

Going Green: We take it personally for Sustainability
Sustainability Report 2017



Orient Overseas (International) Limited
(Incorporated in Bermuda with Limited Liability)
Stock code: 0316.HK



ABOUT OUR SUSTAINABILITY REPORT

This compilation is the **seventh** Sustainability Report by Orient Overseas (International) Limited (“OOIL”), which manifests our continual commitment to sustainability, transparency and accountability.

SCOPE OF THE REPORT

This report covers the significant environmental, economic and social aspects of the business arising from the principal activities of OOIL and its subsidiaries (the “Group”). It also reports on the key sustainability strategies, objectives, management approaches and initiatives taken by the Group to improve our performance in sustainability, transparency, and accountability.

This year, our scope of reporting has been adjusted to prepare for the commencement of the Environmental, Social and Governance (ESG) Reporting Guide set out in Appendix 27 of Main Board Listing Rules on The Stock Exchange of Hong Kong Limited.

Major subsidiaries fully owned by the OOIL Group in 2017



REPORTING PERIOD

2017 Calendar Year
(From 1st January 2017 to 31st December 2017)

REFERENCE GUIDELINE

This report is prepared with reference to the Sustainability Reporting Guidelines of Global Reporting Initiative (GRI)

DATE OF ISSUE

June 2018

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This report can be downloaded from our website at:
<http://www.ooilgroup.com/corporate/environmentalprotection>

Published in June 2018

This Sustainability Report has been translated into Chinese. If there is any inconsistency or ambiguity between the English version and the Chinese version, the English version shall prevail.

此中文版可持續發展報告為英文版本譯本，如中、英文兩個版本有任何抵觸或不相符之處，應以英文版本為準。



CHAIRMAN'S MESSAGE



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Over the years, OOIL has been proactively building our Environmental, Social and Governance (ESG) profile as well as continuing our efforts to improve on corporate sustainability. We are committed to growing our business responsibly to ensure long term sustainability.

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THE ENVIRONMENT

Our Group continues to address the impending issues relating to global warming, air pollution, biodiversity and marine environment degradation, and energy consumption which present critical environmental challenges. We recognise that businesses must take responsibility for their industry's effects on the environment.

HEALTH & SAFETY

We go the extra mile to ensure that safety is not compromised in all our business operations, may it be onshore or at sea, including people, cargo, ships and facilities.

SECURITY

The issue of security has always been a priority for the Group and we remain committed to the security of our operations against possible compromise and to the maintenance of the highest level of compliance in security related areas.

OUR PEOPLE

We strictly adhere to the ethical rules and principles in our business and all our employees are committed to a high level of professional standard in every aspect of their work. We provide our people with extensive and equal opportunities as well as an appropriate environment to achieve work-life balance.

THE COMMUNITY

We recognise that the societies in which our employees live and work contribute greatly to the Company's overall success. So the care and attention that we give to these communities are a major corporate focus to ensure all our stakeholders are respectfully accounted for.

Tung Chee Chen

Chairman

Hong Kong, June 2018

OUR BUSINESS

Orient Overseas (International) Limited ("OOIL"), a company with US\$6.1 billion in total revenues, has principal business activities in container transport and logistics services. OOIL is listed on The Stock Exchange of Hong Kong with 23 major Corporate Shareholders and has more than 360 offices in over 70 countries/regions.

SEGMENT INFORMATION

The principal activities of the Group are container transport and logistics. Container transport and logistics include global containerised shipping services in major trade lanes, covering Trans-Pacific, Australasia, Trans-Atlantic, Asia-Europe, Intra-Europe and Intra-Asia Trades, and integrated services over the management and control of effective storage and flow of goods.

BUSINESS DESCRIPTION

Liner Services

Orient Overseas Container Line Ltd. (OOCL), a wholly owned subsidiary of OOIL, is one of the world's largest integrated international transportation and logistics companies. Its trunk and intermodal services join seamlessly to offer transportation services to all the major trading economies of the world.

Logistics Services

As a world-class provider of innovative logistics and supply-chain services and solutions, OOCL Logistics has an extensive network of more than 130 offices in over 40 countries. Providing advanced customer-specific solutions through our value-creating services and IT technology in supply-chain management, our dedicated and experienced professionals focuses on serving customers with global sourcing and supply-chain-management needs, creating value through innovative end-to-end international logistics programs. We are also a leader in providing sophisticated transportation, warehousing and distribution services in the mainland China, offering professional and efficient 3PL and 4PL solutions. As a global company based in Asia, OOCL Logistics is exceptionally positioned to serve both international and domestic customers in the world's fastest-growing markets.

Ports & Terminals Operations

A global network of terminals complements OOCL's vessel, office and intermodal network. We operate dedicated terminals in North America and Asia, namely: Long Beach Container Terminal, LLC. (LBCT LLC) in California, United States and Kaohsiung Container Terminal (KAOCT) in Kaohsiung, Taiwan.

In 2017, Liner Volume 6.29 million TEU

Terminals Throughput 2.7 million TEU

KEY RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

“Customer focus” is one of the core values of the Group. We believe in long-term, mutually beneficial relationships with our customers and strive to help create value for our customers through collaboration to enhance customer competitiveness. This is achieved by seeing things from the customer’s perspective, trying to understand their business and anticipate their requirements. All employees are trained to be proactive in meeting customers’ expectations and responding with a sense of urgency.

“We Take It Personally” is not just a slogan at OOCL, but also an attitude that all employees are encouraged to adopt in dealing with our customers. Each year we recognise hundreds of employees around the world for displaying initiative and going beyond the call of duty to meet our customers’ needs.

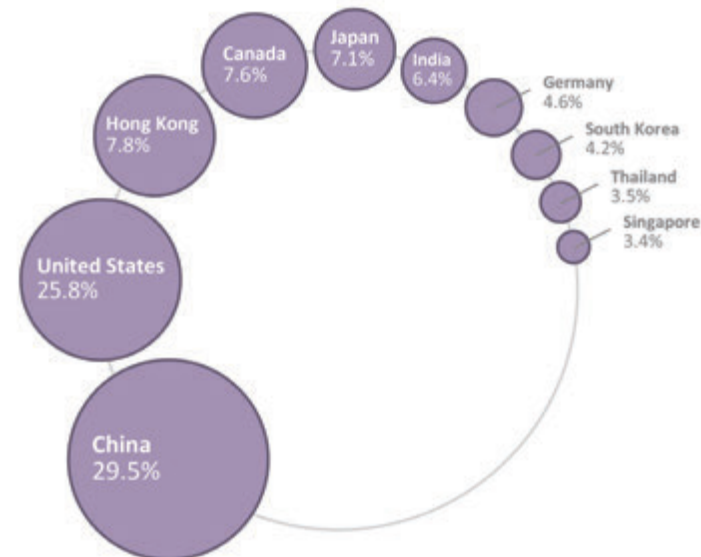
It is the Group’s policy to maintain a diversified customer base across all geographical regions and trade lanes. A Key Risk Indicator (KRI) of customer concentration was developed in the year 2017 and is included in the functional risk dashboard for the Group’s liner business which is being monitored on a monthly basis. Different tolerance limits for the KRI are set for different regions, trades and the organisation as a whole. As at the end of 2017, OOCL had approximately 34,000 active customers and the customer concentration was at an acceptable level.

In the Group’s relationship with suppliers, we put special emphasis on the supplier selection process in which both quantitative and qualitative factors are considered objectively, independently and openly, according to the Group’s highest ethical standards. Pricing is not the Group’s primary consideration; instead, the Group focuses its attention on the suppliers’ quality service, safety and ethical standards. “Excellence through quality” is another core value of the Group. While we endeavour to provide the best quality service to our customers by setting high standards for ourselves, we demand the same high standards from our suppliers. It is also the Group’s policy to maintain a diversified supplier base across all geographical regions.

In 2017, the Group developed supplier management KRIs to monitor supplier concentration in different regions and poor supplier service. Cases of supplier service failure were shared among employees to alert them to the importance of communicating our expectations to the suppliers and taking the right remedial mitigating actions. As at the end of 2017, OOCL had approximately 23,000 active suppliers and the supplier concentration was at an acceptable level.

Approximately 7.5% and 19.7% of the Group’s total expenditure on purchases of goods and services for the year are attributable to the largest supplier and five largest suppliers respectively.

Top 10 Countries with the Highest Number of Suppliers from the Group



My OOCL Center

We understand that buyers and suppliers have to lower their costs, react quickly to market changes and operate a high-speed supply chain in order to meet the formidable challenges.

My OOCL Center (MOC) is an online tool offered by OOCL to enhance the interaction with all key parties involved in a shipment, thus helping customers become more cost efficient and ultimately more competitive.

MOC's innovative "dashboard" user-interface enables customers to easily monitor and control all the interactions regarding their shipments.



MyPodium App

MyPodium App is designed specifically for use by the International Supply Chain Management customers moving cargo and shipments with OOCL Logistics. It is the mobile extension of our MyPodium internet-based supply chain visibility and purchase order management information technology.

MyPodium App allows the customer to view, track and trace the latest progress of important purchase orders, shipments, and merchandise anytime, anywhere with their smartphone devices. It gives them on-the-go access to exceptions, status updates and fast communication with their logistics network around the globe.

OOCL Lite App

OOCL Lite is one of OOCL's customer-focused and innovative IT products developed by CargoSmart™, an independently-operated company with OOCL investing in the development of the solution platform.

OOCL Lite allows users to: access real time sailing schedules, cargo and vessel tracking data, port schedules, rates of exchange for the selected voyage, detailed container specifications, carbon calculator functions, shipment details, and corporate news at their finger tips.

OOCL Lite is available for download at the App Store (iPhone / iPad) and Google Play (Android). The demonstration videos can be viewed in English on the OOCL YouTube Channel and in Mandarin on Youku.





CORPORATE GOVERNANCE

The OOIL Group believes that the success of our Company is built on the commitment to a high level of ethical and professional Code of Conduct. Our customers judge our Company not only by the quality of the products and services we provide, but also by the professional conduct and business ethics of our employees.

GOVERNANCE FRAMEWORK

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The Group is committed to honesty, integrity and fairness in everything it does, and expects all employees to know and adhere to the standards.

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OOIL is committed to conducting its business in accordance to high ethical standards and the Company considers that effective corporate governance is an important part to corporate success and the enhancement of shareholder value.

The Company has adopted its own corporate governance code (the “CG Code”), which in addition to applying the principles as set out in the Corporate Governance Code and Corporate Governance Report (the “SEHK Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), also incorporates and conforms to local and international best practices. The CG Code sets out the corporate governance principles applied by the Company and its subsidiaries (the “Group”) and is constantly reviewed to ensure transparency, accountability and independence.

The Board currently comprises of three Executive Directors, one Non-Executive Director and five Independent Non-Executive Directors. More information can be found in our 2017 Annual Report, under the Corporate Governance Report section.

The OOCL Executive Committee (EXECO) comprises members of the top management team and is led by the Chief Executive Officer. The EXECO sets the corporate agenda and scrutinises all Environmental, Social and Governance (ESG) policies, data and initiatives from a macro perspective by evaluating and addressing any associated risks and opportunities that would help improve or raise the company’s overall performance.

At OOCL, the formation of our Safety, Security and Environment Protection (SSE) working group, with a clear terms of reference and authority as entrusted by our management team, reflects our strong commitment to Environmental, Social and Governance (ESG) and Corporate Social Responsibility (CSR).

The organisation is structured with a Corporate SSE Steering Committee at the corporate level and a Regional SSE Committee for each region. The Corporate SSE Steering Committee’s role is to set direction and policies for safety, security and environmental protection and ensure the proper execution of related corporate directives and policies in all corporate departments and regions.

Respective Corporate Functional heads of the committees will work out the directions and policies for review and endorsement by the Corporate SSE Steering Committee in order to ensure compliance of the concerned functional areas in each corporate region.

The Steering Committee is chaired by a Global Safety, Security and Environmental Protection Officer (GSSEO), who will take a proactive role in supporting all relevant SSE legal and regulatory requirements. The GSSEO would advise the Corporate Steering and Regional Committees of the latest regulatory, market and competitive developments and coordinate SSE policies and implementation efforts with the relevant Corporate Functional Departments and Regions. The GSSEO would also report to the EXECO on key issues and latest SSE developments in the Group.

RISK MANAGEMENT FRAMEWORK

OOL has set up procedures to identify, evaluate and manage significant risks, including ESG-related risks, that may have an impact on the business of the Group. On behalf of the Board, the Risk Committee sets the direction for risk management. Key risks are owned, identified and assessed by the functional units. The mitigating response proposed by functional units are checked, measured and monitored by the Risk Management Department.

Key risks identified are reviewed regularly by the Group's management. The effectiveness of the risk management system is assessed by the Internal Audit Department. The Board conducts a review on the effectiveness and adequacy of the risk management and internal control systems by reviewing the work performed by the Risk Committee and Audit Committee on an annual basis.

OUR PHILOSOPHY

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At its core, any activity in the Group is guided by our Mission Statement and Core Values.

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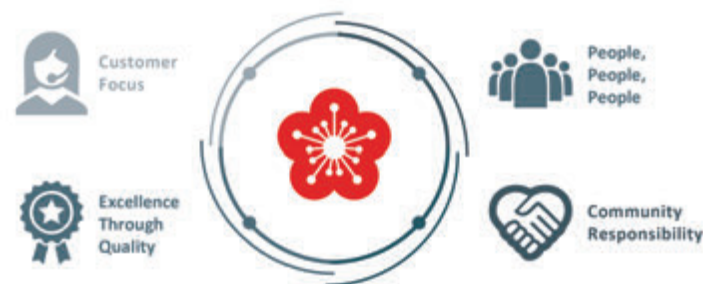
Mission Statement

To be the best and most innovative international container transport and logistics service provider; providing a Vital Link to world trade and creating value for our customers, employees, shareholders and partners.

Core Values

OOL has four core values that are central to everything the Company does. The core values are:

- People, People, People
- Customer Focus
- Excellence Through Quality
- Community Responsibility



OUR POLICIES

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We believe that our strategies and approaches to sustainable development drive a long-term value creation for our business and stakeholders. Our core value on Community Responsibility is underpinned by our Corporate Safety, Security and Environment (SSE) Policy and supported by our Sustainable Procurement Policy. These policies are primarily focused on addressing the risks and opportunities in our business and incorporate the economic, environmental and social approaches to sustainability into our decision-making process.

