customers and business partners, but also to the international development community.

Due to the variety of our activities as well as the flexible and complex nature of the shipping sector, our mapping exercise is still ongoing. Yet, our preliminary findings allowed us to identify which SDGs are already incorporated in our business strategy and in our existing corporate citizenship efforts. The Sustainability Reporting Standards (GRI standards) have been an extremely useful tool for our assessment. Some SDGs are inter-related and are promoted directly or indirectly by our activities and operations. Our report shows MSC's commitment to promote those relating to climate change and marine conservation. It also offers an overview on how we encourage innovation and we promote the leapfrogging of technologies as well as of world-class infrastructures, especially in developing countries. We also explain our contribution to alleviate poverty, through the promotion of decent work and our constant efforts to provide quality education by investing in vocational training and local CSR activities, targeting the most vulnerable and disadvantaged groups.



OUR CORE VALUES AND THE SDGS

MSC is continuously expanding and diversifying its activities at the global level, while adapting to emerging economic, social and political developments that are impacting the whole shipping industry and transforming its supply chain. Thus, the Aponte family decided to ensure that their vision and current strategic directions were well understood and implemented throughout the MSC Group's value chain. In this respect, in 2015, an external consultancy was requested to assess the traditional core set of MSC values and to suggest new ones to reflect the internal and external changes affecting the Group.

The global assessment, started in 2015, was conducted through interviews and questionnaires, involving employees of all nationalities, backgrounds, functions, positions and gender, on board and ashore, who were requested to describe the behaviours and the competencies that correspond the most to the "MSC family model". The Aponte family and senior management have also been interviewed and provided their contribution to this project.

The new set of values were approved in 2016 and will be officially launched in 2017. They will be used to create a

common language throughout our Group to ensure the continuation of our success and enable our employees to meet ongoing and future challenges.

Several consultations were also held at the management level to link the new values to current efforts towards sustainability and the corresponding core SDGs promoted by MSC. While the "We are a family company" value remains central to our vision and mission, the other ones reflect MSC's commitment to find the most innovative solutions to embrace changes while respecting the environment, populations and the marine environment. Through the value "We believe in equal opportunities" we stress our strong engagement to promote non-discrimination practices in our recruitment procedures and career paths for all our staff around the world. The value "We have passion" corresponds to our employees' motivation to work together with enthusiasm, strive for excellence and deliver high performance results.

We look forward to communicating with all our stakeholders in the near future about our new core values and about our most recent initiatives with regard to sustainability and the SDGs.



We are a family company

The engagement of the founding family is at the heart of MSC's core values, providing a sense of belonging to all employees. Sharing the family's entrepreneurial spirit leads our staff to act proactively, courageously and responsibly in the best interest of MSC's stakeholders.

Our core values

Our core values shape our culture and define the character of our company. They guide how we behave and make decisions, they influence recruitment of employees and are fundamental to our operations.

We support the UN Sustainable Development Goals

We believe our approach to the business and our values will help us contribute to a more sustainable supply chain.



GOVERNANCE

MSC has established a Committee for Corporate Social Responsibility, led by the members of the Aponte family along with key executives and operated from MSC's international headquarters in Geneva, Switzerland.

The Committee is made up of:

- President and CEO, MSC Mediterranean Shipping Company
- Chief Operating Officer, MSC Mediterranean Shipping Company
- Chief Sustainability Officer, MSC Mediterranean Shipping Company
- Group Chief Financial Officer, MSC Mediterranean Shipping Company
- Executive Chairman, MSC Cruises
- President and CEO, MSC Cruises
- MSC Shipmanagement
- TiL
- Other Senior Leadership within MSC

The Committee, reporting to the Board of Directors, is responsible for setting and implementing the company's overall sustainability strategy. This strategy is regarded as a critical aspect of the organisation's operational planning, and is to be reviewed on an ongoing basis to ensure it continues to be aligned with MSC's values, responsibilities and priorities.

MSC focuses on the continuous improvement of its standards and core requirements, with the ambition of achieving various certifications in accordance with the formal standards set out by the International Organization for Standardization (ISO).

The Committee is to ensure that updates concerning specific accomplishments, certifications and sustainability commitments continue to be conveyed on a global scale, utilising the company's various internal communications channels. Where relevant, it will also share this information with external stakeholders.

MSC's subsidiaries and branch offices across the globe have several smaller committees and teams working on localised Corporate Social Responsibility (CSR) strategies and engaging with country or region-specific initiatives where deemed appropriate. These local committees are accountable to the Committee for Corporate Social Responsibility and are to be fully apprised of MSC's objectives and strategy around CSR matters.

ISO CERTIFICATIONS

MSC's excellent performance within the internationally recognised ISO framework is a matter of great significance. Successful audits and receipt of certifications include the following:

- Cargo Container Ocean Transport
- ISO 9001: 2015 Quality Management System including Risk Management
- ISO 14001 Environmental Management
- ISO 26000 CSR Management



**SUSTAINABLE
DEVELOPMENT
GOALS**



CREATING SUSTAINABLE VALUE

SOCIAL INCLUSIVE APPROACH

SOCIAL IMPACT OF MSC'S OPERATIONS AND ACTIVITIES WORLDWIDE

The arrival of the container during the 1960s has profoundly transformed the way goods are transported, contributing to create the highly connected world that we know today. Containerisation is usually referred to as one of the most important revolutions of the 20th century, as it led to exceptional growth in world trade, by drastically reducing transportation costs and guaranteeing just-in-time delivery with competitive transit times, improving efficiency as well as increasing safety in handling cargo. It also allowed emerging countries to export their own products all around the world and sell them to households at affordable prices. This contributed, inter alia, to global welfare and the increase of people's wealth, to the growth of local industries and to fast inclusive development. The shipping lines had to quickly adapt to these changes by expanding their routes and by investing heavily in new equipment to respond to a growing demand for their services. Container shipping has tremendously evolved over the last fifty years, becoming a highly-sophisticated business.

Founded in 1970, MSC was part of this revolution, growing from a single vessel operation to positioning itself as a world leader in global container shipping. Since the beginning of our operations, we have provided our contribution to global economic growth and to the development of international trade. Yet, we are fully aware that bringing economic growth per se is not enough to alleviate poverty. We are also aware that globalisation may create inequalities, if the right policies are not in place and if business is not conducted in a fair and responsible manner.

Thus, we pride ourselves in having a unique approach to shipping, where the social dimension plays a crucial role in our business strategies and ethical practices are promoted. Our own interpretation of shipping operations is to bring our vessels where there is a need for our

We pride ourselves in having a unique approach to shipping, where the social dimension plays a crucial role in our business strategies and ethical practices are promoted

services. We continuously change our routes and create new lines to serve people on all continents. Despite our impressive growth, we remain consistent with our philosophy, which considers our customers, partners and employees as part of our success. What we call the "MSC Difference" is our true understanding of shipping, our passion and our commitment to constantly adapt to meet our customers' needs, while constantly investing in our staff development.

This explains our investments in emerging, developing and Least Developed Countries (LDCs), along with Small Island Developing States (SIDS), although trade volumes and GDPs may be lower than in other locations. There, we bring our long-standing expertise

in transshipment operations, while supporting the modernisation of ports and terminals. We also offer ad hoc intermodal solutions to connect remote areas and expand inland networks. By doing so, we are honoured to partner with national authorities, financial institutions and other stakeholders to contribute toward increasing countries' competitiveness at the international level and to support their growing position in the global trade.

MSC also provides cargo-related businesses, including depots and logistics services such as warehouses and maintenance & repair of containers (M&R), contributing to the development of shipping-related industries in Africa, Latin America and Asia and generating thousands of job opportunities for local communities.





ALLEVIATING POVERTY THROUGH SOCIAL INCLUSION

MSC believes that sustained economic growth can be achieved through a holistic approach promoting social progress, human dignity and pro-poor business models. Thus, all our strategies aim to realise productivity in the long term, while at the same time also providing a long-term positive impact on the local communities where we operate. This includes our efforts to incorporate poverty reduction considerations and non-economic dimensions in our business plans.

In this respect, we strongly promote social inclusion through the recruitment of local workforce in both

developed and developing countries, offering life-long employment opportunities and career paths. Our primary responsibility is to have the whole of MSC grow as a team for our company to become stronger and capable to face ongoing and future challenges. We value motivation and passion and we are proud to support the development of our employees' professional skills, enabling all our staff to contribute to their maximum potential and attain the highest standards of know-how, expertise and professionalism that we require for our operations and activities worldwide. To our workforce,

We strongly promote social inclusion through the recruitment of local workforce in both developed and developing countries, offering life-long employment opportunities and career paths

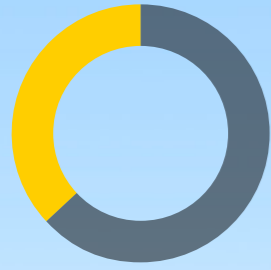
we offer stable, decent working conditions and a safe working environment, while encouraging work-family balance through a wide range of activities and initiatives adapted to geographical and cultural contexts.

In all countries where we are based, we promote gender equality and equal employment opportunities for all, especially for young people. We also support the recruitment of people facing high risk of poverty and social exclusion, such as vulnerable groups and people with disabilities. Today, our workforce counts almost all nationalities, comes from very different social and economic backgrounds, and has a highly diverse level of education.