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Corporate Safety, Security and Environment (SSE) Policy

OOCL goes the extra mile to make safety and security a top priority in our business operations, onshore and at sea, including people, cargo, ships and facilities. We maintain the highest safety and security standards and recognise that businesses must take responsibility for their industry's effects on the environment so OOCL proactively demonstrates our concern for the environment at every level of our organisation.

OOCL is committed to:

- Apply industry best practices, and go above and beyond compliance with relevant rules and regulations on Safety ^[1], Security ^[2] and Environment ^[3]
- Establish and improve safety, security and environment objectives and targets
- Proactively promote an Onboard Safety Culture and engage in the highest levels of training
- Participate fully in the prevention and suppression of security threats against supply chain operations under our control and carry out risk assessment on a continuous basis
- Use resources ^[4] efficiently and apply innovative voluntary measures to minimise the impacts on the environment and natural resources
- Regularly communicate our SSE Policy to all staff and business partners throughout the supply chain

- Continually re-assess and upgrade our SSE commitments
- Serve our stakeholders by assessing their needs and providing information
- Take every precaution to avoid any health and safety risks in business activities and services to employees, business partners and communities

OOCL evaluates opportunities for working with responsible business partners to achieve our sustainable procurement objectives at every level of the supply chain. We also strive to ensure that our commercial relationships are formed with partners that share our values on safety, security and environmental care and sustainable business practices.

[1] 'Safety' includes but is not limited to the providing of a safe working environment to protect employees from occupational hazards.

[2] 'Security' includes but is not limited to the preventive measures to ensure security onshore and onboard, as well as cyber security.

[3] 'Environment' includes but is not limited to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

[4] 'Resources' includes but are not limited to energy, water and other raw materials.

Sustainable Procurement Policy

We are dedicated to promoting sustainable and responsible practices and our Corporate Sustainable Procurement Policy has been implemented in every aspect of our business and at every stage of the supply chain to manage and assess environmental and social risks.

OOCL is committed to:

- Reducing harmful pollutants and emissions
- Promoting greater environmental sustainability at every stage in the supply chain by conserving resources
- Promoting awareness among our suppliers of our expectations with regard to Safety, Quality and Environmental Protection
- Promoting ethical sourcing practices
- Contributing back to our community

OUR CODE OF CONDUCT (SUMMARY)

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OOCL is committed to honesty, integrity and fairness in its business conduct and organisation management. OOCL also maintains the highest standards of professional ethics and integrity in dealing with its customers, vendors and partners.

Highlights of OOCL's Code of Conduct:

1. Legal Compliance
 - Comply with all applicable laws and regulations in the countries in which the Company operates.
2. Prohibition of Bribery and Corruption
 - Do not accept or offer gifts of material value, entertainment, or other gratuities of worth from or to business partners, in exchange for business opportunities or any privilege that can raise doubts as to objectivity and fairness of business decisions. Such offers include, but not limited to, cash, gifts, business opportunities or contracts, travel, entertainment and other expenses. Anyone aware of or suspect a violation must report to the competent authorities in the Company.
3. Political Contribution
 - We do not make any offer, payment or gift of material value, or promise of such, directly or indirectly, to any government or public official, political party or its representatives, candidate for political or governmental office.
4. Managing Conflict of Interest
 - Staff must declare and report any conflict of interest, directly or indirectly, that may impact fair business dealings and objective decisions. Where such conflicts exist by circumstances, alternative arrangements must be made to ensure fairness and objectivity.
5. Adherence to high ethical standards by respecting rights and dignity of all persons with whom we deal. Specifically we respect the provisions of the UN Universal Declaration of Human Rights and the Conventions of the International Labour Organization in regard to:
 - Elimination of all forms of forced, compulsory and child labour
 - Freedom of employment & association
 - Respect for the individual and elimination of discrimination through embracement of diversity in workplace
 - Safe and healthy working conditions
 - Payment of living wages and regular employment entitlements
 - Non-excessive working hours
6. Assurance of non-disclosure of the Company's business, customers and financial information and no misappropriation of our tangible or intellectual property.
7. Commitment to OOCL's Safety, Security and Environment (SSE) Policy.

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OUR GOVERNANCE

Safety, Quality and Environment Management System

OOCL was the first container shipping line in the world to have achieved the Safety, Quality and Environment (SQE) Management System certification which consolidates the International Safety Management (ISM) Code, ISO 9001 and ISO 14001 requirements.

Vendor and Supplier Selection

Under our vendor and supplier selection mechanism, a self assessment of the potential contractor must be completed to confirm their compliance to our Safety, Security, Environmental and Social Guidelines, where on-site verification of their facilities may be conducted if deemed necessary. Once compliance is confirmed we would review and work with our vendors to ensure compliance levels are maintained. Customary performance and monitoring of the industry are implemented.

Not only does our customers judge our Company by the quality of the products and services we provide, but also by our professional conduct. We believe that the success of our Company is built on the commitment and high level of ethical and professional standards of our employees. The objective of our Corporate Guidepolicy is to set the Code of Conduct that we expect from each employee in every location where we operate, regardless of the employee's position or level.

Whistle-Blowing Framework

Under the Group's whistle-blowing policy, employees may report any concern regarding accounting, internal accounting controls and auditing matters to the Audit Committee without fear of dismissal or retaliation. This framework helps ensure that the Group complies with all the applicable laws and regulations, accounting standards, accounting controls and audit practices. The Audit Committee will review each complaint and decide on how the investigation should be conducted. In year 2017, the Audit Committee received no complaint from employees.

Extortion, Fraud, Money Laundering & Other Related Crimes

The guidepolicy of Code of Conduct requires all employees to comply with any laws, rules and regulations that are aimed at preventing, detecting and

remedying economic crime and, in particular, fraud, extortion, money laundering and other related crimes. Employees must not engage criminal activities nor choose to ignore them. We ensure that all our business practices and operations are in full compliance with relevant laws and regulations and during the reporting year, no such crimes have been discovered.

Anti-Corruption

In the interest of adhering to the highest ethical standards, the Group has a formulated Code of Conduct which serves as a guideline to ensure compliance with all local, national and international legal standards and to preclude offences under local, national and international laws, any breaches of confidentiality, non-disclosure requirements or intellectual property rights and any conflicts of interest, acts of bribery, corruption or political contribution and any other areas of deemed misconduct.

We take bribery and corruption very seriously. The Group's Code of Conduct has a chapter on "Bribery and Corruption" which provides a clear guidance on how to conduct business in an ethical, fair and legal manner. The Company will regard any violation of this policy as a serious matter and it is likely to result in disciplinary action, including termination, consistent with local law. We also have region-and-function-specific training on anti-corruption for our employees to take.

In addition, we have set up procedures to identify, manage and control risks that may have an impact on the business of the Group. The Group's "Whistle Blower Policy", established in 2006, is one of our formalised procedures through which employees can anonymously file reports or register concerns and help to govern the reporting and thorough investigation of allegations of suspected improper activities.

Our current approach is considered to be effective and sufficient. We have not received any reported cases of corruption within the Group and we ensure that all our practices are in full compliance with relevant laws and regulations. Although our industry is less vulnerable to corruption, we continue monitoring and reviewing our policies and practices to maintain "zero corruption". We would also evaluate whether it is necessary to launch anti-corruption risk assessments for our existing and new global offices, business partners, vendors, suppliers and agencies.

Operational Risk Assessment

The purpose of the Operational Risk Management guidance is to align with the EXECO directive to implement an Operational Risk Management process and report operational risks. By integrating Operational Risk Management into our daily business activities, we can prevent and minimise harm to people, loss to business and damage to environment that may arise from our operations.

Operational Risk Management shall be implemented company-wide and reports back to EXECO on a quarterly basis through the SSE Committee. All corporate functional departments and regions are to be accountable for identifying, assessing, controlling, reviewing and reporting operational risk areas that fall under their respective functional and regional scope. While an accident summary is one source where risks can be identified, this directive encourages a fresh look at our operations to identify new risks while managing existing ones.

Human & Labour Rights

As a responsible corporate citizen employing the highest standards of business ethics in all that it does, the Group understands that the process begins with the treatment of its employees. As a successful corporation, the Group appreciates that its success, growth and performance are attributable to the skills, dedication and teamwork of its employees. It regards people as its greatest asset. The Group is committed to ensure our people are treated with dignity and respect. Therefore, Human and Labour Rights is an important element to our Corporate HR Guidepolicies in which it serves as a guideline to ensure compliance with all local, national and international legal standards. In particular, we respect the provisions of the Declaration, Compact and Principles from the United Nations in respect to human and labour rights # and the Conventions of the International Labour Organization with regards to:

- Elimination of all forms of forced, compulsory and child labour
- Freedom of employment & association
- Respect for the individual and elimination of discrimination
- Safe and healthy working conditions
- Payment of living wages and regular employment entitlements
- Non-excessive working hours

Other chapters, such as, “Code of Conduct”, “Equal Opportunity in Employment”, “Prohibition of Harassment” and “Grievance Handling Process” are also incorporated in the Corporate HR Guidepolicies and communicated to our employees through new-hire orientation, training and Group’s intranet.

We have not received any reports on non-compliance or grievance related to Human and Labour Rights issues in the reporting year. In our approach to protecting the right of our people, we periodically monitor and review our employment practices to safeguard the best interest of our people and to ensure that we continue to be in full compliance with the related laws and regulations in order to maintain ‘zero incidents’. We constantly monitor and evaluate if it is necessary for us to launch risk assessments involving human rights and labour issues for any existing, new and/or potential operations or projects.

For example: The UN Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights from The UN Global Compact

Grievance Handling Process

The guidepolicy of Grievance Handling Process is in place to define and formulate the framework for handling grievances raised by employees and ensure that all such matters can be resolved in a fair, consistent and expeditious manner and in strict confidence. Any complaint or grievances will be promptly and thoroughly investigated by the immediate supervisor or Human Resources Department or any other person as appointed by the Company. The investigation will be communicated with relevant employees through channels deemed appropriate by the Company determines that a complaint is founded or grievance has occurred, appropriate relief for the employee bringing the complaint or grievance and appropriate disciplinary action against the source of complaint or grievance will follow. Complaint or grievance matters can be extremely sensitive and as such, all communications such as interviews and witness statements will be kept confidential.

The Company will strive to ensure that there will be no retaliation or adverse action taken against the employee who raised the complaint or grievance by providing information in confidence. The Human Resources Department is actively involved in the consultation and resolution process to ensure a proper settlement.

In line with the Company's core value on People, People, People, which takes into consideration of equal opportunity, respect and dignity of all employees in a supportive environment, this guidepolicy is to define and formulate the framework for handling workplace grievances raised by employees to ensure that all such matters can be resolved in a fair, consistent and expeditious manner and in strict confidence.

Any complaint or grievance over inequitable treatment, procedural unfairness and infringement of Human and Labour Rights (linked to Code of Conduct) in the workplace will be promptly and thoroughly investigated by the immediate supervisor or Regional HRA Department, or any other person as appointed by the Company if independent investigation and/or arbitration is necessary and appropriate. The result of such an investigation and/or arbitration will be communicated through channels deemed as appropriate by the Company to the employee. If employees feel particularly vulnerable, grievances can be lodged anonymously.

Disciplinary Action

The guidepolicy of Disciplinary Action defines and formulates a system of progressive disciplinary actions on instances of non-compliance by employees who have repeatedly failed to meet conditions of employment. Our policy ensures that when administering disciplinary actions, there is strict observance and adherence to established procedures so as to maintain fairness and consideration and to minimise any potential disruption to our operation. An employee observe certain standards of job performance and professional conduct as specified in Code of Conduct, Employee Handbook and other local Human Resources policies. For first time offenders, the Company will endeavour to provide employees with necessary guidance and opportunity for correction. However, if the employee fails to improve, he/she may be subject to disciplinary action and in cases of serious misconduct, be subject to summary dismissal.

Data Privacy and Intellectual Property Rights

We have ISO 27001 Information Security Certification and evaluated our information security management system to protect our customer and business data privacy from cyber risks. The Group's Code of Conduct ensures intellectual property rights are observed and protected. This policy assures that there is non-disclosure of the Company's business and customers information and that there is no misappropriation of our intellectual property.

Commitment to Product and Service Responsibility

The Company is committed to honesty, integrity and fairness in everything it does. We support fair trade and operation practices; and ensure that our advertising, marketing and communications materials are appropriate, updated and in compliance with government regulations and industry best practices; and provide an appropriated and updated. Our guidepolicy on advertising is defined and formulated according to a framework to ensure that all advertising projects and related matters are in line with our fair trade and operation practice as well as in compliance with applicable government regulations and industry best practices.

We are also committed to adhering to the principles set out in our Safety, Security and Environment (SSE) Policy which outlines our operating principles that employees can follow to maintain high standards of health and safety in the work place in order to avoid any associated risks to the Company's business activities.

We strictly comply with the requirements of relevant laws and regulations related to the product and services we provide to our stakeholders. The Group is not aware of any material noncompliance with relevant laws and regulations on health and safety, advertising and privacy matters related to products and services provided during the reporting period. So there was no any redress action undertaken. Recall of products sold/shipped data, as well as its quality assurance process and recall procedures are not applicable to our industry as we do not manufacture or sell any physical products.

Shipboard Safety, Quality and Environmental (SQE) Monitoring and Reporting

According to our certified Safety, Quality and Environmental Management System (SQE) (equivalent to OHSAS 18001, ISO 9001 and ISO 14001), it is required all of our vessel to implement and maintain the Shipboard Safety, Quality and Environmental Monitoring and Reporting. Our SQE Coordinator is responsible for monitoring of vessel safety and environment protection. Upon receipt of all Master's Reviews from vessels the SQE Coordinator shall carry out a study of the Reviews. The SQE Coordinator also has to instigate necessary follow up action and report such action and recommendations to the Fleet Management Department in headquarters.

Guidelines for Safety, Security & Environmental Care (SSE) Incident Reporting

Incidents may occur in our business operations that threaten life, cargo and property. Through SSE Incident Reporting, we can capture incident trends and lessons learnt so we can prevent the same from happening in other regions and in the future.

All incidents related to safety, security and/or environment should be reported according to escalation matrix in our Corporate Emergency Response Plan (CERP). Types of reportable incidents include:

- Fatalities
- Staff work injuries (incurring lost workday(s))
- Truck / feeder / rail / land facility accidents with injuries
- Fire accidents causing serious property damage
- Security threats and breaches
- Environmental pollution / contamination to water and to land
- Cargo / container accidents which cause or threaten to cause injuries, security breaches, pollution and serious property damage.

Inspection Policy on Dangerous Goods (DG) Containers

To increase the safety of our employees, customers' cargo and properties on shore and at sea when carrying DG containers, the SSE Steering Committee has decided to apply a random inspection policy on DG containers. The inspection program will raise awareness of cargo safety amongst shippers, contribute to safer cargo transport and reduce risk and costs arising from DG incidents.

Competition Compliance

Competition law compliance is an integral part of business for all corporations operating in the global market place. Under the vigilance of our Competition Compliance Committee and the Competition Compliance Working Team, we have systematically and thoroughly implemented and enforced OOCL's Competition Compliance Policy to ensure that all our practices are in full compliance with competition laws.

OOCL has developed and implemented our competition compliance program which includes the establishment of guidelines and mandatory training of employees to ensure our practices are in compliance with competition legislations.

Customer Identity Verification

OOCL is committed to enhancing shipment security and customer relations. Our booking acceptance policy and the Customer Profile (CPF) verification guidelines are the foundation to providing a clear accountability of each functional unit in verifying the validity of each customer and its legal identity against sanction lists, including those under the United States (U.S.) and European Union (EU). In addition, a procedure has been developed to oversee the status of the CPF records and to switch them into an inactive status when they are not being utilised within two years. In order to ensure the entire supply chain is well controlled and managed, we are continuously refining our policy and workflows.

Customers Feedback Handling

In line with our Customer Focus core value, we treasure all feedback from our customers. To facilitate the collection of customer feedback, we have added a "Customers Feedback" page on our corporate website at www.oocl.com.

The purpose of this process is to ensure feedback from customers will be handled in an organised and timely manner so that appropriate action can be taken to address their concerns. Feedback may generally fall into two main categories; namely appreciation and complaints. Complaints may be service-related or on our code-of-conduct. Proper records on handling customer feedback must be maintained to enable us to learn from experience. Customary complaints are received and dealt with.

SUSTAINABILITY STRATEGY

As we continue to build on our efforts and accomplishments on environmental management the development of this Sustainability Report highlights our desire to move towards a more integrated approach to sustainable development. Developing our Sustainability Strategy has been an important step to further integrate sustainability considerations into our business decision-making process.

This Strategy is driven by our corporate philosophy and we feel that there is a need to further enhance our initiatives and bring our approaches to environmental management, economic development and social responsibility together into a more coherent structure, under the umbrella of sustainable development.

In the process of defining what sustainability means to the Company, it significantly helped steer how we set our plans and goals for the future. The result is the formulation of some key sustainable development priorities to initiate while setting targets and plans for each department in the Company to embrace and execute. Going forward, the development of our Strategy will continue to be refined according to the views of our stakeholders and objectives of the Company.





STAKEHOLDER ENGAGEMENT

We place a high priority on stakeholder engagement and recognise that it is fundamental to understanding the impact our business has on the communities in which we operate as well as the potential issues that may affect us. So reaching out to our stakeholders is imperative to achieving our business and sustainability objectives and we take every effort to gather their concerns and incorporate their views in our sustainable development strategies.

OUR STAKEHOLDER ENGAGEMENT PATHWAY AND MATERIALITY ASSESSMENT

To achieve long term success and sustainability, we are committed to building and maintaining lasting relationships with our key stakeholders. Listening and working closely with our stakeholders are imperative measures to ensuring the effectiveness and accuracy of our Sustainability Strategy. We establish strong communication channels to engage with as wide a variety of stakeholders as possible in order to gather their feedback towards our materiality assessment. They may include our customers, business partners, employees, suppliers, shareholders and members of the communities where we operate. Once we have the information, we identify which stakeholders to focus on and what issues are most important to them so that we may handle and report on them accordingly.

As presented in the table that identifies all the major stakeholders and the significant initiatives undertaken by our Company, it clearly demonstrates the wide spectrum of stakeholders we work with and the level of commitment we have to the communities to ensure that their concerns are properly accounted for.

Our Engagement

The benefits of stakeholder engagement on an ongoing basis are tremendous for our business. It helps us identify the key issues that we should address and prioritise towards the shaping of our corporate sustainable development strategies. Over the years, we engaged with a wide spectrum of stakeholders through a variety of effective pathways and successful communication channels to respond and tackle various ESG related issues. We will continue to reinforce our stakeholder engagement process and communications with them regarding our sustainable development initiatives in order to better understand their views and meet their expectations.



- Participating in the Voluntary Speed Reduction Program to significantly reduce carbon dioxide emissions
- Participating in the fuel switching schemes to lower sulphur emissions
- Supporting the academic community in oceanographic research
- Collaborating with industry bodies and environment-focused organisations on responsible business practices
- Sharing of our carbon footprint and greenhouse gas (GHG)[#] emissions data in a credible and transparent manner
- Offering the OOCL Carbon Calculator for customers to estimate the carbon footprint in their supply chains
- Adopting high energy efficient vessels, equipment and machineries
- Monitoring of responsible sourcing practices from our suppliers
- Enhancing environmental performance indicators for all global business units
- Studying feasible initiatives and technologies in our operations to address climate change
- Working with the environmental-focus organisations to improve the carbon dioxide and sulphur dioxides calculation methodologies
- Employing the external checker to verify the major environmental data disclosure
- Informing our customers to be aware of GHG Scope 3 emissions from their upstream activities
- Enhancing corporate Environmental, Social and Governance reporting framework and its disclosure.
- Supporting industry best practices to curb the trade of endangered and protected marine species.
- Supporting observatory and meteorological organisations engaged in marine climatology and climate change studies.

[#] The emissions of six main greenhouse gases (GHG) are addressed by the United Nations Framework Convention on Climate Change (UNFCCC), namely carbon dioxide (CO₂); methane (CH₄); nitrous oxide (N₂O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF₆); also include a seventh greenhouse gas - nitrogen trifluoride (NF₃) from the GHG Protocol Corporate Standard.

KEY ISSUES FROM OPERATIONS

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Engaging with a diverse group of stakeholders over the years has helped us identify the social and environmental impact that are relevant to our business. The diagram below illustrates the various sustainability issues from different operational components in our business.

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Environmental Issue

The most significant impact from our operations is in the consumption of non-renewable fossil fuels that generate air pollutant and greenhouse gas emissions. Efforts to restrain the impact on air quality and climate change have been focused on improving our vessels and facilities. Handling of dangerous goods is also another major environmental concern. The environmental impact from our on-shore activities are derived from emissions produced by our trucking and machinery operations, consumption of large volume of water, and hazardous chemicals from our maintenance works.

The Business

As a leading integrated international transportation and logistics company, our business strategy incorporates concerns from our customers, employees and suppliers. Our business success is dependent on our commitment and response to address the concerns and interests of key stakeholders.

Safety, Security and Health

Safety, security and health issues have always been of paramount importance and a first priority at our Company. We link our approach to quality and contingency planning. We employ a number of guidelines, procedures and precautionary measures to focus on safe operations both on shore and at sea, preventing any possible threats to security that are associated with transport operations.

The Community

We contribute extensively to the development of communities in Hong Kong and around the world. We help develop and maintain a sense of communal identity through various activities such as partnering with a variety of charities and Non-Governmental Organisations (NGOs) around the world, sponsoring academic projects, and supporting employee volunteering initiatives.



- E1 air quality
- E2 carbon emissions
- E3 carbon footprint
- E4 energy efficiency
- E5 energy use
- E6 hazardous waste
- E7 marine biodiversity
- E8 noise impact
- E9 waste
- E10 water consumption
- S1 dangerous goods
- S2 health and safety
- S3 security
- B1 customer issues
- B2 human resources
- B3 procurement
- B4 regulatory compliance
- C1 academic sponsorships
- C2 charity partnerships
- C3 community investment
- C4 research partnership

THE ENVIRONMENT

We recognise that businesses must take responsibility for their industry's effects on the environment. Our Company is dedicated to meeting the needs of the present without compromising those of the future. We encourage sustainable economic development through innovative environmental care measures.

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We are committed to comply with all environmental regulation and requirements related to our operations. We encourage and expect the highest discipline and professional conduct from our employees, crew and vendors to take responsibility for their actions and comply with their environmental obligations. During the reporting period, no non-compliances in relation to air and greenhouse gas emissions, discharges into and on land, and the generation of hazardous and non-hazardous wastes violations were found.

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MANAGING CARBON FOOTPRINT AND HARMFUL EMISSIONS

We believe that by taking a proactive role in caring for the environment, we can help reduce the consumption of natural resources, minimise our discharges, wastes, greenhouse gas emissions, as well as other pollutants regulated under national laws and regulations, such as sulphur oxides (SO_x), nitrogen oxides (NO_x) and other particulate matters (PM), to make the world a better place to live for ourselves and future generations.

Greenhouse Gases (GHG) emissions are widely associated to its effect on global warming and climate change which are major challenges that affect everyone. Although climate change presents challenging obstacles, we also see opportunities for innovation. Over the years, we have made use of our knowledge and experience to create greener services to improve energy efficiency beyond our own operations.

New Environmentally Friendly Technology Designs

We believe that clean technology will make an important contribution to environmental protection, such as reducing the level of greenhouse gas emissions. OOCL works hand-in-hand with shipyards and naval architects to implement new environmentally friendly technology designs on our vessels.



Cold Ironing (Alternative Maritime Power)

All of OOCL's new buildings currently under construction are installed with Alternative Maritime Power (AMP) Systems, also known as "Cold Ironing", which allows the vessel to use shore-supplied electricity instead of burning fuel when at berth.

According to the Port of Los Angeles, the use of AMP technology has demonstrated an average reduction of 95% in NO_x , SO_x , and PM emissions per vessel call and helped nearby communities improve air quality. In the first two years of their AMP program, over 80 metric tons of pollutants were eliminated at the Port of Los Angeles.

Initiatives to Reduce Nitrogen Oxides

Since 2000, all our vessels have been installed with environmentally friendly NO_x -controlled propulsive engines while advanced slide fuel injection valves are also being adopted to help reduce NO_x emissions by 30%.

Using Low-sulphur Fuel

OOCL is fully compliant to the EU, North America and IMO mandated requirements of using 0.1% or lower sulphur content fuel in all SO_x Emission Control Areas (SECA). We are also compliant to the requirements of using 0.1% sulphur content fuel when our vessels are berthed at designated EU ports.

Also, we strictly comply with the Air Pollution Control (Ocean Going Vessels) (Fuel at Berth) Regulation is the first in Asia, mandating fuel switching at berth where vessels over 500 gross tonnage must switch to using 0.5% or lower sulphur fuel in the auxiliary engine(s), generator(s) and boiler(s) when berthing at the Hong Kong port.

It is also hoped that this regulation will pave the way for the establishment of an Emissions Control Area (ECA) in Asia, a more sustainable and long-term solution to effective and lasting air quality improvements in sync with international best practices as seen in Europe and North America.

OOCL vessels also ensure that the sulphur content of our fuel is well below the IMO prescribed standard of 3.5% when sailing in the high seas. In 2017, OOCL achieved an average sulphur content of 2.60%.



Launching Energy Efficient 'GIGA Class' Containerships

On 12th May 2017, OOCL reached a milestone from launching the first of the six 'GIGA Class' vessels, named the OOCL Hong Kong, and with a carrying capacity of 21,413 TEU, the OOCL Hong Kong received a Guinness World Record title as the world's largest containership and is also among some of most energy efficient vessels in the industry today.



OOCL is committed to exceeding international standards and these new 'GIGA Class' vessels are an important part to enhancing the competitiveness and efficiency of our modern fleet. The new generation of ships are designed and built with efficiency objectives in mind to provide better economies of scale and sailing performance at sea.

By embracing innovative designs and the latest green technologies, these vessels contribute to improving the environment by lowering energy consumption levels and achieving the best Energy Efficiency Design Index (EEDI) value, which is 48% better than the EEDI baseline requirement level by the International Maritime Organization.

In many of today's environmentally conscious supply chains, customers are paying more attention to sustainability and their effects on the environment.

With the investment on these new vessels in our fleet, OOCL is dedicated to reinforcing our commitment to customers in reducing our impact on the environment.

Investment on Climate Change and Environmental Protection

We see businesses that take a proactive role in encouraging and managing current and future economic, environmental and social development through innovation will prosper as leaders in a highly competitive and changing global business environment. Therefore, OOCL is very serious about sustainability investing.