Poverty reduction and promotion of health are interrelated. For instance, in some countries, our employees' productivity may be affected by existing development and social gaps, such as the lack of access to health facilities preventing them to carry out a healthy active life and compromising their ability to work. MSC's actions in this regard do not have the ambition to replace local governments' development strategies and the international community's efforts, yet, whenever necessary and within our sphere of influence, we seek to complement those actions by improving nutrition and hygiene practices among our local staff and their families through food security and health training. Recently, one of MSC's subsidiaries with operations in Abidjan, Ivory Coast, approved in its business plan to build health facilities and a nursery for its local workforce and families, providing health check-ups to prevent illnesses and limit the spreading of diseases.

We offer the possibility to all our employees, without discrimination of any kind, to have an enhanced human existence, contributing to improving their living conditions and being recognised by the global labour market as highly-skilled professionals. For us, this is the only effective way to alleviate poverty. Providing a participatory and inclusive access to quality education, health facilities as well as to stable financial revenues means providing people with the right tools to lift themselves out from poverty, combating the cycle of poverty as well as reducing the risk of transmitting poverty to the next generations.

This can only be progressively realised by empowering human beings, increasing their sense of ownership and improving their access to basic needs and to the enjoyment of their fundamental rights.



MSC'S APPRENTICESHIP PROGRAMME SINCE 2000

■ Teenagers 250
 ■ Hired as full-time employees 105

Santos, Brazil



**CASE STUDY
 BRAZIL**



MSC'S APPRENTICESHIP PROGRAMME

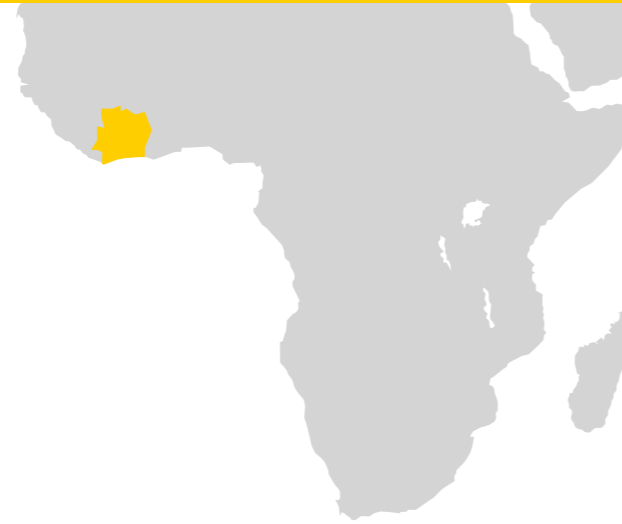


One of the most successful examples of our social inclusive initiatives is the Apprenticeship Programme promoted by MSC Brazil, implemented in partnership with CAMPS (Centro de Aprendizagem e Mobilização Profissional e Social), a local NGO with 50 years of existence based in Santos. This project, which complies with Brazilian national law 10.097/2000 and is regulated by the Decree n° 5598 of December 1st, 2005, gives the opportunity to young adults to gain theoretical and practical understanding of MSC's daily operations. It also focuses on the development of a core set of skills,

needed to work in a wide range of MSC's departments, through training provided by our managers. Since 2000, more than 250 teenagers, including those coming from poor contexts like "favelas", have been trained and 105 of them are presently hired as full-time employees by MSC. This is the case, for example, of Mr. Claudio Oliveira, who has been tasked, among other responsibilities, to work on MSC Brazil's CSR activities in collaboration with both the Management and the Marketing departments. His experience and extensive knowledge of the local reality contribute immensely to the success of MSC's initiatives.

Some other former apprentices have become Managers, Coordinators and even Managing Directors, such as Mr. Marcos Nascimento, presently Managing Director of MSC Costa Rica. In 2016, MSC Brazil accepted 30 additional apprentices offering them working opportunities in several departments such as Documentation, Finance, Logistics, Administration and Human Resources. Recently, MSC Brazil has also further expanded its project by partnering with Santos Municipality via PROMIFAE, a tax incentive programme from the city, supporting sport activities and other projects for young adults. Some of these projects are directly dedicated to local people with disabilities.

CASE STUDY
IVORY COAST



**MSC'S INCLUSIVE
BUSINESS MODEL**



MSC has been investing in Africa since 1970. Today, MSC is present in over 40 countries across the African Continent, employing over 8,000 people (including MEDLOG and TiL) and operates 50 weekly services connecting Africa to the rest of the world.

MSC opened its own agency in Abidjan, Ivory Coast, in May 2002 and since then has continuously extended its activities and trade services in the region. In 2008, MSC opened its second agency in San Pedro. Thanks to a long and successful experience in agricultural products' transportation across the world, MSC has become in only few years a key player in this highly strategic industry of the Ivorian economy. MSC, through its subsidiary company MEDLOG, has also developed hinterland traffic, offering off-docks and modern warehouses dedicated to cocoa, cotton, cashew and import commodities for local consignees and those based in neighbouring countries such as Mali and Burkina Faso. Yet, since its initial agency presence in 2008, MSC has positioned itself as the first international

container carrier to believe in San Pedro to become a major maritime transshipment hub. In this respect, going forward, MSC will support the development and modernisation of the terminal of San Pedro, enabling the deployment of ultra large vessels through massive investments in world-class infrastructure and equipment, including the latest IT technologies. This project, in line with the National Development Plan for 2016-2020, and in partnership with local authorities and the Port of San Pedro, aims to support Ivory Coast's development ambitions and ongoing efforts to reduce poverty, contributing, inter alia, to the growth of the export commodities through better and more reliable services to the rest of the world. Transshipment will become a new industry in San Pedro and its progressive development will position the terminal as one of the most modern deep sea terminal facilities

on the West African coast, creating new opportunities for the region. For instance, transshipment activities and operations will further grow the possibility to develop industries in the neighbourhood of the terminal, as the San Pedro area will be connected to both the European and Asian trade routes through direct services from the largest shipping lines. It will also result in lower transportation costs and therefore permit the local population to have access to local products at affordable prices. MSC's operations and activities will have a significant positive impact on San Pedro and its population, generating several thousands of direct and indirect jobs. Committed to always developing its human capital, MSC also plans to provide its local workforce with vocational technical training and entrepreneurship skills development courses.



MSC: A WORLD OF OPPORTUNITIES

The promotion of career opportunities in the maritime industry, at the local and international levels, as well as MSC's focus on crew professional development, are at the heart of MSC's strategy. For instance, MSC partners in Italy with the largest naval academy based in Sorrento, offering its young students a wide range of apprenticeships on board MSC's vessels. In 2016, we joined the IMO international campaign "At Sea for All" promoted on the International Day of the Seafarer, which aims at honouring seafarers' valuable contribution to the development of international trade and to people's welfare all around the world. In some countries, such as India and Ukraine, MSC has invested heavily in promoting the recruitment of nationals as crew members, generating, in the latest 7 years, over 10,000 employment opportunities for

young generations in developing countries. In Madagascar, MSC prides itself on having established a local workforce of over 2,000 Malagasy seafarers, who are now employed on its cargo and cruises vessels. MSC Madagascar also plans to establish in the near future a maritime training centre in Tamatave for its local workforce. Yet, a career in the maritime sector is not limited to a career at sea. MSC also offers other opportunities to its former captains and seafarers in key departments in its agencies worldwide. This is particularly important, as they can share and transmit their extensive expertise and knowledge of vessels and life on board to other employees who do not have the same experience, providing them with training and support for situation management in a very effective way.



CASE STUDY

MSC SHIPMANAGEMENT

CREW MANAGEMENT AND VOCATIONAL TRAINING



MSC office in Limassol, Cyprus

MSC's core business is to facilitate global trade by moving containers, both by land and by sea, on vessels that must be maintained to the highest technical standards in order to deliver cargo to customers safely, in the best condition and on time.

MSC has two cargo division shipmanagement offices responsible for crew management and technical vessel management, located in Limassol, Cyprus, and Sorrento, Italy. The technical management of the ships includes the provision of spare parts, vessel maintenance, evaluations, classification and regulatory compliance, as well as vessel research and design.

Both teams, in Cyprus and Italy, also proactively engage with various maritime industry organisations, share their expertise in the maritime sector and suggest innovative technical solutions to tackle ongoing and future challenges.

Yet, the most critical part of the operation is our people. Life at sea in the merchant trade can be extremely challenging, especially for people having families, and crew motivation levels can vary. In this respect, MSC

has developed its own "MSC family Crewing Concept", as well as ad hoc training for its crew members and clear career paths. MSC's main crew training centres are located in the Far East, in India, Ukraine, Croatia, Montenegro and Russia and are managed by MSC Shipmanagement.

Some of the mandatory training courses include, but are not limited to, simulators training, such as a large vessel handling course, ship handling simulator, bridge resource management, engine resource management, all conducted in either Sorrento or Mumbai. Specific training courses on the latest equipment are arranged for all crew. Officers and crew seminars are conducted at periodic intervals around the year and include modules on soft skills development and team building to prepare for the challenges that may be faced at sea.



MSC office in Sorrento, Italy (Villa Lauro)



MSC office in Piano di Sorrento, Italy

Key facts and figures on MSC ship management

MSC's ship management is a two-centre business activity located in both Cyprus (190 ships) and Italy (120 ships):

- The office in Limassol, Cyprus, manages 10,000 employees on the ships and 275 on shore.
- The office in Sorrento, Italy, manages almost 4,000 employees on the cargo ships and 121 on shore.

ISO certifications

MSC Shipmanagement Limited Cyprus is one of the few companies whose entire operated fleet and shore office is accredited with ISO 9001 (Quality Management), ISO 14001 (Environment Management Certification), ISO 50001 (Energy Management System Certification), ISO 26000 (Corporate Social Responsibility) and OSHAS 18001 accreditation.

AWARDS

MSC Shipmanagement Limited is an employer of choice and has received numerous awards from both governmental and non-governmental organisations over the years including:

- 5 years in a row, Best Ship Manager award in India
- 2 years in a row Best Ship Manager award in Ukraine
- Twice Best Foreign Employer of the Indian seafarer from the Government of India
- Best Cadet Training Program in Ukraine
- Award for Shipping Sector in Cyprus for the largest owned ship management company and for creating a large number of local jobs

HUMANITARIAN AID

Expressing solidarity towards populations and countries affected by famine, war and epidemics as well as towards victims of natural disasters represents a fundamental moral engagement for MSC.

In this respect, MSC is proud to actively contribute to several emergency and disaster relief initiatives both through independent actions and through strategic partnerships with specialised international actors, such as the International Committee of the Red Cross (ICRC) and United Nations Specialized Agencies, Programmes and Funds, including the World Food Programme (WFP) and the United Nations Children's Fund (UNICEF).

MSC supports rapid humanitarian response, in line with international humanitarian laws, by transporting emergency humanitarian aid cargoes such as medical equipment and food supplies, effectively contributing to alleviate poverty in the short term, addressing food

shortage, saving lives and protecting human dignity. Since July 2009, MSC has joined efforts with UNICEF to achieve positive changes at the field level for thousands of children and their families across the world.

The projects supported by MSC range from educational initiatives for the vulnerable children of Brazilian "favela" shanty towns to projects combatting malaria across Africa and programmes treating severe acute child malnutrition in crisis and emergency situations in Ethiopia, South Sudan, Somalia and Malawi.

Some of these initiatives are promoted on board of MSC Cruises' vessels and are generously supported by their guests through spontaneous donations.

An MSC for UNICEF field visit, led by Mr. Pierfrancesco Vago, Executive Chairman MSC Cruises, was conducted in April 2016 to assess the impact of MSC's actions in the field.



Mr. Pierfrancesco Vago,
Executive Chairman
MSC Cruises, visited
the UNICEF facilities
in Malawi in March 2016

MSC's partnership with UNICEF

MSC Cruises has been partnering with UNICEF through the "Get on Board for Children" initiative, collecting donations from guests, selling UNICEF products on board MSC Cruises' vessels, providing logistic facilities and increasing awareness of UNICEF's work worldwide, through advocacy campaigns and integrated initiatives, such as the "edutainment activities" specifically designed for children and families. In 2016, more than 250,000 youngsters, aged between 5 and 17, took part in UNICEF activities, becoming junior UNICEF goodwill ambassadors.

The partnership has its own motivational message "Together we can make a difference" and its own song "I Can Believe – MSC for UNICEF", by an Italian children's choir. The song provides a soundtrack to all UNICEF awareness-raising efforts on MSC Cruises vessels, including the MSC for UNICEF kids parade during the UNICEF Day, that forms part of every cruise. Since the beginning of its partnership, MSC Cruises' guests have contributed to a total of EUR 6,250,897.

Project in Malawi – Nutrition emergency relief

In 2015, Malawi experienced a devastating flooding, which was considered as one of the worst food insecurity crisis in over a decade in Southern Africa, with 3.5 million Malawian children being affected in the country's 28 districts.

UNICEF's response to help reducing child mortality rates resulting from severe acute malnutrition and combat the food crisis in that region included the supply of life-saving therapeutic milk and Ready-to-Use Therapeutic Foods (RUTF). The severe acute malnutrition is treated using therapeutic milk and RUTF since ordinary foods can be ineffective or carry risks. MSC joined forces with UNICEF in Malawi, providing logistics assistance and playing a strategic role in delivering these vital products to the affected population. MSC plans to renew its commitment to UNICEF in Malawi in 2017 and continue the treatment and the rehabilitation of children affected by severe acute malnutrition throughout the country.

MSC IMPACT

Since 2015, more than 6,000 children have been treated in Somalia, over 9,000 respectively in South Sudan and Ethiopia.

The lives of nearly 41,543 children and their families in Malawi have been positively impacted between 2015 and 2016. Between 2015 and 2016, some 2,037 million sachets of Ready-to-Use Therapeutic Foods and around 72,000 sachets of F-75 Therapeutic milk were delivered to children in Malawi.

MSC's partnership with Mercy Ships

Since 2011, MSC supports the work of Mercy Ships, a non-profit medical organisation, which uses hospital vessels to deliver free world-class health services to vulnerable populations living in the developing world. MSC's contribution involves the provision of free transportation of medical equipment, which helps Mercy Ships to re-allocate a significant component of its logistics budget to other important life-changing undertakings. MSC's commitment to Mercy Ship will be further enhanced in the next years.

**SUSTAINABLE
DEVELOPMENT
GOALS**



CREATING SUSTAINABLE VALUE

MSC'S COMMITMENT TO THE ENVIRONMENT

MSC'S RESPONSE TO SHIPPING INDUSTRY CHALLENGES

Maritime transport is responsible for moving around 90% of the world's goods in trade, playing a crucial role towards achieving global economic development and prosperity. It is also internationally recognised as the most environmentally-friendly and efficient means of transportation. World seaborne trade¹ has reached over 10 billion tons and, based on the 2014 IMO GHG study, the shipping sector's share of global emissions is only 2.2%. Global Greenhouse Gas (GHG) emissions have doubled since the early 1970s due to economic growth and increasing fossil-energy use in developing countries. According to the OECD Environmental Outlook to 2050, energy and industry-related emissions are projected to more than double by 2050 compared to 1990 levels. CO₂ emissions are projected to remain the largest contributor to global GHG emissions based on fossil fuel use in the energy and industrial sectors.

In order to face these increased environmental challenges and achieve the ambitions set up by the Paris Agreement on Climate Change, new regulations, with substantial financial implications, have been established. The shipping industry is also responding to these challenges, while facing difficulties in the areas of freight rates and maritime transport costs.

The container shipping industry is also in the midst of a profound transformation with regards to its supply chain and in an ongoing re-organisation, through the creation of new alliances between shipping lines and significant consolidations. Alliances such as the 2M alliance between Maersk and MSC enabled to offer an increased call frequency to customers while maintaining the quality in service. By optimising the use and capacity of vessels, shipping lines reduce their fuel consumption and CO₂ emissions. Some of the additional solutions needed are in the infrastructure serving the industry. In 2015, an important number of infrastructure development projects were launched or completed. These included improvements to the Panama and Suez canals to handle growing volumes.

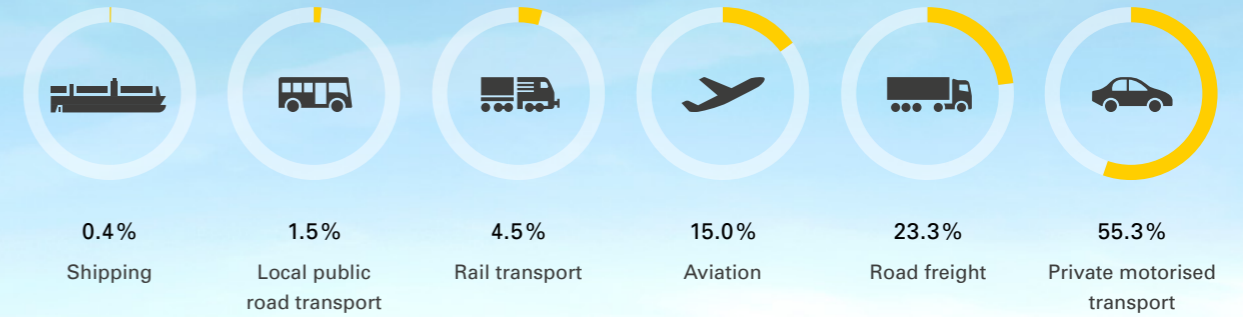
MSC is investing extensively in the modernisation of ports and terminals' infrastructure, in finding innovative greener transportation solutions and further expanding its hinterland services, to become even more cost-efficient and environmentally sound. Both the increased environmental regulations and the self-initiated efforts made by MSC come at heavy financial costs. However, MSC sees the benefits of its substantial investments starting to emerge and will remain committed to continuously improving its environmental performance.

¹ Source: UNCTAD, <http://unctadstat.unctad.org>



BREAKDOWN OF CARBON EMISSIONS BY MODE OF TRANSPORT

Source: Energiewende Outlook: Transportation sector, PWC, 2015





MSC ENVIRONMENTAL STRATEGY

MSC is committed to the environmental principles set forth by the Rio Declaration on Environment and Development of 1992 and implements all applicable environmental regulations to reduce its footprint wherever it operates. MSC's long-term environmental strategy is defined under three pillars: cleaner seas, cleaner land and cleaner cargo.