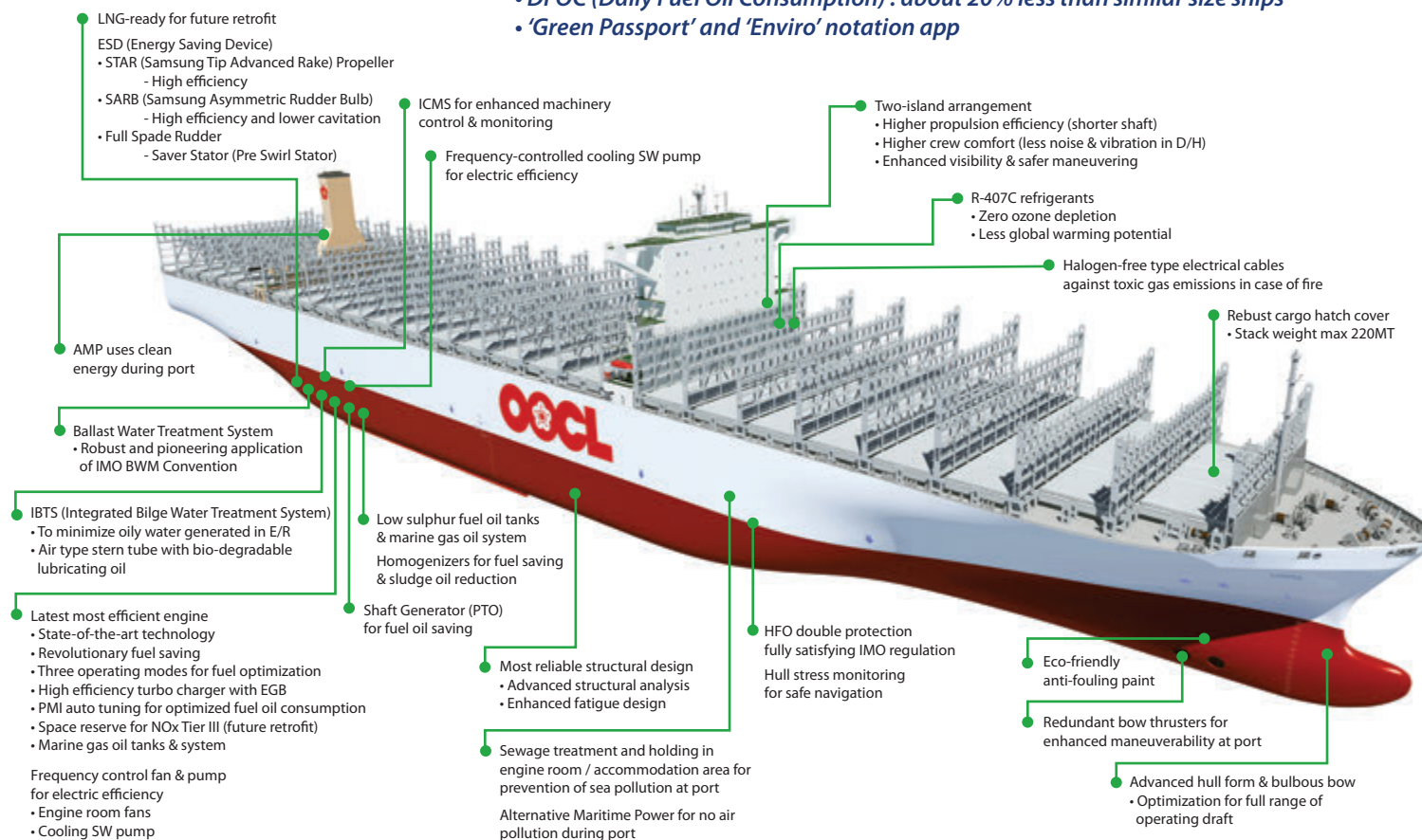
Furthermore, we understand that businesses must take responsibility for their industry's effects on the environment. Our Company is thus dedicated to meeting the needs of the present without compromising those of the future.

Despite a period of consistent deterioration in profitability for the industry, we continue focusing on green investment which includes fuel-efficient vessels, energy-saving terminals, eco-friendly machineries and equipment. By doing so, we believe this reinforces our commitment to customers that we offer them the best service quality with the least impact on our environment.



Environmental Friendly Features on OOCL New Buildings – 21,413TEU

- **EEDI (Energy Efficiency Design Index)** : about 45% less than IMO baseline
- **DFOC (Daily Fuel Oil Consumption)** : about 20% less than similar size ships
- **'Green Passport' and 'Enviro' notation app**



Green Passport and Life Cycle Assessment

The Inventory of Hazardous Materials (IHM) (also known as the Green Passport) is a crucial requirement of the Ship Recycling Convention. With an aim to aid safer and more environmentally sound recycling of ships, such inventory helps the recycling facilities formulate a safer and more environmentally sound plan for decommissioning the ship.

Most of our vessels do own the “Green Passport”. This inventory identifies, locates and lists out all hazardous and potentially hazardous material onboard a vessel. An appointed Classification Society will issue “A Statement of Compliance” (SOC) once IHM has been reviewed and having this SOC means that shipowners are aware of the hazardous and potentially hazardous materials on board the vessel and will make efforts to reduce the amount of these materials throughout the vessel’s lifespan. It is also very useful in managing the health risks posed to onboard crew as well as the unnecessary risks brought to the environment.

Obtaining Green Passport for our vessels demonstrates our responsibility in the ship recycling industry. For example, ships sold for scrapping may contain environmentally hazardous substances such as asbestos, heavy metals, hydrocarbons, ozone-depleting substances and others. As the IHM identifies all hazardous and potentially hazardous material onboard a vessel, it helps reduce the health, safety and environmental risks where the ships are being recycled.

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In addition to the adoption of clean technology in our operations, the best way to reduce emissions in the shipping industry is to save fuel and we have been focusing on our bunker saving programs for many years. By taking these initiatives, OOCL has cut carbon dioxide emissions by more than 45% since 2004. In addition to reducing our emissions, we are able to help our customers achieve a lower carbon footprint in their supply chains.

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CO₂ Intensity from Vessel Operations



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Container shipping is the most environmentally sound way to transport large volume of goods across the world. Most of the world’s manufactured goods and products travel by container ship and, when this startling fact is considered, the relative impact upon the environment is low in comparison to other modes of transport.

For example, for every kilometre that a container ship carries a ton of cargo, it is far more energy efficient and emits much less in the way of harmful CO₂ emissions than any other type of freight transport, including airplane, truck and train. It is estimated that on average a container ship emits around 40 times less CO₂ than a large freight aircraft and over three times less than a heavy truck. Container shipping is also estimated to be two and a half times more energy efficient than rail and seven times more than road.

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Weather-routing Systems for Safer and Shorter Routes

We invest in sophisticated weather routing systems to avoid bad weather and to take the shortest route possible to our destinations. If a vessel hits a storm or a typhoon, naturally it will be slowed down – perhaps from involuntary speed resistance from high winds, or voluntary slowdown to avoid damage to the vessel – and as a result the ship will tend to burn more fuel and be less efficient. With these systems, the Captain can avoid bad weather areas by planning the best routes possible.

*Regular Hull Maintenance and Cleaning*

Marine growths, such as barnacles, molluscs and algae, can weigh a ship down which in turn lead to more fuel consumption. We carry out regular maintenance on our ships to keep the hull completely clean and free of such growths.

Optimum Trim (balance of cargo) and Minimum Ballast

One way that we can burn less fuel is by maintaining the optimum trim and minimise the use of ballast. An optimum trim is the balance of cargo on board a vessel and if the load is too heavy at one end, the imbalance can result in more fuel being used to sail. Hence, we devise and implement sophisticated cargo loading plans to achieve the optimum trim.

Moreover, the minimal use of ballast water can also help achieve a lighter vessel load and better trim of ship draughts by good stowage, thereby burning less fuel.

RESPECT FOR BIODIVERSITY & MARINE ENVIRONMENT

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We are committed to environmental measures that respect aquatic biodiversity.

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Onboard Waste Management

At sea, we incinerate waste onboard by using appropriate equipment, such as food dispenser, garbage compactor and incinerator that are in accordance with the MARPOL Convention requirements. At port, we dispose waste to facilities that are authorised by the port authority.

We continuously monitor the amount of sludge and aim to reduce waste being generated by the vessel. Hence, specialised equipment, such as homogenisers and oil purifiers, are used to minimise the development of sludge.

Using Non-Toxic Hull Paint

OOCL always uses environmentally friendly and non-toxic hull paint on our vessels to help protect marine life.

All our ships have been painted with tributyltin free paint (TBT-free) that are also both tin and copper-free. OOCL is constantly striving to improve the marine environment by implementing a policy for all newbuildings to use silicone-based foul-release paint.

Ballast Water Management Program

All container ships discharge ballast water, which can contain organisms that are harmful to the environment.

We have a policy of exchanging ballast water only in the open sea (200 nautical miles away from the nearest coastline) and aim to achieve zero ballast water exchange when berthed at the port.

Ballast Water Treatment

In 2004, the IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediment (BWM Convention) to prevent and eliminate the risk in the introduction and dispersal of invasive species into habitats where they do not belong. In addition to the introduction of treatment standards over the coming years, the IMO convention specifies a set of criteria for the treatment process to make sure at least 99.9% of all living organisms carried in ballast water are killed or removed before being discharged.

To help lessen the harm to the marine environment, OOCL has been actively exploring different kinds of technologies to effectively treat ballast water that is in line with our environmental policy.

OOCL Containers

Today, OOCL only uses CFC-free refrigerants for all of our refrigerated (reefer) containers. OOCL's newest reefer containers have one of the lowest power consumption in the industry. All our containers have been applied with tin-free paint and we also introduced the use of eco-friendly bamboo floors instead of the traditional hardwood ones.



THE ENVIRONMENT AND NATURAL RESOURCES

Our policy encourages us to help minimise potential impacts of operational activities on the environment and the natural resources through innovative environmental care measures. We are committed to environmental measures that respect aquatic biodiversity and natural environment. OOCL continually invests in environmentally friendly equipment such as ballast water treatment, and uses sustainable materials, such as non-toxic paint, bio-degradable stern tube oil and bamboo flooring, to help protect marine environment and forests. In addition, our Group proactively takes part in ecosystem restoration project such as tree planting and replanting of coral and mangrove.

USE OF RESOURCES

Our Group has set out policies to use resources efficiently, including energy, water and other raw materials. Our Group actively minimises the consumption of electricity, fuel and other raw materials in vessels, terminals, warehouses and offices. We continue focusing on green investment which includes fuel-efficient vessels, energy-saving terminals, eco-friendly machineries and equipment. Each regional office of our Group has their own local recycling initiatives. In order to reduce fresh water consumption, our vessels utilise onboard desalination plant to convert seawater into potable water. By doing so, we believe this reinforces our commitment to customers that we offer them the best service quality with the least impact on our planet.

APPROACHES AND INITIATIVES

OOCL Terminals

Following our tradition of best practices, our Long Beach Container Terminal (LBCT LLC) again continued to exceed all environmental requirements by the US Environmental Protection Agency (EPA), the State of California's Air Resources Board (CARB), and the Port of Long Beach's (POLB) Green Port Policy in 2017.

LBCT took another giant leap forward in environmental stewardship when the second phase of our MHRP project went live in October of 2017, expanding what is demonstrably one of the greenest container terminals in the world. With four additional all-electric cranes and an expanded fleet of 56 Automated Guided Vehicles (AGVs) powered by clean energy sources, all containers moved by LBCT are now handled by Zero Emission equipment. "Clean Trucks" or energy efficient locomotives are then used to pick them up for transport throughout the country.

In 2017 the first phase of LBCT's On-Dock Rail Yard was expanded with an additional Intermodal yard Crane and extended rail working track, allowing an even larger number of containers to be moved to and from the terminal via double stack trains, thus reducing the use of the Clean Truck fleet by hundreds of trips per day.

To further enhance our use of clean power, LBCT's Solar Carports provided 1,322,590 kWh (Kilowatt Hours) of electricity in 2017, reducing our dependence on traditionally generated grid power.

LBCT's achievements were once again recognised by the U.S. Environmental Protection Agency (EPA) where LBCT was selected to be the recipient of over US\$2.8 million in funding to expand our fleet of Zero Emission AGVs, allowing us to move more cargo through the LBCT's newly expanded terminal in the most environmental friendly way possible. Such recognition of our efforts by one of the strictest environmental regulatory agencies in the world helps highlight not just the success of our green initiatives, but also celebrate the real impact we have on improving the environment in the community.

Concurrent with the Phase II GO-Live's expansion of our Zero Emissions Cargo Handling equipment, LBCT was able to permanently retire the following equipment from service:

- 12 Diesel Powered Rubber Tired Gantry (RTG) Cranes
- 7 Diesel Powered Fork Lifts
- 5 Diesel Powered Side Picks (Empty Container Handlers)
- 9 Diesel Powered Top Picks (Loaded Container Handlers)
- 21 Diesel Powered Yard tractors
- 1 Diesel Powered Shuttle Bus

At LBCT, from the executive level to the newest front-line manager, many of our staff actively engage in a wide variety of outdoor activities. Our dedication to the company, coupled with our love of the outdoors, means that when it comes to sustainability, *We Take It Personally*.

In 2005, our Kaohsiung Container Terminal (KAOCT) in Taiwan had converted its entire container yard to a "green" enterprise by replacing its straddle carriers operation with electric rail mounted gantry cranes (RMGs) to improve energy and operational efficiencies.

As a result of the improvements made over the years, electricity consumption throughput decreased by 15.6%, from 17.3 kWh/TEU in 2005 to 14.6 kWh/ TEU in 2017.



Currently, there are a total of 20 electrically powered RMGs in the terminal on a fixed-rail system and these gantry cranes are emission-free, quiet, and provide a much safer working environment at the port. The equipment has not only helped improve energy efficiency but also terminal efficiency as shipside productivity improved by 3.7% from 2005 to 2017 and during this same period, the annual throughput also increased by 60.4%. This has enabled KAOCT to effectively handle more vessels at berth and the higher productivity level helped shorten the vessel berthing period to achieve bunker saving as well as emission reduction.

KAOCT is committed to promoting safety and health policies in order to continuously improve our working environment. As such, KAOCT launched the OHSAS 18001 and Taiwan Occupational Safety and Health Management System (TOSHMS) application in the beginning of 2017 to promote a safe and healthy working environment. We successfully received the certifications in November 2017.

Group Offices

Our focus is to create and maintain a “paperless office” environment by eliminating the use of faxes and unnecessary paper documents. As a business which has traditionally relied on paper documentation with customers, such as bills of lading and invoices, we have successfully taken innovative measures to effectively reduce our paper consumption by 20% in the first year of implementation.

We have implemented a “reduce, re-use and recycle” campaign in all our offices around the world, encouraging employees to switch off computers after work, powering off copiers and lights after use, and to install energy-saving office equipment, such as energy-efficient lighting systems.

In exploring areas where we can reduce the use of natural resources, we adopt the mixed source Forestry Stewardship Council (FSC) certified paper for our publications, such as corporate calendars, corporate brochures and reports.

Environmental Awareness and Training

1. On ship

All OOCL senior officers on ships are professionally trained to acknowledge the importance of environmental protection and abide to the Company’s policy and procedures, such as the Ballast Management Plan, Garbage Management Plan and the Shipboard Marine Pollution Emergency Plan, to protect the environment. Subsequently, all other OOCL crew members are then trained by their senior officers.

2. Land side

All OOCL employees undertake basic training on environmental awareness through learning the Company’s core values within the first few weeks on the job. This is an important part of the mandatory employee induction training delivered through the Company’s ePeopleSmart learning platform.

Shenzhen Port Green Convention

OOCL is one of the leading carriers that signed on to the newly introduced Shenzhen Port Green Convention initiated by the Shenzhen Transportation Commission (SZMOT) that encourages ocean going vessels to voluntarily use fuel with a sulphur content of less than 0.5% when berthed at the participating ports in Shenzhen.