MSC is advancing its commitment for cleaner seas ensuring it is operating a modern fleet with reduced

air emissions, including GHG (Greenhouse Gases). For cleaner land, MSC renovates and modernises its terminals, usually implemented through public-private partnerships (PPPs) with port authorities and local governments, in line with national strategic plans and priorities. The last pillar, cleaner cargo, is demonstrated through MSC's efforts to improve vessel capacity and efficient operations leading to reduced emissions per ton of cargo carried.

2016 ENVIRONMENTAL PERFORMANCE

2016 has seen significant strides in MSC's environmental performance. The company's total fuel consumption was 8.3 million tons, of which 1.02 million tons was low sulphur fuel for use in regulated areas. MSC is meticulous about its environmental planning and is continuously scrutinising what impact it may have on land, sea and populations. Capacity utilisation, network optimisation and efficiency are an integral part of MSC's daily work. This has resulted in a 6.6% decrease in CO₂ emissions per cargo-ton/miles (Energy Efficiency Operational Indicator, EEOI) compared to the previous year 2015.

MSC has been recognised for its environmental efforts in several international forums, such as the International Green Shipping Awards in October 2016, where it was awarded Greenest Ship of the Year. More than 200 key leaders of the international shipping industry attended the event held in Rotterdam, in the Netherlands. The award aims to recognise the efforts of the leaders in the maritime industry, who have successfully implemented sustainability practices within their businesses. MSC earned the ISO 14001:2015 status, which relates to environmental management systems, biodiversity, climate challenges and ecosystem services.



CLEANER SEAS

The youngest container fleet in the world

MSC operates one of the youngest fleets in the world. It represents a massive financial investment in modern, efficient and environmentally-friendly vessels.

MSC Oscar

MSC invests in new technologies, systems and processes with the aim of continuously improving the environmental performance and energy efficiency of its fleet. In January 2015, MSC launched the MSC Oscar, the world's largest containership at that time. Due to its eco-design, MSC Oscar produces considerably less CO₂ emissions per shipped container than previous generations of comparable ships. As an illustration, MSC Oscar has an average Energy Efficiency Operational Indicator (EEOI) of 7, which compared to an older vessel can be translated into 70% emission reduction to carry the same amount of cargo.

MSC is permanently engaged in efforts to optimise its fleet's fuel consumption. Over one third of MSC's operated fleet is built in accordance with the new Energy Efficiency Design Index (EEDI) standards. The EEDI is a criterion set by a new legally binding IMO regulation from early 2013 to reduce GHG emissions. It aims to ensure that the new ships built by 2030 will be 30% more efficient than in 2013.

"G" type engines

MSC has also introduced "G" type engines in its new building programme. "G" engines, with their ultra-long stroke, efficiently operate at lower speeds. Vessels with "G" engines have therefore large diameter propellers, which create approximatively 6% savings in fuel consumption in comparison with a normal size propeller, along with the consequent savings in CO₂ and other air emissions.

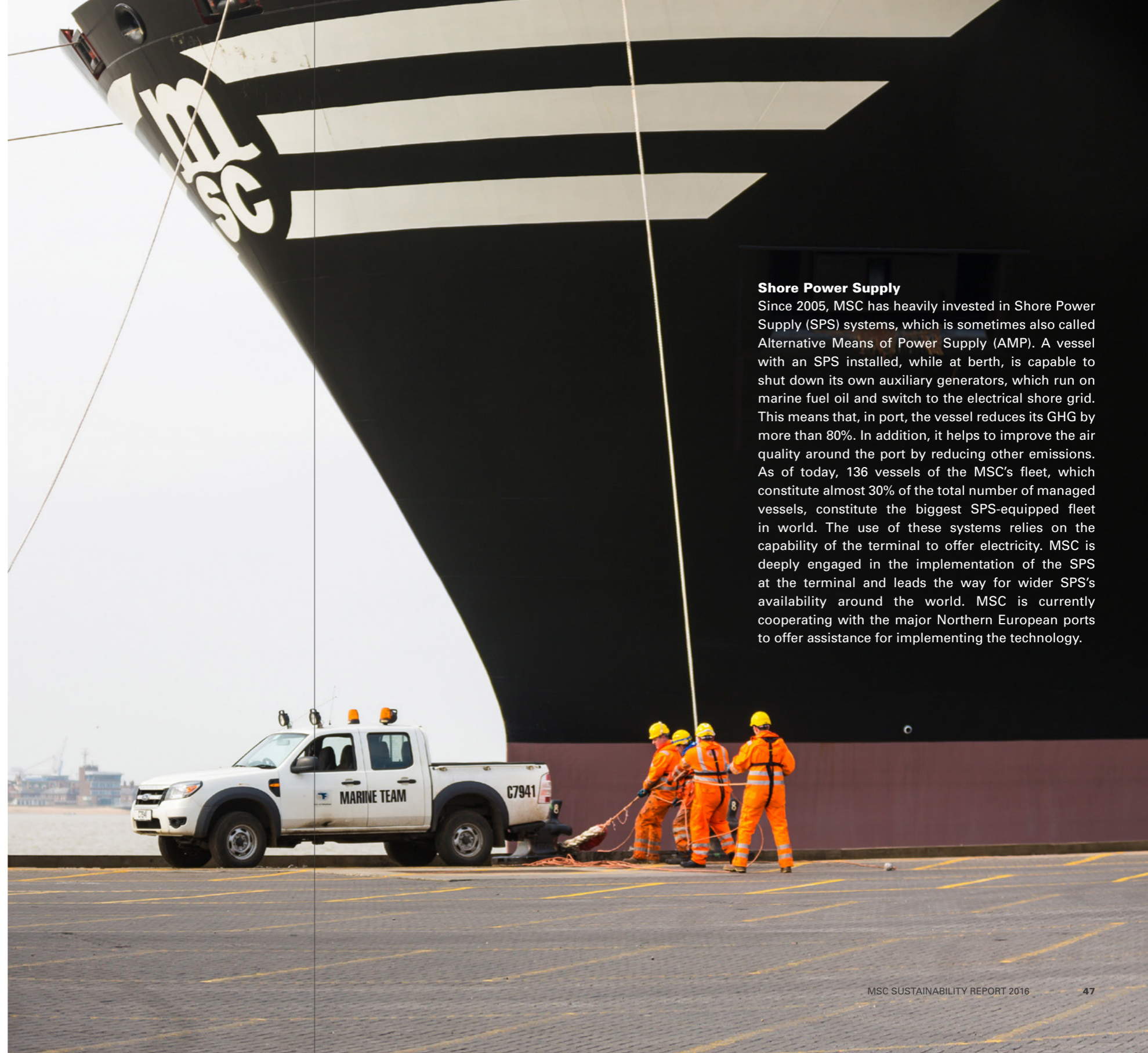
Responsible ship recycling

Almost half of MSC's fleet is less than 10 years old and two thirds are less than 15 years old. With regards to its vessels near the end of their service life, MSC is strongly committed to only recycling ships in a safe and responsible manner in accordance with established internal practices. Accordingly, we fully support the principles within the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009. We also highly encourage all governments to ratify that convention and effectively implement its provisions upon its entry into force. MSC's principles, and those within the Hong Kong Convention, are important foundations to ensure that social responsibility and environmental stewardship aspects are fully considered when ships are recycled at the end of their service life.

MSC invests in new technologies, systems and processes with the aim of continuously improving the environmental performance and energy efficiency of its fleet

MSC's green initiative

Older container vessels were designed to operate at higher speeds than those they generally operate at today. They are now typically operated at lower speeds, making the existing hull and propeller design less efficient. Consequently, MSC launched its green initiative nearly five years ago to reduce the fuel consumption of its fleet. The associated retrofitting programme was aimed at equipping and modernising older vessels to achieve significant fuel reductions. It consists of replacing the bow of the ship while the vessel is in dry dock. The new bulb design reduces fuel consumption and therefore reduces CO₂ and other air emissions. To date, over 200 vessels have been retrofitted with an optimised bulbous bow. The vessels are also retrofitted with more efficient propellers having reduced weight, propeller boss caps with fins, which reduces the losses through hub vortex and rudder bulb along with new rudder designs that reduce drag. MSC's own ship management centres in Cyprus and Italy are also implementing retrofit installations on the main propulsion engines to make them more efficient. MSC has reduced its CO₂ emissions by over 1.5 million tons per year on its retrofitted vessels, since initiating this programme. MSC plans to retrofit over 256 vessels with an estimated reduction in CO₂ emissions of more than 2 million tons per year. MSC has also worked with leading engine makers to develop controllable pitch propeller modifications with attached boss fin caps that have resulted in approximately 12 to 15% fuel savings on fast feeder vessels. This technology, the first of its kind, was subsequently installed on six vessels.



Shore Power Supply

Since 2005, MSC has heavily invested in Shore Power Supply (SPS) systems, which is sometimes also called Alternative Means of Power Supply (AMP). A vessel with an SPS installed, while at berth, is capable to shut down its own auxiliary generators, which run on marine fuel oil and switch to the electrical shore grid. This means that, in port, the vessel reduces its GHG by more than 80%. In addition, it helps to improve the air quality around the port by reducing other emissions. As of today, 136 vessels of the MSC's fleet, which constitute almost 30% of the total number of managed vessels, constitute the biggest SPS-equipped fleet in world. The use of these systems relies on the capability of the terminal to offer electricity. MSC is deeply engaged in the implementation of the SPS at the terminal and leads the way for wider SPS's availability around the world. MSC is currently cooperating with the major Northern European ports to offer assistance for implementing the technology.



Advanced antifouling coating systems

MSC has committed to proper hull treatment of its vessels during each dry-docking and uses advanced anti-fouling paints to reduce the frictional resistance of the vessels. This leads to reduced GHG emissions. MSC has also opted for the antifouling coatings based on silicon technology, which is recognised as the gold standard for reducing carbon footprint and improving energy efficiency, while effectively minimising the risk of introduction and spread of invasive species. Several vessels have already undergone this transformation. MSC has further extended its experience and has very successfully tested long-term fouling free operation of propellers coated with silicon paints. Today, during scheduled dry-dockings, MSC owns and manages vessels' propeller blades and hub with boss cap fins that are coated with silicon paint. This ensures optimum performance until the next scheduled docking, without a need of any underwater cleaning. It also replaces the old practice of underwater cleaning of the propeller blades while at berth. This practice was not always allowed by the relevant ports and the quality of the result was inconsistent.

Latest generation software systems

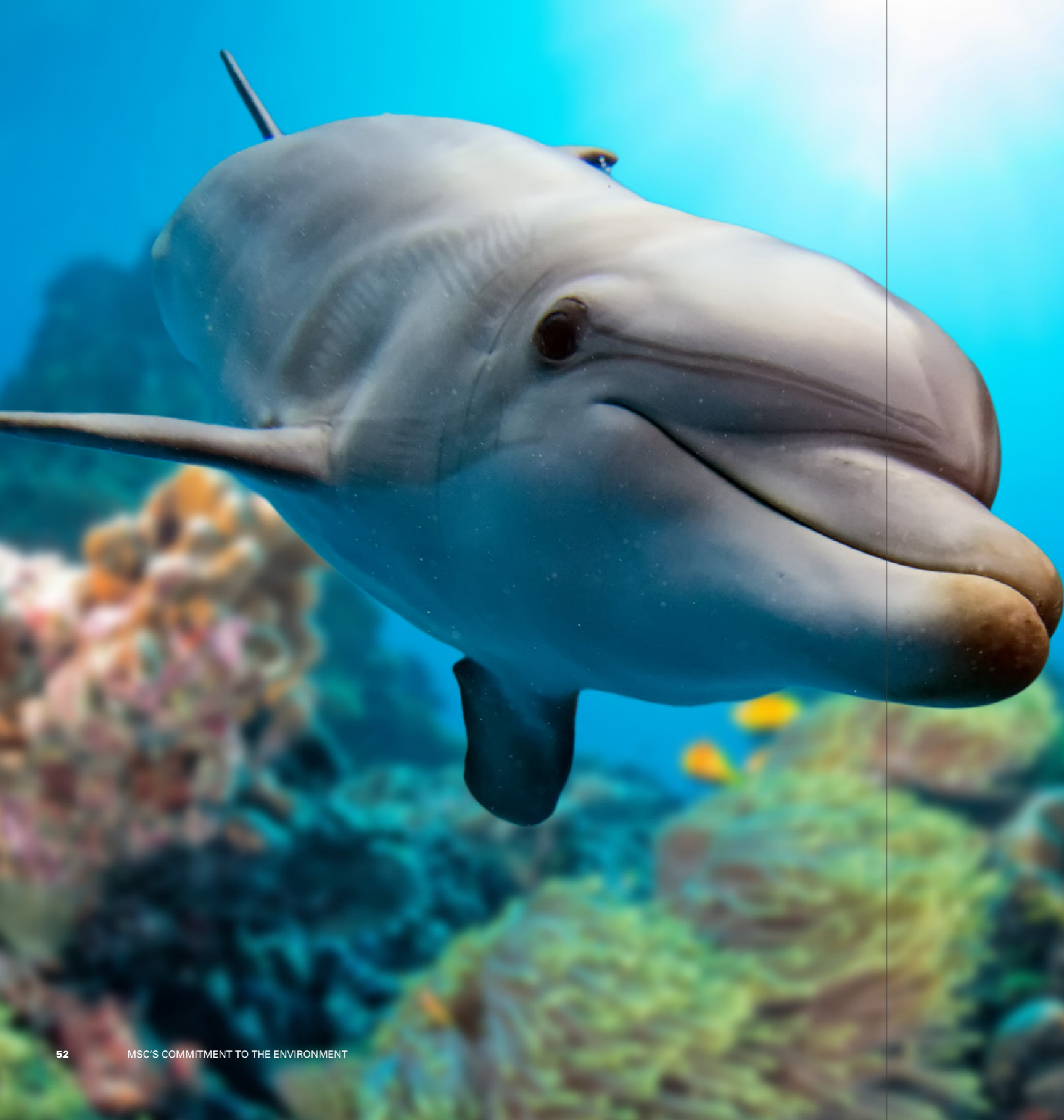
MSC has also extensively invested in a state-of-the-art automatic data acquisition and monitoring system to better evaluate the optimisation of energy consumption of its fleet. An analytical software tool has been developed internally for the management of propulsion and hull efficiency, trim optimisation, voyage and fuel management, refrigeration efficiency, and overall energy management. This system is helping to ensure optimised fuel consumption and minimised air emissions of MSC's vessels during each voyage.

Ballast water

Optimum ballast water management reduces GHG emissions during the voyage, whether by means of minimum ballast or adjusting ballast to maintain a certain trim of the vessel for reducing fuel consumption. Tanks within the hull of a container ship are filled with water to manage the trim and stability of the vessel during its voyage for safety and efficiency reasons. This ballast water is transported over great distances. It can sometimes be released far away from where the water was originally collected. The consequence is the possibility to release invasive marine species in foreign waters, which can negatively alter the natural habitat of other native marine species. Proper ballast water management can also minimise the risks of transmission of communicable diseases to communities. To counter these potential risks to the environment and populations, MSC has worked with its ship builders, classification societies, design firms and other stakeholders to ensure that the new building ships' designs allow carriage of minimum ballast. MSC has also partnered with the International Finance Corporation to install ballast water treatment systems onboard its vessels. It shows MSC's commitment to position itself ahead of regulatory requirements entering into force in September 2017 and being phased in over the next seven years. Currently, 114 MSC-owned vessels are already fitted with this ballast water treatment system and the remaining vessels are planned to be fitted by the end of next year.

114 MSC-owned vessels are already fitted with this ballast water treatment system and the remaining vessels are planned to be fitted by the end of next year.





MARINE AND WILDLIFE CONSERVATION

MSC's longstanding commitment to marine and wildlife conservation is demonstrated both by unilateral measures to minimise our environmental impact and carbon footprint and through active partnerships.

Wildlife protection – United for Wildlife Transport Taskforce

The protection of the environment and wildlife is a priority for MSC. Among other initiatives, MSC has become a signatory of the Buckingham Palace Declaration of the United for Wildlife Transport Taskforce, committing to combat the illegal wildlife trade. Valued at up to USD 23 billion per year and one of the five most lucrative global crimes, wildlife trafficking is more than a crime against wildlife, with 1,000 rangers killed in the past ten years.

The initiative aims to help dismantle this illegal trade by breaking the transportation link between suppliers and buyers, protecting iconic species such as the elephant, rhino and pangolin from extinction.

United for Wildlife (www.unitedforwildlife.org) was created by The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry in the United Kingdom. Led by The Duke of Cambridge, United for Wildlife brings the world's foremost wildlife charities together under a common purpose: to create a global movement for change. Its work is promoted by ambassadors from around the world including David Beckham, Andy Murray and Chris Froome.

Marevivo

Since 2015, MSC has joined forces with Marevivo (www.marevivo.it), an Italian marine conservation association founded in 1985 that works worldwide for biodiversity conservation, sustainable development and the enhancement and promotion of marine protected areas, combatting pollution and illegal fishing while promoting environmental education. MSC and Marevivo work together to inspire young people with a passion for the sea and to disseminate a culture of sustainability inside and outside the classroom.



JULY 2012
 Brasil Terminal Portuario



JUNE 2017
 Brasil Terminal Portuario

CLEANER LANDS

As a world leader in global transport, MSC recognises the impact that its operations could have on the natural landscape and populations around the world. Therefore, it is continuously working to implement and maintain initiatives designed to preserve the environment and reduce negative externalities on populations. MSC invests heavily in the modernisation of terminals and ports, considering in its strategies ways to reduce the negative impact of the infrastructure on the environment. As an example, Brasil Terminal Portuario underwent major transformations. Over USD 80

million were invested in environmental remediation and waste management. In addition, 1.14 million tons of contaminated soil were subsequently removed from the terminal. Consequently, 340 million m² of land was recovered. In all circumstances, MSC is trying to use the most environmentally-efficient way of transport. Through our affiliate companies, MSC is providing its customers with land transportation and actively promoting the use of rail as an inland access mode. Out of our total volume of controlled intermodal traffic, over 40%

is carried by rail. That percentage continues to rise steeply as the international rail network of corridors improves every year. MSC has also invested extensively in logistics by becoming a rail operator in Europe, thereby showing its confidence in the rail transportation sector, which drastically reduces the CO₂ emissions and negative externalities, compared with road trucks. MSC plans to further invest in the railway sector in Europe and across the globe.