OOCL Adopts Extended Speed Reduction

Since 2005, OOCL adopted the voluntary speed reduction program at the Port of Long Beach and the Port of Los Angeles to help reduce emissions when sailing into port. Initially, the speed reduction program encouraged vessels to reduce their speed within 20 nautical miles of the ports and subsequently the revised program extended the radius to a 40 nautical miles zone. OOCL had adopted the 20 nautical miles zone since the introduction of the program and has also committed to adopting the extended speed reduction zone. Reduced vessel speed results in less fuel being used and therefore less emissions, such as sulphur oxides and nitrogen oxides, diesel particles and greenhouse gases being released near the coastline.

Stop Shipping Shark, Whale, Dolphin, and Their Related Products

On 15th February 2016, OOCL announced that bookings for whale, shark, dolphin, and their related products will not be accepted. This new policy shows our commitment and best practices in supporting the global effort to curb the trade in at-risk, endangered and protected marine species.

OOCL Carbon Calculator

In 2010, OOCL launched the OOCL Carbon Calculator online and also on smartphone platforms. The calculator allows OOCL customers to measure the carbon dioxide emissions in their supply chains. It is one of the first emissions calculator of its kind to offer multiple shipment searches and full intermodal emissions data.

This calculator has demonstrated OOCL's commitment to environmental care and our drive to help our customers understand and manage the carbon footprint in their end-to-end supply chains.

The scope of the calculator spans across vessel, truck, feeder, barge and rail with over 70,000 port pairs. It offers customers a user-friendly interface, allowing them to generate summarised reports according to their preferred specifications.

OOCL spearheaded this project in 2010, partnering with the Department of Logistics and Maritime Studies of the Hong Kong Polytechnic University that act as our third party verifier. The Calculator has been checked and verified for its methodology, accuracy and carbon footprint calculations by The American Bureau of Shipping (ABS) Consulting.

Annual Supply Chain CO₂ Report

In our latest environmental initiative to better serve the needs of our core BCO customers by gathering information on their supply chain's carbon emissions, we have made further improvements in our IT capability to allow us to automatically generate the Supply Chain CO₂ Reports for all the shipments without having to manually input the calculating variables.

This enhancement project aims to standardise the presentation of the data and uses a more efficient method to generate the reports, thereby allowing us to provide a more effective and proactive approach to sharing carbon emission information with our core BCO customers on an annual basis. This service capability was available since March 2014.

Corporate reporting of greenhouse gas emissions with high quality standards has become a common practice for multinational corporations (MNCs) to respond to a growing demand from stakeholders for increased transparency.

By providing the Supply Chain CO₂ Reports on a proactive basis, we are able to better serve our customers and helping them achieve their green objectives in their supply chains.

Global Vessel Voyage Monitoring Centre (GVVMC)

To enhance fuel saving and improve fleet performance, OOCL and CargoSmart™ have been working closely together to utilise the AIS signals to monitor all OOCL vessels through CargoSmart's GVVMC (Global Vessel Voyage Monitoring Centre) that operates around the clock, 24-7, to track the movements of more than 12,000 vessels and the status of over 800 container ports and 1,400 container terminals.



The GVVMC monitors real-time vessel movements to identify exceptions earlier through state-of-the-art and innovative tools. The Centre would alert the users (i.e. container liners) if speed deviation, route deviation or any abnormal activities of a vessel during the voyage is found, allowing for a quicker response to address those issues. GVVMC also projects vessel ETA (Estimated Time of Arrival) based on big data analytics and machine learning by correlating sailing schedules, current locations, vessel sizes and historical route patterns. The implementation of the GVVMC was a big success in supporting marine operations to ensure that all containerships are in line with service loop standards and performance guidelines.

Going Green by Harnessing Solar Energy

A total of 814 solar panels were installed at our Levington office in the United Kingdom to leverage on green energy sources. By harnessing the power of the sun in a solar photovoltaic (PV) array, it can provide about 50% of the office's annual electricity consumption, thereby reducing approximately 123,000 kilograms of CO₂ emissions each year. The expected life of the solar array is around 40 years, which means this green initiative can continue contributing to OOCL's green credentials for many years to come.

LBCT Installs Solar Panels at Port of Long Beach

In contributing to a more sustainable environment, our Long Beach Container Terminal (LBCT LLC) installed a 904.75kW photovoltaic (PV) system at the Port of Long Beach. The PV system was built on the roof of 12 carport structures at two sites at the Port of Long Beach terminal E. It includes 3,290 solar modules and has the potential to generate approximately 1,547MWh of energy per year. The system is also expected to help avoid the emission of 1,127 tons of carbon dioxide each year. As part of the LBCT Pier E redevelopment project, the PV system will contribute to making LBCT one of the greenest, most technologically advanced container terminals in the world.

OOCL Taipei Becomes First Vessel to Utilise Shore Power at Shenzhen Port

On 22nd January 2017, "**OOCL TAIPEI**" was the first vessel to utilise shore power at the Port of Shenzhen's Da Chan Bay Terminals. Da Chan Bay Terminals started its shore power system project in response to the Shenzhen municipal government's Five-Year-Plan on building a low-carbon green port in Shenzhen. The goal is to enhance air quality by encouraging vessels to switch off their auxiliary engines, thereby reducing carbon emissions.

OOCL Participates in Enhancing Cetacean Habitat and Observation (ECHO) Program

OOCL participated in the Enhancing Cetacean Habitat and Observation (ECHO) Program between 7th August and 6th October 2017 to study how the industry can reduce our vessel noise impact to the whales along the southern coast of British Columbia, Canada. Stipends were given to the Program participants for reducing speed through the designated areas. To show our continual support in marine conservation and protection, OOCL was the first carrier to return the stipend from the ECHO Program to the Port of Vancouver as our contribution to further whale research in the region. OOCL's commitment and contribution to this Program was an important part of our sustainability work in addressing the "SDG 14: Life Below Water" component of marine life protection and conservation.



Hong Kong Colleagues Take Part in Shoreline Clean-up Day

On 22nd April 2017, 38 OOCL Hong Kong colleagues and their families participated in a shoreline clean-up event at the beaches of Shek O and Rocky Bay. Organised by OOCL's Vital Link Committee, the activity aims at reducing pollution to the marine ecosystem by picking up litter on the beaches, sorting through garbage for recyclable items and putting them into the correct recycling bins.

***Hong Kong Colleagues Volunteer at Recycling Event for Sustainability***

On 24th June 2017, OOCL colleagues from our Hong Kong office and their family members volunteered at a meaningful event for environmental protection. Participants collected polyfoam fruit sleeves, trays, boxes and packaging materials from a local market, shopping mall and some manufacturing facilities to carry out the pre-treatment process, by sorting the polyfoam items and removing the caps and labels on them, before they could be recycled. Volunteers also had a chance to learn more about the recycling industry in Hong Kong and the recycling process of polyfoam and plastics.

OOCL and OOCL Logistics Shanghai Colleagues Supports Environmental Sustainability

On 24th March 2017, 46 volunteers from OOCL and OOCL Logistics Shanghai participated in a tree-planting event at the Linggang Logistics Park in Shanghai. This is the third consecutive year that our colleagues have taken part in this initiative which aims to green up the environment and create a more serene, healthy and beautiful atmosphere for all. With continuous efforts and contributions from our volunteering colleagues, more than 60 trees have been planted at the park over the past three years.



OOCL Logistics Shanghai Colleagues Donate Clothes for Recycling

From 16th to 21st June 2017, OOCL Logistics colleagues in Shanghai took part in the second-hand clothes donation event organised by our customer with the objective to help reduce waste and protect the environment. More than 300 second-hand clothes were donated from our colleagues for recycling by ICO “I:Collect”, a world leading solutions provider for the collection, reuse and recycling of used shoes and garments.



OOCL Recognised by CN Railway for Sustainability Leadership

CN Railway, a world class transportation leader in North America, recognised OOCL’s sustainability leadership efforts which aligns with the objectives of its EcoConnexions Partnership Program that aims to reduce carbon emissions and improve energy efficiency in order to build a more sustainable future. Through this Program, 100,000 trees were planted in 2017 to recognise and honor their business partners’ sustainable business practices like OOCL.

Mangrove Tree Planting in Malaysia

OOCL and OOCL Logistics Malaysia colleagues and their family members participated in a mangrove tree planting activity with Infinity Logistics & Transport Sdn Bhd at Sungai Chandong in Pulau Indah on 23rd July 2017 where they sponsored approximately 100 mangrove trees in this green event.



Green Protection of Mangroves in The Philippines

In collaboration with Villar Foundation, OOCL Philippines colleagues participated in a coastal cleanup activity at the Las Piñas-Parañaque Critical Habitat and Ecotourism Area (LPPCHEA) on 22nd July 2017. This Area covers an area of 175 hectares consisting of mangroves, mudflats and diverse avifauna. The garbage collected by the volunteers, such as PET bottles, are processed and converted to school chairs which the local government of Parañaque would distribute to the city’s public schools.

OOCL and OOCL Logistics Philippines Takes Part in Earth Day Run

On 23rd April 2017, OOCL and OOCL Logistics Philippines colleagues with their family and friends participated in the National Geographic Channel (NGC) Earth Day Run 2017 held at the SM Mall of Asia in Manila. NGC's goal is to provide fresh water to Metro Manila by protecting the watershed and going beyond the usual tree planting activities by expanding efforts to improve forests and wetlands management. In partnership with World Wildlife Fund for Nature (WWF), the NGC's Earth Day Run event also raised funds and social awareness of what is happening within the watershed.

***Solar Energy Generating System for Underprivileged School & Tree Plantation in Pakistan***

To improve the educational environment of underprivileged students in Benison School and promote green renewable energy, our colleagues in Pakistan made generous donations including solar panels with ceiling fans and bulbs for each class room at the school, as well as a motor pump used to gain access to fresh water. The school provides free education to underprivileged children and on 26th July 2017, our colleagues organised a tree planting activity to help students be more aware of the importance of trees in our environment.

Green Week

Since 2007, the first week of July each year has been designated as the OOCL Green Week in support of environmental care. Improving the environment is one of our key focus under one of OOCL's core values and demonstrates our commitment to corporate social responsibility.

Green Week is a global program for everyone at our offices around the world to promote environmental care through special events and meaningful activities. They are organised to remind our colleagues on the importance of "Going Green" and we have been successful in showing our long-term commitment to protecting our environment through such initiatives.



AWARDS AND RECOGNITION

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OOCL is proud and honoured to receive recognition and awards for our commitment and efforts to corporate sustainability each year and we highlight some of our achievements in 2017.

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Founding Constituent of the Hang Seng Corporate Sustainability Index

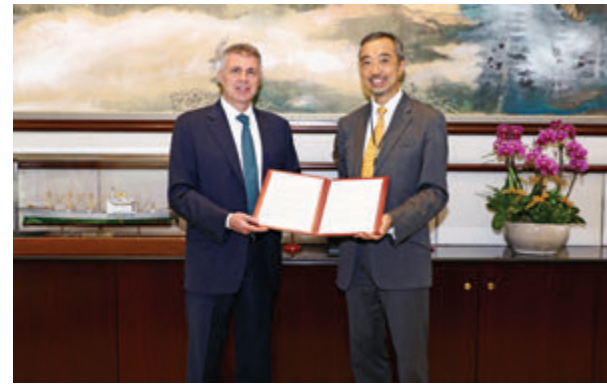
The Group is a founding constituent of the Hang Seng Corporate Sustainability Index, launched in 2010 to recognise the top 30 companies with the highest scores in areas such as environmental care, social impact, and corporate governance. We have been selected as a constituent of the Hang Seng Corporate Sustainability Benchmark Index for the seventh consecutive year, reflecting our continual outstanding performance in ESG. We received the highest sustainability score in the industrials sector from the latest sustainability performance review. These are remarkable achievements as well as recognition of our efforts to achieving consistent and long-term sustainability objectives.

OOIL Becomes a FTSE4Good Developed Index Constituent

The FTSE4Good Developed Index is one of the world's most recognised and respected indices measuring the performance of companies demonstrating strong Environmental, Social and Governance (ESG) standards for investors committed to socially responsible investments. OOIL is honoured to be the first Hong Kong-based enterprise in the international transportation and logistics industry to be included in the Index. Independently assessed according to the Index criteria, OOIL has met all ESG requirements to become a constituent of the Index for the third consecutive year since December 2015, an important milestone in the company's efforts to achieving long-term sustainability objectives.

OOCL Meets GHG Scopes 1 to 3 Inventory Verification Requirements

OOCL completed its environmental reporting and disclosure assurance by using both the Clean Cargo Working Group (CCWG) and ISO 14064-1 standards to certify the transparency, accuracy, completeness, consistency and relevance of OOCL's data disclosure on vessel emissions.



OOCL was accredited by the Lloyd's Register Quality Assurance (LRQA), an independent business assurance service provider based in the United Kingdom, after checking not only the carbon dioxide, sulphur oxides and Greenhouse Gas (GHG) (Scope 1) emission levels of OOCL vessels, but also the GHG (Scope 2) records associated to the electricity consumption of OOCL's head office in Hong Kong. OOCL took further steps forward in our GHG reporting and verification by extending the scope to our container terminals, namely Long Beach Container Terminal, LLC. (LBCT LLC) in the United States and Kaohsiung Container Terminal (KAOCT) in Taiwan.

The Group is committed to reducing emissions, promoting environmental care and conserving natural resources. We do this in all areas of our business – on land and at sea – from our vessels, to our terminals, offices and containers. In order to reach higher standards and transparency in Greenhouse Gas (GHG) reporting, OOCL not only met the verification requirements of GHG Scopes 1 and 2, but also took a further step forward to meet a GHG Scope 3 requirement in 2017, focusing on indirect emissions associated to business travel by air for employees of our Hong Kong office.

Throughout the verification process, OOCL prepared all the proper documentation and records showing the effective management and internal controls for collecting and reporting of the required data to meet the dual standards. It also verified the adequacy of the processes being implemented in managing the consumption and emissions data of our vessels, terminals and head office. We are pleased that not a single discrepancy, misstatement and nonconformity was identified.