**CARBON EMISSIONS (KG CO₂/KM)
FULL TRAIN VS. CORRESPONDING
TRUCKS TO CARRY 500 TONS
OF CARGO**

■ Train with diesel locomotive	13.30
■ Train with electric locomotive (equivalent of 12.4 KWh/km)	5.30
■ Trucks	20.37



**CASE STUDY
PORTUGAL**



**INVESTING IN
RAIL SERVICES**

In January 2016, following a privatisation process in Portugal, MSC acquired a 95% stake of the national rail operator company, which has then been renamed as MEDWAY. The total investment amounted to EUR 77.4 million and owns.

MEDWAY's services are mainly used by MSC, thereby preferring the use of the railway network rather than the trucking network. The railway network provides great advantages in terms of service offering, cost-effectiveness, environmental impact as well as productivity.



MEDWAY	
Workers	over 500
Total locomotives	59
Electric locomotives	29
Wagons	2,917

Indeed, trucks cause substantial congestion at the marine and inland terminals' gates. It can be reduced using rail transport.

As an illustration, to travel the exact same distance of one kilometre, a train produces 3.5 times less CO₂ emissions than the corresponding appropriate number of trucks. In addition to the important reduction in CO₂ emissions, for the same distance, a train carries on average 500 tons of goods. In comparison, one truck carries only 24 tons of goods. It means that MSC would need approximately 20 trucks to carry the same quantity of goods for the exact same distance travelled by train. Another advantage using trains is to relieve the roads from important traffic congestion, which also contributes to CO₂ emissions. The costs associated with road congestion are projected to increase by about 50% by 2050 to nearly EUR 200 billion annually. Trains represent a more environmentally-friendly and more efficient way of transporting goods compared to trucks. MEDWAY's fleet is composed of both diesel and electric locomotives, in equal parts. Electric locomotives are the preferred option and, whenever possible, we aim to invest and renew the existing fleet with electric locomotives. MEDWAY is certified ISO 14001. In conclusion, preferring rail as a means of transportation also dramatically reduces fatalities on the road. For instance, as per the European Court of Auditors' report on Rail freight transport in the EU: still not on the right track (2016), there were 28,126 road fatalities in the EU, in 2012. In comparison, there were only 36 fatalities associated with rail transport.

CASE STUDY
THAILAND



**SUPPORTING THE
REDUCTION OF ROAD AND
TRAFFIC CONGESTION**

In June 2016, MEDLOG invested in a barge of 240 TEUs capacity. The investment represented USD 1.45 million. The barge is operated between Laem Chabang and Bangkok ports. It employs 14 seafarers. MEDLOG hired local crew to operate the barge. The aim of this important investment was to improve the service to its customers, reduce road and traffic congestion in the country, and increase overall productivity. Thanks to this important investment, MSC stopped using over 100 trucking suppliers. This investment contributed to greatly reducing negative impacts on the environment. Indeed, the trucking suppliers previously used were part of the problem of road congestion in Thailand, negatively affecting the environment and population's health.





CASE STUDY
CHILE



**BRINGING INNOVATION
INTO LOGISTICS**



MEDLOG operates a logistics centre in Santiago, Chile, where container storage, maintenance and repair and warehousing services are provided. This logistics centre is comprised of 60,000 m² of land. It employs 97 people and handles approximately 3,000 containers per month.

MEDLOG plans to significantly invest in innovative technologies and hybrid lifting equipment for its containers at its terminals. In parallel with its investment in state-of-the-art technologies, MEDLOG makes sure to train employees at its terminals.

Among the investments towards more environmentally sound business activities, MEDLOG purchased the latest generation of engines for its lifting equipment, thereby reducing important CO₂ emissions and tremendously improving fuel consumption. MEDLOG also invested in water recycling tools for the cleaning of containers.

MEDLOG is also constantly renewing its trucking fleet for short distance haulage to equip them with the latest technologies and with engines of the highest standards, wherever road infrastructure allows it. In addition to reducing CO₂ emissions, the newer engines on trucks provide important fuel consumption and cost savings.

CLEANER CARGO

MSC's efforts for cleaner cargo are shown by our willingness to improve cargo management through several initiatives, such as alliances with other major shipping lines. This promotes a highly efficient use of vessel space and reduces fuel consumption.

At the international level, MSC is actively involved in many important initiatives promoted by the maritime industry, such as the Clean Cargo Working Group (CCWG). It is a business-to-business leadership initiative involving major cargo carriers, which is dedicated to improving the environmental performance of marine container transport and promoting responsible shipping. CCWG, among other measures, reports and evaluates performance data in marine container transport. CCWG's annual emissions factors report indicates that carriers have reduced CO₂ emissions per TEU-km by more than 8% from 2014 to 2015 and by 35% since 2009.

Over the next coming years, MSC will further strengthen its involvement with the International Maritime Organization (IMO) and increase its participation in the international policy dialogue related to environmental issues.

FLEET NETWORK AND TERMINAL EFFICIENCY

MSC has heavily invested, throughout its tonnage growth, in economies of scale with a favourable direct impact on carbon emissions' reduction. MSC has been able to increase organically the capacity per ship from 3,200 TEUs in 2006 to an impressive average capacity per ship of 6,100 TEUs at the end of 2016. While the top ten carriers average was around 5,200 TEUs per ship, MSC has positioned itself as a clear leader in the container shipping industry over the past decade. However, economies of scale on their own are not sufficient if the network is not maximised and each ship's capacity is not fully utilised. To manage

efficiently the fleet deployment and capacity, MSC created a new department in 2009: Fleet, Network, Efficiency (FNE). The focus of the department is to utilise the ships' capacity and the entire MSC network to their maximum potential and bring stability on the operational front to improve customer satisfaction, while reducing losses and inefficiency.

Capacity management is run on three levels: fleet, trade and ship, meaning that where there is a shift in demand from the market, the department has the tools and executional know-how to adapt accordingly. This results in changing deployment schemes when patterns also change on certain services (due to the seasonality of certain commodities, for instance) as well as maintaining the fleet typology in line with operational requirements.

Amongst the other assets managed together with the fleet are the live operations in the terminals around the world and the combination of the two. For example, running the ships efficiently in and between the ports. By constantly monitoring the operational efficiency of the resources on the ground, MSC further reduces the idling of resources, both human and equipment. Consequently, this task force ensures that, by providing the most efficient operational programme in a port, each ship spends the least possible time alongside, thus giving it more steaming time at lower speeds than planned and therefore the lowest possible fuel consumption.

FNE is highly proficient in adapting to the constantly changing market, combining the available assets in the best possible way to balance cost savings and customer satisfaction. The stability of the network relies on this flexibility to counter any unforeseen shifts of one of the components (i.e. port congestion, weather issues, vessel incidents and other factors). MSC's network is constantly analysed to explore any opportunities for economies of scale, speed reduction and better capacity utilisation, which all directly influence carbon and other air emissions. These factors can all enhance the company's efforts towards the protection of the marine environment.





**SUSTAINABLE
DEVELOPMENT
GOALS**

3 GOOD HEALTH
AND WELL-BEING



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



CREATING SUSTAINABLE VALUE

HEALTH AND SAFETY

A SAFE AND HEALTHY ENVIRONMENT

MSC seeks to provide employees with a safe and healthy environment both ashore in its offices and at sea on board its vessels. As such, MSC complies with all applicable health and safety laws, which are respected by all the various subsidiaries of the MSC Group.

Considering the recent surge in demand from customers handling dangerous goods cargoes and related increasingly complex rules, MSC had to address the best way to manage these cargoes. This led MSC to redesign its Health, Safety, Security and Environmental (HSSE) policy, which is under the constant and personal review and scrutiny of MSC senior leadership.

MSC's high level of customer care is demonstrated through our safety and efficiency in the transport of hazardous cargoes and chemicals. All dangerous cargo shipped by MSC is verified against all relevant international HSSE standards. MSC's agents have first-hand experience with local requirements and regulations regarding the handling of chemicals and dangerous goods in ports across the globe.

In addition to the full commitment of the Aponte family, MSC implemented successful tools to mitigate risks from potential hazards. This is illustrated by development and implementation of the Dangerous & Sensitive Cargo Management System (DSCM).

THE APONTE FAMILY AT THE HEART OF MSC'S MARITIME INCIDENT RESPONSE MANAGEMENT

MSC's owner and founder, Captain Gianluigi Aponte and MSC's President and CEO, Mr. Diego Aponte, are personally engaged in the management of any significant vessel incident, including its control and monitoring from the very beginning of each situation until the issue is fully resolved. They both remain fully available day and night to be directly involved, whenever needed.

Each incident is entirely supervised by MSC's senior management, using their extensive experience to properly manage every potential crisis. MSC's leaders were at the origin of the initiative to create and implement the DSCM. MSC understood ahead of the industry the necessity to automatically manage dangerous

and sensitive cargo to avoid major incidents on MSC's fleet and staff, avoid major issues and potential damage to the environment, and secure container contents and loading on vessels. Crisis management at MSC is handled by experts in their field with the latest generation of technological and IT tools at their service.





DANGEROUS & SENSITIVE CARGO MANAGEMENT

In early 2015, the Dangerous & Sensitive Cargo Management System (DSCM) project was initiated via the creation of a steering committee comprised of the experts of the relevant divisions. It was sponsored by MSC's Chief Operating Officer. The committee includes the head of the Information Technology Department, the leading expert in Hazardous Cargoes and the Legal and Claims Department. With the support of MSC's senior management as well as the efforts and strong collaboration of the relevant departments, the first phase of the DSCM was successfully implemented in 2016. MSC thoroughly analyses all incidents and continuously adapts its loss prevention programmes by accepting or rejecting certain cargoes posing inappropriate direct or indirect risks to people and assets. This effort made MSC compliant to the ISO 9001:2015 standard related to the requirements of risk assessment and management. MSC is managing all significant incidents directly, resulting in a direct and fast approach, reducing risks to people and the environment. This technology, developed internally, allows MSC to analyse and handle bookings of dangerous cargo per applicable regulations in less than two minutes. There is no other shipping line with a shorter response time. This system allows MSC to control and monitor 100% of dangerous goods cargoes from the acceptance of the booking through the loading at the terminal and until the

delivery of the goods to their ultimate receiver. Overall, it delivers correct cargo segregation, improved control of ports, terminals and vessels restrictions, more efficient weight control, and complete control of the technical and chemical data. The entire process was automated to avoid human error. The system is supervised by a team of five experts representing an extra level of safety, to avoid systemic failures. MSC is also proud to count within its organisation, a highly specialised chemical support department based in Antwerp, Belgium. This department ensures that MSC's shipments meet the stringent compliance requirements of the IMO International Maritime Dangerous Goods (IMDG) Code. MSC's experts are fully competent and able to deal with any type of contingency. With this specialised team of chemists constantly available, MSC ensures that every chemical cargo on board our vessels, as well as all the other containers, are properly stowed and shipped as per all applicable safety requirements. MSC has deep expertise in delivering containerised chemical cargoes swiftly and safely. In 2016, MSC invested in a new Dangerous Cargo training platform for agencies on dangerous cargo handling, taking this opportunity to raise awareness across the company. The second phase of the DSCM system is planned for September 2017 and will address sensitive cargoes.



WEATHER ROUTING MANAGEMENT

MSC has created a dedicated Weather Routing team of professionals responsible for enhancing the safety of the navigation, cargo and crew on board its vessels. It consists of highly qualified seafarers, some of whom have served as Captains on board MSC's vessels, located in the headquarters. The team evaluates 24/7 how the weather will impact, daily, MSC's operations. They give this information to MSC's vessels to ensure maximum safety and efficiency. The technology used can plan 100 routes at the same time. It shows the hourly position of the ship, the weather on the passage and the bunker

consumption. It provides advice to the master on board the vessel on when to speed up or slow down, depending on the current or the weather. The team considers the weather to achieve the safest and most efficient transit for MSC's customers. They track the weather, the wind and current constantly and relay the information to the master of each ship to discuss alternative routes, as appropriate. Thanks to the innovative and sophisticated technologies at their disposal, the Weather Routing team can save lives, minimise our environmental footprint, and protect cargoes.





SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

CREATING SUSTAINABLE VALUE

BUSINESS ETHICS AND PROTECTION OF HUMAN RIGHTS

BUSINESS ETHICS AND PROTECTION OF HUMAN RIGHTS

MSC fully supports the Ten Principles of the United Nations Global Compact. MSC reiterates its commitment in the areas of Human Rights, Labour, Environment and Anti-Corruption. MSC is dedicated to the respect and the implementation of corporate ethical practices within its business activities, relationships with its partners, internal and external stakeholders as well as within its supply chain.

MSC respects internationally recognised human rights defined by the Universal Declaration of Human Rights, ILO conventions, including the ILO Maritime Labour Convention, 2006, domestic laws, as well as international humanitarian laws such as the Geneva Conventions of 1949 and their additional protocols of 1977.

MSC's commitment towards the protection and the promotion of human rights is endorsed by the Aponte family, who has incorporated the Ten Principles of the UN Global Compact into MSC's core values. Accordingly, MSC is re-assessing the Group's strategy and there is an ongoing centralisation process within MSC's headquarters. This aims to enhance the transparency of the actions that have already been taken worldwide on these topics. The global harmonisation process is presently being led by MSC's senior management at the headquarters in Geneva, Switzerland. MSC's strategy includes, but it is not limited to, the global implementation of the MSC Code of Business Conduct, the insertion of specific contractual requirements imposed upon MSC's business partners, the creation of a reporting channel and strong collaboration with the Corporate Internal Audit department. In the coming years, MSC plans to further improve and promote the integration of the Ten Principles into its business strategies and policies.

THE UN GLOBAL COMPACT'S TEN PRINCIPLES

Human Rights

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.

Labour

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labour;
- 5 the effective abolition of child labour; and
- 6 the elimination of discrimination in respect of employment and occupation.

Environment

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Source: www.unglobalcompact.org

THE MSC CODE OF BUSINESS CONDUCT

Over the years, MSC has earned the trust of its customers and business partners by conducting its business with integrity, in a fair and responsible manner. MSC relies therefore on its employees to act the same way in their daily work. The MSC Code of Business Conduct reflects the principles by which MSC does business and is a strong top-to-bottom message from MSC's senior management to all employees. The MSC Code of Business Conduct communicates to employees the correct way of doing business and empowers managers with a role model responsibility. It sets forth the common standards of approved behaviours that should lead MSC's conduct in all its business dealings worldwide and that should guide employees when interacting with each other or with MSC's stakeholders in the area of human rights, environment and business ethics. In many countries where MSC operates, such standards may go well beyond compliance with laws and regulations. MSC aims at preventing misconducts and behaviours which are not in line with MSC's values from happening and at protecting the employees and communities' rights.

The MSC Code of Business Conduct was introduced in January 2015 with the strong support of MSC's senior management, who made its implementation one of the company's main priorities. The MSC Code of Business Conduct is available on MSC's public website (<https://www.msc.com/che/sustainability/governance>) and Intranet. It constitutes a framework to help all employees maintain the highest business ethics standards. MSC expects all employees to fully adhere to and abide by the MSC Code of Business Conduct. It has been circulated throughout the company and translated into 20 languages, to facilitate a better understanding and a global implementation.

To enhance employees' awareness, MSC invests in training and e-learning processes. Specific training on

the MSC Code of Business Conduct was held in the headquarters for the first time in September 2015. Since then, it has become mandatory for all newcomers as part of their onboarding programme to properly transmit MSC's family values.

A dedicated team of compliance experts within MSC's headquarters, the Compliance department, provides regular training to all MSC agencies on the MSC Code of Business Conduct. Employees are made aware of human rights issues. They are required to exercise care and control, especially over MSC's suppliers and to escalate any suspicious or non-compliant situations. An e-learning programme specially dedicated to the MSC Code of Business Conduct is currently being developed to facilitate a better reach globally. It will be made available during 2017.

Within each MSC agency, one employee was appointed as the Code of Business Conduct Coordinator. This person is responsible to make sure that all the MSC agency's employees have read, understood and have been trained on the MSC Code of Business Conduct. This person is also responsible for monitoring the observance of the MSC Code of Business Conduct locally and reports to the Compliance department. The Code of Business Conduct Coordinator has the full support of the Agencies' Management, the Regional Management and the Compliance department. In 2016, there were 141 Code of Business Conduct Coordinators worldwide. These coordinators represent a robust global network reporting to the headquarters in Geneva, safeguarding and promoting the MSC values around the world. The aim for 2017 is to focus on MSC's external stakeholders with the creation of an MSC Supplier Code of Conduct for the MSC's supply chain.



LABOUR RIGHTS AND EQUAL OPPORTUNITIES FOR ALL

MSC strives to provide a good working environment to its employees. Being a strong advocate for the fundamental dignity of all employees, MSC does not tolerate any form of harassment or abusive conduct. The MSC Code of Business Conduct explicitly requires respect for human rights and labour standards. It strictly prohibits any discrimination based on sex, race, religion, language, gender, national origin, age, disability, political or ideological beliefs, marital status, sexual orientation or family responsibilities. MSC strongly opposes the use of forced labour and any form of exploitation. This is reflected by MSC's involvement in childhood development programmes and other local actions throughout the world.

MSC is firmly committed to support equal employment opportunity and diversity. For instance, in 2016, 35 different nationalities were represented within the headquarters. MSC is proud to count within its workforce people with very different social and economic backgrounds, as well as different levels of education.

FOSTERING FAIR BUSINESS

MSC is committed to undertaking business fairly, and to uphold all applicable anti-bribery and corruption laws when conducting business anywhere in the world. MSC strictly prohibits all corruption, as well as active and passive bribery. MSC employees must comply with all applicable anti-bribery laws, including the Swiss Penal Code and where applicable the U.S. Foreign Corrupt Practices Act and the UK Bribery Act 2010.

MSC has created a dedicated team of experts in its headquarters, which has successfully implemented the MSC Anti-Bribery policy with the strong support of the senior leadership. This policy provides a framework for employees worldwide on how to conduct themselves when dealing with external third parties such as customers, government officials and business partners. Agencies and employees shall never offer, give, solicit, accept or receive, an undue advantage in return for favourable treatment, influencing a person or decision, or gaining or retaining business.