OOIL Signs United Nations Global Compact and joins 2017 China Business Summit

OOIL was the first Hong Kong-based enterprise in the international transportation and logistics industry to take part in the United Nations Global Compact. Through our business strategies, operation, corporate culture, and continual engagement in the Sustainable Development Goals (SDG) set out by the United Nations, we are committed to supporting the Ten Principles of the UNGC that sets out fundamental responsibilities in areas such as human rights, labour, environment and anticorruption. To demonstrate our long-term commitment in corporate sustainability, transparency, and accountability, we aim to publish a Communication on Progress (COP) report on an annual basis to describe our extensive efforts in implementing the Ten Principles and SDG. Prior to our participation in the UNGC, we have already been very active in building up our work on SDGs. In our 2016 Sustainability Report, we introduced new targets and specific action items towards the formulation of relevant SDGs to tackle environmental and social issues across industries.

On 19th December 2017, Global Compact Network China invited OOIL to participate in the 2017 China Business Summit. The goal of the Summit is to showcase companies' achievements in sustainability, discuss potential opportunities and challenges in Sustainable Development Goals (SDGs), and encourage companies to innovate together with an open mind and shared value to improve our environment.

***"Class of Excellence" WastewiSe Label***

OOCL also received environmental recognition for our participation and performance in the WastewiSe Label Scheme under the Hong Kong Awards for Environmental Excellence (HKAEE) program. Under the Scheme, participants must achieve at least nine goals or more, covering at least two of three WastewiSe categories in order to be granted with the "Class of Excellence" WastewiSe Label. The three categories include Waste Avoidance & Reduction Measures, Collection and Recycling of Recyclable Materials, and Purchase or Manufacture of Recycled Products.

Hong Kong Green Organisation Certification (HKGOC)

The HKGOC aims to benchmark the performance of "green" organisations to encourage them to sustain their various environmental best practices. It also presents organisations with the opportunity to demonstrate their commitment to improve different aspects of their environmental performance. In appreciation of our efforts towards environmental protection, OOCL was given the status of "Hong Kong Green Organisation" (HKGO) by the Environmental Campaign Committee (ECC) from being a Gold Winner in the Hong Kong Awards for Environmental Excellence (HKAEE).

OOCL Achieves Excellence at the HKMA Sustainability Awards

OOCL was awarded with the "Certificate of Excellence" and "Special Recognition for Creative Sustainability Idea" at the inaugural Hong Kong Sustainability Award 2016/17 organised by the Hong Kong Management Association (HKMA) on 16th November 2017. These awards recognise our commitment to operational sustainability and innovation in creative initiatives.



OOCL Takes Top Honours from SEAA for Environmental Excellence

SEAA was launched to honour outstanding organisations and companies for their overall environmental stewardship, management and performance. It also recognises the leadership and innovation from their sustainability work and how they may encourage others to adopt a more proactive approach towards managing the environment. OOCL received top honours at the Singapore Environmental Achievement Awards (SEAA) ceremony held at the Singapore Environment Council's Conference Day event on 13th October 2017.



Presented with the “Outstanding Singapore Environmental Achievement Award”, this overarching award recognises one top performer amongst all the SEAA categories demonstrating commitment to environmental excellence and protection of the natural environment. OOCL was also a winner in the SEAA Maritime sector category, which recognises maritime companies that have in place strong environmental management policies with a focus on industry leading initiatives and continuous innovation in their sustainability work.

Green Flag Award

Since its launch, OOCL has been an outstanding voluntary participant in the Port of Long Beach's Green Flag Program by complying to sail at slower speeds within 40 nautical miles of the coastline. To acknowledge OOCL for our commitment to reducing harmful emissions, we received a Green Flag Award from the Port of Long Beach in 2017, a recognition that we have received every year since 2005. OOCL will continue our efforts in cutting air pollutants such as smog-forming NO_x, diesel particulate matters and greenhouse gases. Port officials estimate that the amount of NO_x generated by container ships would be decreased by approximately 550 metric tons a year if all the vessels comply with this program.

PARTICIPATION IN ENVIRONMENT-FOCUSED ORGANISATIONS

As an active participant in addressing the issues of environmental protection and climate change, we are a member of a few environment-focused organisations:

- OOIL is the first Hong Kong-based enterprise in the international transportation and logistics industry to take part in the United Nations Global Compact (UNGC) initiative. UNGC encourages companies to align their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption, and to act in support of UN goals and issues.

- OOCL has been a member of the Clean Cargo Working Group (CCWG) since 2003 and it is a Working Group of the Business for Social Responsibility (BSR) organisation, comprising of around 40 major multinational shippers and carriers. CCWG is dedicated to benefiting the environment and people by assessing and addressing the environmental footprint of goods transported around the world. Practical solutions developed by the CCWG include the Environmental Performance Survey (EPS), which offers consistent standards and measurements of a carrier's environmental performance.

Our mission with the CCWG is to foster continuous improvement in the environmental and social performance aspects of freight transport by sharing information and promoting best practices in the industry.

- The Business Environmental Council (BEC) is a non-profit organisation in Hong Kong promoting corporate social and environmental responsibility. Members share their responsible business practices which balance economic, social and environmental interests.
- The World Wildlife Fund (WWF) is a leading environmental and conservation organisation. Membership funds are channeled into local conservation programs and community education.



HEALTH & SAFETY

We never compromise on workplace safety. Our Corporate Safety, Security & Environmental Care (SSE) Policy underpins our commitment that, so far as is reasonably practicable, our operations are executed in a safe working environment to avoid any occupational hazards, health and safety risks to the employees and stakeholders. Maintaining a zero rate of accidents and injuries are our primary safety objective.

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We frequently carry out comprehensive risk assessments for reefer and dangerous cargo. Prior to loading, dangerous goods are randomly inspected to ensure that they are correctly packed and properly stored. Strict onboard checking systems have also been implemented for other sensitive cargo. Special drills for ship safety and anti-pollution measures are periodically conducted both onboard a vessel and at office locations.

We take a zero tolerance approach to work-related injuries and ensure full compliance with the required health and safety laws and regulations at all locations of operations. During the reporting period, no incidents of health and safety standard violations were found.

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APPROACHES AND INITIATIVES

Our Zero Tolerance Approach

The Health and Safety of our people is a high priority and remains a key focus for the Group as we work together to achieve our Zero Tolerance approach to injuries in the workplace. We believe that Zero Tolerance is a fundamental sustainability objective.

Emergency Response

In the event of emergency and crisis situations, a Corporate Emergency Response policy is in place to ensure such events are handled appropriately and in a timely manner. Under this policy, Emergency Response Teams (ERT) are formed in each Region, reporting to the Corporate Emergency Response Team (CERT), and ultimately to the Executive Committee where needed.

Emergency Response Teams (ERT)

In the event of a serious incident, the Regional Emergency Response Team (RERT) should first become involved in dealing with the immediate situation. If the situation becomes more serious, the RERT will escalate the case to CERT. A standardised formation of ERTs means clear communication lines can be quickly established for an efficient crisis response mechanism.

Verified Gross Mass (VGM) requirements under the Safety of Life at Sea (SOLAS) Convention

To improve safety in the supply chain, the International Maritime Organization (IMO) has made amendments to the Safety of Life at Sea (SOLAS) convention indicating that all shippers must comply with mandatory container weight verification requirements, or Verified Gross Mass (VGM).

Currently the industry is in ongoing discussions with many regulatory authorities and stakeholders to ascertain the implementation details and policies on such requirements as well as to ensure that process and system readiness for compliance is in order before the effective date.

A number of regulatory authorities have already published their guidelines and regulations to help the industry comply with the new VGM rules while some countries such as China have announced that they are in the final stages of policy development.

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Principle

“No VGM, No loading.” A container without a VGM is not allowed to load onto the vessel. The shipper is responsible for the potential regulatory penalties and all costs associated to the exception handling of the containers without the VGM.

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CargoSmart Introduces Mobile App for SOLAS VGM Compliance

CargoSmart announced BoxSnap, a free app to easily collect and share container weight information through a smartphone to comply with the Safety of Life at Sea Convention's Verified Gross Mass requirements (SOLAS VGM). The mobile app simplifies and expedites the process for shippers, truckers and cargo weighing parties to obtain VGM information and submit it to their ocean carriers to comply and minimise the risk of held cargo or penalties. Leveraging optical character recognition (OCR) technology, truckers and cargo weighing parties can take a photo of a container, check the captured container number and tare weight, and share it with the parties responsible for filing the VGM.

BoxSnap allows shippers to receive container weight information as soon as it is available, either when a container is packed at a warehouse or is at a weighing station, to meet critical VGM submission deadlines. Shippers, truckers, and cargo weighing parties can save time from having to search through carriers' websites for container tare weights, conveniently share scanned container information, and retain digital image records for future reference. Shippers who submit VGMs through CargoSmart's online platform can designate third-parties to provide the container weight details through the app and receive alerts when they can submit the VGM to their carriers.

App Store SM



Google Play TM



Direct Installation
for Android



DANGEROUS GOODS

Transportation

Due to its hazardous nature, Dangerous Goods (DG) shipments are regulated under stringent rules and regulation throughout the entire transportation process. Vessel owners, container liners, port authorities, international organisations, and other related entities in the supply chain, all set various requirements concerning safe transport of DG. Information and knowledge need to be shared and a large amount of documents and certificates need to be granted and delivered among different parties. All of these requirements lead to complex and demanding operations.

There is no integrated solution for DG transportation thus far, though a few carriers maintain their own in-house systems; developed individually and isolated from their competitors. Subsequently, it has long been agreed that the best way of improving safety at sea is by developing international regulations, as well as treaties adopted by the IMO.

Our Service

The major regions that we serve in the Americas, Europe, Middle East and Asia Pacific, all have specific handling procedures and approval process for DG applications. A shipper or customer's DG cargo will be checked for its content accuracy and any legal requirements concerning its transport will be taken into account. In addition, OOCL ensures the relevant stowage and segregation requirements of dangerous goods are met. This helps provide additional safety to the cargo, vessel, crew, cargo handlers and the overall environment. OOCL's DG teams are also available to discuss and provide advice to our customers on all issues relating to different international and domestic regulations.

DGSmart

OOCL's Dangerous Goods System has a powerful training program, known as "DGSmart", which covers all parties involved in the DG transportation process, including carriers, forwarders, manufacturers, port authorities, and DG / chemical experts. Each party provides certain information and performs functions that are shared, followed up, and cross-checked further down the processing chain. DGSmart also links all the process involved in the whole DG transportation; our technical standard for data processing is regarded as consummate.

SAFETY TRAINING

In addition to the IMO's mandatory safety training, we also offer additional safety programs for our sea staff, which is in line with one of our core values, "People, People, People". One of our ongoing programs is the Onboard Mentoring Program, which helps train newly recruited or promoted sea staff and cadets on safe and efficient performance. The Master, Chief Officer, Chief Engineer and Second Engineer would closely "mentor" them for a specific period of time with continuous appraisal reports.

An Onboard Safety Culture is constantly being promoted and all crew members are kept up-to-date on safety measures and initiatives through various training and re-education systems. OOCL offers a web-based training program and is designed for individual self-study with the purpose of upgrading safety awareness. The course is accredited by recognised organisations and an examination is given at the end of each module.

Crew members are expected to apply the knowledge acquired within the context of their ship's operation after the course is completed. For over 10 years we have conducted the Bridge and Engine Resource Management Courses for OOCL officers and engineers. These courses were conducted at the OOCL Maritime Academy (formerly called the Zhoushan Orient International Seaman Training Centre) in China and sponsored by the Tung Group and OOCL. All OOCL sea staff, including ship masters, officers and engineers, would be sent for mandatory training and re-education courses every four years on a rotational basis.

To promote safety and quality training for future seafarers, OOCL also sends our experienced technical staff, ship masters and chief engineers to conduct presentations on topics such as safety, security, shipboard communication skills, and our in-house SQE System (Ship Safety / Security, Quality and Environment System) to students at the Zhejiang International Maritime College in China.

SAFETY REVIEW 2017

In addition to carrying out regular safety training and comprehensive risk assessments, one of the most important adoptions to help maintain a zero rate of accidents and injuries is that we have “No Blame Policy” in place to encourage our sea staff to report incident of any scale to us.

Rather than focusing on blame, this policy helps us perform investigations that focus on identifying real and fixable root causes.

PREVENTIVE MEASURES OF INFECTIOUS DISEASE

Our guidepolicy of preventive measures of infectious disease is in place to provide guidance to Regions in ensuring that consistent preventive measures of infectious disease are in place for all individuals and in all offices. It defines infectious disease and outbreak; proposes action to prevent infectious disease, and provides guidance in personnel, hygiene and environmental hygiene, as well as proper actions in case of suspected or confirmed infectious disease.

In addition, subject to the situation, the Company may provide with preventive vaccination in the office / Region where there is an outbreak. Each region shall use the colour-coded alert system and principles to work out and adopt its own contingency plan according to the local situation. The contingency plan should be regularly updated to ensure its validity. Priority is to ensure health, safety and business continuity.

AWARDS AND RECOGNITION

HKMD's 'Bravery Award' for Rescuing Sailor in Distress

On 19th July 2016, watchstanders at the Coast Guard 13th District Command Center received a distress call from the operator of a 37 feet sailing vessel named the 'Sea Sweeper', stating that adverse weather had torn the sails on the vessel's lower mast and there have been ongoing issues with the ship's engines and batteries. The Command Center personnel issued an Automated Mutual-Assistance Vessel Rescue (AMVER) broadcast asking any mariners nearby to rescue the operator of the 'Sea Sweeper'. OOCL Utah responded to the AMVER request and changed their course to rescue the sailors in distress. In recognition of the courage and responsible acts demonstrated at sea, the Hong Kong Marine Department (HKMD) bestowed OOCL Utah and her crew with the 'Bravery Award' for the rescue mission on 15th June 2017.



OOCL Logistics (China) Receives RSQAS Certification

On 23rd and 24th May 2017, OOCL Logistics (China) underwent and passed a strict on-site audit for its RSQAS (Road Safety Quality Assessment System) Certification conducted by SGS, an international certification body, where a total of nearly 250 indicators were inspected. RSQAS is a program of the AICM (Association of International Chemical Manufacturers) to evaluate the quality, safety, security, and environmental performance of Road Transportation Service Providers in a uniform manner by single standardised assessments carried out by an independent assessor.

AMVER Awards Program

On 20th April, 2017, OOCL was presented with 24 AMVER Awards for the year 2016. AMVER is a worldwide voluntary reporting system sponsored by the United States Coast Guard.