It is of paramount importance that MSC always conducts its business legally, responsibly and with integrity. There is a zero-tolerance policy on any form of corrupt activity and facilitation payments. MSC will not tolerate wilful ignorance in relation to corrupt activities. The failure to comply with the policy may lead to disciplinary action and up to the termination of employment. The MSC Anti-Bribery policy was translated in 11 different languages for a better reach and understanding by employees, globally.

As a general principle, giving or accepting luxurious, unduly lavish or extravagant goods, as well as cash or cash equivalents such as gift cards and vouchers, is forbidden. As a rule, corporate hospitality expenditures unrelated to business activities are prohibited, as well as expenditures that are primarily for personal purposes. Charitable contributions or sponsorships cannot be used to funnel bribes.

MSC strives to implement within its agreements with customers and business partners, anti-corruption clauses to impose strict requirements and obligations throughout its supply chain. MSC anti-corruption clauses impose to MSC counterparties and their shareholders, subcontractors and affiliates the highest standards in strict application of anti-corruption laws. As such, MSC counterparties must perform anti-corruption due diligence to ensure compliance with applicable anti-corruption laws.

Any employee must report on an anonymous basis all events that he perceives as being a potentially corrupt activity. The management shall take appropriate remedial and corrective actions if necessary.

There is a training for employees focusing on anti-corruption, on how to fight corrupt practices in their daily activities. A mandatory e-learning course raising awareness on anti-corruption will be implemented during the year 2017 for a better and stronger reach globally.

SUPPLY CHAIN DUE DILIGENCE

MSC performs due diligence in selecting business partners. MSC expects the same level of due diligence from its agencies. Due diligence must be carried out before engaging with a business partner to identify existing problems and potential risks.

The Compliance department is working in close collaboration with the Contract Review team to implement specific compliance clauses within contracts. Thanks to strong cross-transversal team efforts, MSC's business partners are required, through specific compliance obligations in contracts to comply with all applicable laws, statutes and regulations, such as the UK Modern Slavery Act of 2015. MSC also expects its business partners not to have been convicted or been subject of an investigation for any offence involving a human rights violation. MSC also encourages its business partners to commit to similar principles to those set out in the MSC Code of Business Conduct.





EMPLOYEES REPORTING CHANNEL

A reporting channel was made available to all employees who are free to report any alleged infringements of the MSC Code of Business Conduct, as well as any misconduct or violation of any kind. MSC takes potential violations very seriously. MSC will fairly investigate each allegation with care, discretion and confidentiality. There shall be no retaliation against any employee making a report in good faith. Once received, complaints are carefully evaluated. Depending on the seriousness of the allegation, the MSC Audit department is put on notice and may investigate the allegations on-site.

The objective for 2017 is to enhance the use of the MSC reporting channel by raising awareness among all employees worldwide. In this regard, MSC plans to strengthen the cooperation and collaboration of the relevant departments at the headquarters. The aim is to create a formal process to strengthen the centralisation of the reporting channel at the headquarters and to consolidate the existing data.

INTERNAL AUDIT

The purpose of the Corporate Audit department is to continuously, independently and objectively evaluate and report to the senior leadership the effectiveness of internal controls put in place, as well as the compliance of MSC agencies' procedures with MSC's instructions. The department ensures the appropriate conduct of the agencies.

The Corporate Audit department communicates and reports important information about the areas of improvements to various stakeholders. It allows the implementation of prompt remedial actions. On average, 20 MSC agencies are audited every year. The internal audit methodology has been reviewed to enhance due diligence and increase awareness in

evaluating risks and potential signs of human rights and labour rights issues within MSC agencies. Furthermore, the Corporate Audit department is in the process of educating and raising awareness of MSC agencies' management concerning human rights issues.

The Corporate Audit department benefits from the strong support of MSC's senior leadership in the promotion of human rights and labour rights. The department observes the overall well-being of employees. It ensures MSC agencies have the appropriate procedures to comply with local laws including local labour laws and market standards. Moreover, whenever deemed necessary, MSC appoints external auditors to perform on-site external audits.

WOMEN'S EMPOWERMENT AND GENDER EQUALITY

As the traditional shipping sector has mainly promoted seafarer as a male career option, it is not a surprise that the number of women employed within the maritime industry is still very low and that women are not equally represented as men in leadership positions. In recent years, MSC has further incorporated gender considerations in its business plans and strategy. In this respect, MSC proactively supports the recruitment of women on board and ashore, offering equal career paths for both women and men. For us, the promotion of gender equality through the empowerment of women is a critical prerequisite for a sustainable social and economic development as well as a fundamental goal to be achieved in inclusive poverty reduction strategies. In this respect, MSC invests extensively in awareness campaigns at country level, providing career advice to the young generation of women, while offering them a wide range of work opportunities in its offices worldwide and on board MSC's vessels.

MSC Saudi Arabia promoting recruitment of local women

In 2006, MSC decided to innovate its employment methods in Saudi Arabia by promoting the recruitment of local women, who at that time represented 44% of the total population.

In June 2006, MSC Saudi Arabia hired the first four female workers, who were in charge of logistics. This move from MSC encouraged other shipping lines in Saudi Arabia to promote the recruitment of women within the country, which has become today a common practice.

Over the past 10 years in Saudi Arabia, MSC has established and developed a full career path for its female employees, offering specific training to promote their career advancement. Today, the company counts several female Managers and a few female Senior



Managers within various departments. Encouraging the participation of the female workforce in the decision-making process is a daily practice at MSC, as the company noticed it supports the development of their self-confidence and facilitates their career growth. According to 2016 data, MSC employs in its offices in Saudi Arabia 28% of women, which is a high rate comparing to the 7-8% average reached by other shipping lines in the region.

MSC's female workforce in Saudi Arabia is employed in the following departments:

- Exports: one of the first departments employing women;
- Customer service and dedicated customer desks for each of our major customers are managed by women. These desks are responsible for any customer enquiries until their containers are delivered to their final destination. MSC prides itself being the only shipping line in Saudi Arabia offering this service.
- Collection for both freight and demurrage;
- Documentation;
- TMS and other related tasks;
- General market knowledge and strategic planning.

In 2017, MSC plans to recruit additional female staff in the Human Resources and Accounting Departments.

Recruitment and training of local women at King Abdullah Port

In King Abdullah Port, Saudi Arabia, MSC's terminal operating arm partners with National Ports Services, which has become in recent years, one of the main employers of women in the country. The company has hired and trained over 200 women coming from neighbouring communities to work in the control centre and the operations departments. In line with the strategic national plan Saudi Vision 2030 as well as national laws, a specific strategy has been put in place to offer facilities to women to facilitate their work. This included dedicated transportation facilities from and to their home to enable them to work on different shifts. MSC is proud to report that the project had a successful outcome and it allowed our female staff to focus on their performance, showing high level of professionalism and motivation.

Supporting women's rights in India

MSC is a key player in India's export and import trade with a strong position in North India.

MSC's activities in the Palwal District, near New Delhi, India, started in 2016. Local management was first involved in a Community Policing Initiative, implemented in cooperation with the local police and a local NGO, DVinity Serves, "APKI SANGINI" ("Your Friend"). This campaign focused on building trust between the police and citizens, especially women and girls. The aim was to spread awareness within various schools, educational institutions and villages about the rights of women, the legal provisions made in the Indian Penal Code to protect women in case of crime, sexual harassment as well as to impart techniques of self-defence to girls and women. This initiative was applauded by the local administration and the Inspector General of Police of the State.

Through another project, focused on empowerment and safety of women, MSC has contributed to develop and improve the infrastructure at the Government Girls School by providing clean drinking water, toilets, sanitation and healthcare facilities for girls. It also helped increase access to education as well as generate local employment opportunities for both women and men. This project was implemented in the Janauli village, located in the Palwal district, Haryana, in conformity with the Indian government's laws and CSR guidelines.

MSC's involvement and investments contributed to address the major reasons for girls dropping out of schools, namely the lack of proper hygienic, separated sanitation facilities and poor access to safe drinking water. MSC supplied electric generators, strengthening the existing power and electricity system in the school. MSC also created playgrounds, constructed boundary walls for the school and built secure and safe pathways enhancing children's overall well-being while attending school. MSC contributed and started a programme of skills development and training with the NGO ETASHA to provide education to more than 300 local women and men to develop their English language skills, their computer abilities and to provide career orientation and counselling. Some of the trainees managed to get fully employed in the logistics parks nearby, with consequent improvement of their living standards.

Other projects undertaken included the upgrade of the infrastructure of the railway crossing, construction of irrigation channels and the upgrade of facilities at Government Boys School, which has benefited the entire village and 30 rural farm holders in that area.

MSC was very proud to receive the formal appreciation from the local government administration for its CSR activities as well as for its contribution to the inclusive growth of the region.





ABOUT THIS REPORT

EXTERNAL ASSURANCE

The MSC Sustainability Report 2016 has not been externally assured.

CONTACTS

For further information about this report and MSC's approach to sustainability, please feel free to contact us: media@msc.com

MSC Mediterranean
Shipping Company
12-14, Chemin Rieu
1208 Geneva, Switzerland
www.msc.com