The basic premise of the Atlantic Merchant Vessel Emergency Reporting system (AMVER) program is for all mariners to help other mariners in need regardless of their nationality. AMVER is a unique, computer-based, and voluntary global ship reporting system used worldwide by search and rescue authorities to coordinate rescue efforts for ships in distress at sea.

Our Company makes safety at sea a top priority and our participation in the AMVER system shows our support in maritime safety. We believe the AMVER program helps protect lives and make the ocean a safer environment for all seafarers. OOCL has participated in the AMVER system for over 10 years and many of our ships have since received a number of AMVER awards.

**Qualship 21 Certificates**

OOCL vessels have been recognised for our exceptional safety and environmental standards under Qualship 21 since 2004. Our vessels were recognised as Qualship 21 participants for their high standard of excellence; marking the most OOCL vessels ever certified under the program to date. We are particularly proud of the fact that according to the United States Coast Guard, less than 10 percent of the foreign-flagged ships that operate in the US have qualified for this initiative.

Kaohsiung Container Terminal (KAOCT) in Taiwan Receives Certificates in Safety Management

On 27th September 2017, our Kaohsiung Container Terminal (KAOCT) in Taiwan reached a milestone by passing the verification of OHSAS (Occupational Health and Safety Assessment Series) 18001 and TOSHMS (Taiwan Occupational Safety and Health Management System). The certifications help fortify the Company's commitment to promoting and enhancing the safety, security and efficiency of the workplace and improving the supply chain to best serve our customers.

As such, KAOCT set out objectives to achieve the highest standards of safety and security, ensure we provide the best service quality and occupational safety, and reach outstanding operational efficiency levels both on the yard and by the shore. This involved setting up and enhancing safety and security measures, executing risk assessment and control to prevent occupational hazards, and implementing education programs to integrate safety and hygiene concepts into the operation process.

By implementing an internationally certified management system, KAOCT demonstrated that it is fully committed to promoting occupational safety and health management at the terminal and living up to our high standards in an efficient and consistent manner.



SECURITY

We are committed to maintaining our vigilance to prevent any potential threats to security. Security measures, plans and standards are all in place and audited at every level of our organisation. We take every precaution to provide the highest levels of security for our customers and employees.

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In a world where cargo security are becoming more complex in the international trading community, OOCL is strongly committed to the security of our operations against possible compromise and to the maintenance of the highest level of compliance in security related areas.

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CORPORATE SECURITY POLICY

As a responsible company, we have to ensure the safety and integrity of all our employees, ships, customers' cargo and our port facilities. In this regard, we are obliged to offer our utmost cooperation to the Authorities including the Governments of all States in their fight against any act that will impinge on maritime or cargo security. Such acts may include, but not limited to, the following:

- Terrorist attacking a port facility
- Hijacking of ship
- Bomb threat
- Piracy
- Sabotage
- Shipping of weapons or agents of mass destruction
- Drug smuggling
- Stowaway / human smuggling
- Tampering with documentation / container / cargo
- Cargo Pilferage

Security Code

From our offices to ports, warehouses, shore facilities and onboard our vessels, we work with the authorities to ensure that every measure is in place to maintain the highest commercial and operational security standards as possible at all times, while all employees are educated and regularly updated through security training.

International Ship and Port Facility Security Code

OOCL complies with the International Ship and Port Facility Security Code (“ISPS” Code) to ensure security threats are detected and assessed and preventive measures are in place on our vessels and at our port facilities. A designated officer on each ship and at each port facility reports to the Company Security Officer who oversees the security plans, drills and training. With this in place, all our vessels continue to have an exemplary record containing zero breaches of security and clean detention records.

Partners in Protection

Our Company has been certified as a “Partners in Protection” (PIP) carrier by the Canada Border Services Agency (CBSA) Partners in Protection. It is a voluntary program established by the CBSA for companies which assist to enhance border security, combat organised crime and terrorism, detect and prevent contraband smuggling, and increase the awareness of issues to secure the flow of goods and travellers across the U.S.-Canadian border.

Customs-Trade Partnership Against Terrorism

Our Corporate Security Policy and internal guidelines fully satisfy the U.S. Customs-Trade Partnership Against Terrorism (C-TPAT) initiative. We regularly conduct internal security checks to identify, evaluate, and prevent any security threats. Our security profile has been validated by the U.S. Customs and Border Protection Agency through “on-site” checks of our Group’s offices and facilities including terminals, warehouses, depots and vessels.

Container Security Initiative

OOCL is also committed to other international initiatives, rules and regulations such as the Container Security Initiative (CSI) and 24-Hour Advance Manifest Rule. We also actively engage various governments and authorities worldwide in their efforts against any act that would impinge upon maritime or cargo security.

Authorised Economic Operator

Similar to the C-TPAT, the EU Authorised Economic Operator (AEO) is a voluntary-based public-private partnership where participants who fully meet AEO requirements, such as customs compliance, appropriate record-keeping, financial solvency and, where relevant, security and safety standards, will be offered an AEO certification. Since 2011, twelve of our EU-based branch offices have been AEO-certified.

PIRACY

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To combat the increasing threat of maritime piracy, OOCL applies anti-piracy measures by adopting best practice guidelines and establishing close communication with staff onboard.

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Piracy was common across the Middle East region and with occurrences in the southern end of the Red Sea, Gulf of Aden, Arabian Sea and down into the Indian Ocean, stretching from the Somali coastline all the way across to within close proximity of the Indian coast.

Anti-piracy Measures

OOCL follows anti-piracy measures before our vessels enter the High Risk Area (HRA). One of the key measures is to maintain a 24-hour, 360-degree counter-piracy visual and radar watch and to assign additional watch-keepers at the bridge and on the deck while transiting through the HRA to watch out for suspected pirate crafts.

OOCL has also adopted the Industry Best Management Practices to avoid, deter or delay pirate attacks. We cooperate with navy forces and relevant anti-piracy organisations to exchange information on safety and security measures, piracy policies and procedures. Close communication is also kept between the vessels and our Fleet Management Department office which has a 24-hour emergency hotline and is always on standby in case of any emergency.

INFORMATION SECURITY

Security Certification in OOCL Data Centre

OOCL was successfully certified with the new ISO/IEC 27001:2013 standard that puts more emphasis on measuring and evaluating how well an organisation's Information Security Management System (ISMS) conforms to risk assessment requirements and meets the high corporate IT Security management, planning and control standards.

The ISO 27001 Information Security Certification is an internationally-recognised code of practice for the management and protection of information security. With the certification, it recognises that the data centre is professionally secured to world-class standards. The importance of information security is to ensure that timely and accurate information are available when delivering products and services while at the same time, preventing and minimising security incidents.

OOCL has been accredited with the ISO 27001 Certificate since 2005 and successfully upgraded to new edition of ISO/IEC 27001:2013 in 2014 by SGS, an international certification body.

The certification covers the primary production Data Centre and also extends to secondary Data Centres for "Research and Development" and "Disaster Recovery" services.

The ISO 27001 specifications contain a number of objectives and controls. These include: Information security policies, Organisation of information security, Human resource security, Asset management, Access control, Cryptography, Physical and environmental security, Operations security, Communications security, System acquisition, Development and maintenance, Supplier relationships, Information security incident management, Information security aspects of business continuity management and Compliance.

As an industry leader in technology, OOCL strives to provide the most innovative international container transport and logistics services in the business. As part of its core business philosophy, OOCL excels in its services through continuous improvement and adoption of cutting-edge technology and information systems.

Cyber Security Awareness Training

Traditionally, antivirus and malware detection software would provide a boost to our computer security by helping our computers stay away from being "infected". But as the development of the Internet is becoming more sophisticated than ever, signature-based virus / malware detection tools alone are no longer sufficient today.

This is because the "Advanced Persistent Threat", a set of stealthy and continuous computer hacking processes often orchestrated by attackers targeting a specific entity by taking advantage of security loopholes, is growing. APT has been observed to target organisations and/or nations for business, financial and/or political motives. "Corporate Security Breaches", "Email Spoofing", "Spear Phishing" and "Social Media Fraud" are some of the common types of cyber attacks.

To boost our employee's knowledge and awareness of cyber security, new initiatives and programs have been developed to ensure everyone takes part in protecting our assets and become more resilient against such threats. This includes an annual cyber security training and mandatory test for all employees, monthly knowledge and trend updates, and sophisticated monitoring and protective systems. This Worldwide Cyber Security Awareness Training program demonstrates our commitment to IT security and best practices to protect Company and customer information.

We initiated a Big Data Security Analytic project to further enhance our protection systems. It is to reduce the danger of zero-day malware when APT happened and unknown attacks in our environment by providing early detection and near-real-time alerts.

Phishing Email Awareness Exercise

Cyber attacks can seriously affect businesses and it is vital that our colleagues learn how to prevent these attacks and deal with suspicious emails. OOCL launched awareness exercise focusing on phishing emails. Emails were sent out to our staff under the guise of a hacker designed to track how people fall victim to the phishing and help to assess our organisation's vulnerability to an actual attack.

OUR PEOPLE

As a responsible corporate citizen employing the highest standards of business ethics in all that it does, the Group understands that the process begins with the treatment of its employees. As a successful corporation, the Group appreciates that its success, growth and performance are attributable to the skills, dedication and teamwork of its employees. It regards people as its greatest asset and takes good care of them.

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The Group is an equal opportunity employer with a clearly defined policy covering areas such as treating all employees with fairness and dignity, promoting the corporate culture of encouraging open and frank communication throughout the organisation, investing in its employees and caring for their hopes and aspirations through people-development programs and education, as well as recognising their efforts and achievements.

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EMPLOYEE PROFILE

We employ 10,300 full-time employees around the world where the majority of them are hired locally and 94.53% of the employment are on a regular basis.



Staff Retention

The OOIL Group is a very stable organisation with a good staff retention rate. The Company has proactive strategies in place to try and retain employees through various programs to enhance job satisfaction and improve staff retention. In 2017, the turnover rate for employees across our operations was 14%.

Long Service Awards

In recognition of our staff's hard work and dedication to the Group, we celebrated with over 700 Long Service Award recipients from our offices across the world. In 2017, there were 39 proud colleagues who received the 25-Year Long Service Award, while 358 were recognised for their 10-Year Long Service, and 334 for their 5-Year Long Service.

PROFESSIONAL DEVELOPMENT

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Our People's Success is OOIL's Success

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At OOIL, we encourage openness and innovation in our work environment. Every employee is entitled to equal training and development opportunities through nomination and selection. Our policy on “Training & Development” sets out to groom our people to support our business growth and their own professional development while discharging duties at work. The Group provides employees with extensive opportunities to realise their potential and improve their knowledge and skills through job assignments, internal or external courses, and various vocational training and development programs.

A Learning Environment

People development remains a cornerstone of the corporate culture and enables the effective operation of OOIL's career development policy through recruitment and promotion from within.

While on the job, our employees can be nurtured and given numerous learning and development opportunities. OOIL has, over the past years, dedicated a great deal of time and effort into its various people-development programs. OOIL advocates continuous learning and supports employee career development through job rotation, local and overseas job assignments in conjunction with the offering of formal and informal learning and development opportunities and sponsorships for performance enhancement.

Global Recognition Program

Global Recognition Awards are designed to promote and recognise the “Take It Personally” spirit among OOCL employees with the purpose of promoting quality service to all our customers.

SPOT Award

Everyone likes to be thanked and recognised for a job well done. At OOCL, we strongly believe in the importance of encouraging, thanking and recognising the contributions and hard work from our colleagues. This could be making a suggestion which improved efficiency at work, completing a job which exceeds expectations, or even demonstrating behaviour which exemplifies our Core Values and/or Core Competencies. The SPOT Award is part of our “Global Recognition Award” which is aimed at promoting quality customer service both internally and externally.

Staff Movement – Transfer / Reassignment

The framework for Staff Movement is established to facilitate effective human resources deployment, supporting achievement of business objectives and employee development. There are many opportunities available for career growth at OOCL. We may, in the interest of staff career development and the operational needs of the Company, assign them to different positions, or transfer them to different departments or Group companies, either on a temporary or permanent basis. When such opportunities become available, we will consider their career goals and provide career counseling at their request. In addition, they may take advantage of career opportunities by applying for open positions within the Company. Position openings will be posted through our Internal Recruitment Bulletin.

Six-month Short-term Job Rotation Program

With “People, People, People” being the first of our 4 Core Values, OOCL is committed to investing in our people – our greatest asset!

As part of our continuous people development effort, OOCL launched a 6-month short-term Job Rotation Program to broaden colleagues' exposure, experience and perspective by

- Working in different cultural and business surroundings;
- Taking on a challenge with full accountability and performance measurement in a different functional setting;
- Learning to appreciate a new set of business issues in a different geographical environment.

Program participants benefit from the exchange of knowledge, skills, insights and best practices, as well as the opportunity to enhance their communication and collaboration abilities to foster continuous improvements on business processes and decision making, thereby heightening overall organisational capability.

Success Management System (SMS)

The Success Management System has been an effective tool to evaluate an individual's performance in terms of meeting both the Company's objectives and their own goals and competency requirements.

Staff Communication / Knowledge Sharing

The Group employs an innovative approach to internal communications, employee learning and people development. The Group recognises that on demand performance support to its employees is the key to help them deliver what customers need and unleash potential. Since 2010, the Group has utilised its intranet, called "InfoNet", as a learner-centric platform for dissemination of company news and business updates while providing its employees with a tool to share knowledge, exchange views and formulate ideas. In 2011, the Group adopted a wide range of enterprise level collaboration tools. In addition to conventional methods of communication such as email, other tools such as OOCL Wiki, OOCL Channel, Jabber, and Tibbr, have become very effective in the global sharing of information and knowledge as well as facilitate collaboration amongst colleagues around the world. They have also helped us support accelerated learning by providing us with the means to leverage resources, ideas and hence solutions. Since 2016, we have also enlisted the resourceful usage of the Office 365 cloud-based information platform to further our internal communication goals.

Lunch & Learn

Launched in 2013, OOCL's "Lunch & Learn" Program was created to offer colleagues the opportunity to learn more about a topic or business area which is not normally within their own job scope in a relaxed environment during lunch. The Lunch & Learn program first started in Hong Kong and over the past year the success of the program encouraged other regional offices to conduct their own programs.

"An Hour a Week – We Learn and Share"

OOCL's "An hour a Week" initiative is a global compulsory learning program aiming to enhance individual capability and productivity through enriching their business knowledge while nurturing a learning culture in the organisation where everyone keeps on improving. It requires at least one training or learning hour a week, reaching a total of 52 hours a year in 2017 for each staff engaging in internal business-related training on (cross) functional knowledge, or acquiring computer or other useful skills.

Training and Development Programs

In addition, our employees are also provided with various management and functional training programs aimed at further enhancing their competencies to better serve our customers and contribute to the growth of the Group.

International Executive Development Program (IEDP)

We run IEDPs for managers and executives worldwide. The program was first launched in May 1998. To-date, more than 835 OOCL executives from across all regions have completed the IEDP.



KNOWLEDGE IS POWER

At OOCL, information and knowledge are always at our fingertips, so that we are always well informed and in touch. That is what makes us stand out from our competitors. All this knowledge is aggregated from our staff in various departments.

We have various tools for sharing: OOCL Wiki, for recording and discussing information to build a powerful reference database; E-mail, which remains useful for all kinds of sharing; and Instant Messenger (IM) for instantaneous communication.

OOCL Wiki

OOCL Wiki is an internal platform that hosts and shares information and knowledge about the Group and our industry. All our employees are encouraged to create, edit and facilitate discussions. To date, we have created over 8,480 Wiki pages with more to come! The ten most popular pages accumulated more than 3.0 million visits.

WORK-LIFE BALANCE (HEALTH WELLNESS)

We have many different clubs that cover a broad range of recreation and special interest areas and they are formed with the aim of promoting work-life balance for all colleagues who can gather together for various activities after work. Colleagues can take these great opportunities to meet others in the Company who share the same interests.

The recreation club, for instance, organises family outing, cooking, kickboxing, painting, clay, baking classes, calligraphy, wine appreciation workshop, DIY ukulele and ice-cream workshop, yoga, champagne glass etching, cloth bag pad-printing, sport climbing, jazz dance, 3D latte art & etching, environmentally friendly leather crafting, laser war game, archery, pottery class, Zumba, Aerial Yoga, DIY Storm Glass Workshop, Bounce Fit, Tai Chi and different activities that allow colleagues to relax and learn after work. For some particular clubs that are more popular among colleagues, they would gather more often to have regular activities and even organise for sports competitions too!

Currently, we have sports and special interest clubs that include badminton, bowling, hiking, and soccer.

These clubs not only help our colleagues attain better work-life balance, but they also make the workplace more fun and bring about the employee's sense of belonging to the Company. In addition, colleagues joining these clubs can build their leadership and organisational skills through arranging different activities.



HEALTHY WORK ENVIRONMENT

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We conduct various approaches to promote public health and hygiene in our work environment. This includes organising various health talks for the staff to learn how to prevent the outbreak of an infectious disease that could have a devastating impact on our operations.

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Health Square

Health Square promotes the need for a healthy lifestyle to our colleagues through various channels. Prevention is better than cure so we promote health awareness by organising health talks and classes for all colleagues.

Our Health Square program organises a series of health classes, such as Wellness Yoga, “Tai Chi”, “Wing Chun”, Boxing Aerobics, “Qi Gong”, “Ba Duan Jin”, Acupuncture Points Pain Relief Massage and Lymph Exercise, Jazz Dance, Sport Climbing, Kickboxing, Pilates, Running, Boxing, First-Aid Course, Archery, Zumba, Aerial Yoga, Bounce Fit, Taekwondo to promote a healthy lifestyle to our colleagues. Our aim is to arouse their awareness of staying healthy and develop an interest in doing different forms of exercise.



Hong Kong Trailwalker 2017

On 18th November 2017, three OOCL teams with over 40 supporters took part in the annual “Trailwalker Race” in Hong Kong, a challenging 100 km race through some of Hong Kong’s most beautiful country parks and highest peaks in the territory. Our colleagues were pleased with their results in and reaching their goals while raising funds for Oxfam’s various poverty alleviation and emergency relief projects in Africa and Asia.

2017 Hong Kong Badminton Family Fun Day

To promote badminton as a way to lead to a healthy lifestyle, the OOCL Badminton Club invited colleagues and their family on 1st May and 5th October 2017 to share the benefits of playing this sport together as good exercise.

Japan Colleagues Build Team Spirit at Sporting Events

On 3rd November 2017, OOCL Tokyo colleagues and their families took part in the 47th Sports Festival organised by the Foreign Transportation and Finance Health Insurance Association (FTFHIA) at Toshima Amusement Park. The sports event was an effective health promotion activity supporting good sportsmanship, cooperation and a sense of solidarity with the community. With the goal of promoting healthy lifestyles, health check programs and sports classes were also provided.



OOCL and OOCL Logistics Philippines Annual Team Building Activity

On 6th May 2017, OOCL and OOCL Logistics Philippines organised a team building activity at the Playa Laiya Beach Club to bond colleagues from different departments and strengthen their teamwork spirit through various games and activities. The activities provided an opportunity for colleagues to better understand one another outside the workplace, strengthen bonds within and between the teams, improve mutual coordination and collaboration, promote trust among the team members and uphold values of integrity and unity.



EQUAL OPPORTUNITY AND ANTI-DISCRIMINATION

We are committed to equal opportunity in recruitment and employment. The Group would like to encourage and retain the diversity of employees in all the locations it operates to offer local employees fair promotion opportunities and benefit from the diversity of thought. It is the Group's policy not to discriminate against any employee or applicant for recruitment and employment on the grounds of race, colour, religion, creed, age, sex, disability, pregnancy, childbirth and related marital status, sexual orientation, veteran status and any other category as guided by local laws and regulations. In case of redundancy, voluntary or involuntary, the Group has established a proper procedures so as to ensure that there is no discrimination and to remove any effects which could be disproportionate and unjustifiable.

REMUNERATION, FRINGES BENEFITS AND COMPENSATION

Our employee salary and benefits are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework on the Group's salary and bonus schemes which are regularly reviewed. For promotion, the Group assesses all possible candidates and ensures that nobody with potential has been overlooked. Human and labour rights, safe and healthy working conditions and non-excessive working hours are provided. Under the guidepolicy of "Employment Terms and Conditions", benefits and compensation includes but are not limited to: Rest Periods, Holidays and Leave Entitlement, and Contribution Scheme. Other welfare and benefits include medical insurance and pension funds to ensure our employees are well taken care of.

During the reporting period, no incidents of human rights violations, discrimination and labour right issues were observed. The Group fully complies with relevant standards, rules and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

CODE OF CONDUCT

In the interest of adhering to the highest ethical standards on an ongoing basis, the Group has a formulated Code of Conduct which serves as a guideline to ensure compliance with all local, national and international legal standards and to preclude offences under local, national and international laws, any breaches of confidentiality, non-disclosure requirements or intellectual property rights and any conflicts of interest, acts of bribery, corruption or political contribution and any other areas of deemed misconduct.

We have set up procedures to identify, manage and control risks that may have an impact on the business of the Group. The Group's "Whistle Blower Policy", established in 2006, is one of our formalised procedures through which employees can anonymously file reports or register concerns and helps govern the reporting and thorough investigation of allegations of suspected improper activities.

THE COMMUNITY

We embrace Community Responsibility as one of our Core Values. These values are our underlying beliefs and the foundation of our corporate ethos, shared by every member of the Group. Our core values provide us with a yardstick by which we measure and make our judgments and decisions.

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We believe that our community contributes greatly to our Group's success. We have policies on community engagement as we try to understand the needs and interests of the communities where our Group operates and to adjust our activities accordingly. In addition to our environmental contribution, we also give back to the community in other three distinct areas, namely Education of Youth, Community in-Need, and Promotion of Arts and Culture.

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EDUCATION

We believe it is essential to contribute to the skills development and capacity building of young people.

The founder of the Company, C. Y. Tung, had a vision of reviving the Chinese Maritime greatness with ships owned, manned, and operated on world routes entirely by Chinese. More than this, however, C. Y. Tung was dedicated to education for others. *“I have learnt there is a link between ships and education,”* as he was fond of saying. *“They can be used for carrying ideas as well as cargo.”*

Tung OOCL Scholarship

In line with C. Y. Tung's belief and the Company's long tradition of giving back to the communities where our employees live and work, The “Tung OOCL Scholarship” program was set up in 1995 and is sponsored by the Tung Foundation and OOIL Group. It comprises of two programs, namely, the Tung OOCL Scholarship for Universities and Tung OOCL Scholarship for Employees' Children.

The Tung OOCL Scholarship program is aimed at recognising the balanced development of young people who demonstrate outstanding academic achievements and active involvement in contributing to the community. In keeping with the Group's long tradition in education and giving back to the community, the Tung OOCL Scholarship had committed to more than US\$530,000 in 2017 for students in mainland China and our employees' children.



Tung OOCL Scholarship for Universities

The University Scholarships have been established in five renowned universities. They are Tsinghua University, Fudan University, Shanghai Jiaotong University, Zhejiang University and Nanjing University. Since the establishment of the Scholarship, more than 5,900 undergraduate and post-graduate students have been awarded with more than US\$4.8 million in funding. Each year, a selection panel will be set up in each university to short-list the potential candidates based on their academic results and performance, plus active participation in extra-curricular activities. With this program, we hope to facilitate the well rounded development of our youth.

Tung OOCL Scholarship for Employees' Children

Established since 1995, the Tung OOCL Scholarship for Employees' Children had benefited over 715 students who are the children of our employees. The Scholarship is open to all employees from all countries to recognise their children's outstanding achievements. A total of 60 scholarships were endorsed by the scholarship committee in 2017.

OOCL Academy

To further our Education for Youth objectives, an initiative called the "OOCL Academy" was launched in 2008 on a global scale. It aims to leverage the competencies of OOCL and align with the four Community Responsibility focuses of the Group. The Academy offers students unique opportunities to learn and practice in the areas of container transportation, logistics and information technology. These opportunities are offered to undergraduate and postgraduate students studying in these three areas and could take the form of internships, work placements, mentorships, sponsorships, and personal development programs. The Academy also supports university research projects and places strong emphasis on the importance of collaboration.

Management Trainee Program

We also offer Management Trainee Programs to outstanding candidates with MBA qualifications from leading universities with proven working experience, as well as fast track development programs for employees who have potential for a higher level of professional development.

Internship Program

Internship is one of the opportunities offered to undergraduate and postgraduate students of Maritime, Logistics and Information Technology from our OOCL Academy Program. Other than recruiting from universities, we also encourage employees' children to apply for our internships.

Through the internship program, We offer various business development projects to enable summer interns to gain experience in their field of study and broaden their global perspectives.

OOCL Internships Around the World

Education of Youth is one of the few important community outreach initiatives of OOCL. The OOCL Academy offers students unique opportunities to learn and practice in the areas of container transportation, logistics and related information technologies. These opportunities are offered to undergraduate and postgraduate Maritime, Logistics and Information Technology students in the form of internship, mentorship, sponsorship, or personal development programs.

This year, OOCL regional offices around the globe opened their doors to offer internships to deserving students for the summer months. Participating offices in Australia, Bangladesh, Canada, China, Finland, France, Germany, Hong Kong, Italy, Malaysia, Russia, Singapore, Sweden and USA hosted a total of 298 interns, summer interns and trainees to offering them the opportunity to work with us and learn more about our industry.

Graduate Training Scheme

We have always been recognised as a pioneer in information technology development for the liner and logistics industry and investing in a tremendous amount of resources on training young IT talents to further boost their professional development.

We continue to contribute to the Hong Kong community through academic engagements. We have been certified as a Hong Kong Institution of Engineers (HKIE) Scheme "A" Company in 2009 and since then, we have been running HKIE Fresh Graduates Trainee programs to provide young talents with a nourishing ground to become seasoned IT professionals through a structured training module.

Launch of "OOCL IT Academy"

In 2014, the "OOCL IT Academy" was established with the aim of strengthening and ultimately grooming our IT talent pool in a more structured way.

The idea behind the OOCL IT Academy was to provide a 3-month intensive boot camp-style training for all our newly-hired IT graduates. The training would encompass technical know-how, process, and hands-on experience as well as knowledge sharing on OOCL culture.

The training helps to motivate them to continue on their learning journey throughout their career at OOCL. With the academy set up and running, the plan is for all future IT graduates to complete the boot camp before they begin working at the Company.

OOCL IT Academy Boot Camp Graduation Ceremony

OOCL IT Academy (ITA) was set up to provide boot camp-style training to strengthen and groom our IT talent pool in a more structured way. To date, there have been six successful ITA boot camps, with the 6th intake of trainees having celebrated their graduation on 23rd September 2017. After the last boot camp, 55 trainees from the 2017 Summer class joined various project teams in different roles, such as developer, business analyst, quality assurance or IT support positions.

In addition to inviting external trainers from two top IT training centres to conduct the sessions, we also appointed 22 experienced OOCL IT experts to take up roles as ITA Teachers and Teaching assistants. Our experts tailor made a training program for the ITA trainees, conducted lectures, project demos and group task assignments. Aside from the technical training, we also conducted soft skills training which included communication skills enhancement and time management.

COLLABORATION WITH ACADEMIC INSTITUTIONS

OOCL Maritime Academy

Twenty years ago, we collaborated with the Zhoushan Municipal Government to construct the Zhejiang International Maritime College (ZIMC) in China, the first of its kind in the country. Today, to be in line with our continual commitment to the education of young people, and to help provide training to our crew members, a renewed collaborative agreement was reached with the ZIMC that lead to the construction of a new training base on the college's campus.



With the mission to promote maritime education and supporting the role that Chinese seafarers play in the world's maritime transportation and logistics industry, OOCL Maritime Academy and the International Seaman Training Centre was unveiled on 6th March 2012 in Zhoushan, Zhejiang Province, China.

This training facility called the OOCL Maritime Academy (OMA) was constructed for international seafarers and is used to train crew members and recruit talented young cadets by providing them with opportunities to work onboard our vessels. This also includes training and exposure for the ZIMC teachers and faculty through workshops and seminars conducted by key members of our experienced fleet management team and other senior sea officers.

Currently, we are the only shipping company in China to have established an own-operated training centre in collaboration with a maritime college. This partnership greatly helps promote the important role that China plays in the global maritime arena – with the aim to strengthen safety, security, and environmental protection practices as well as encouraging Chinese students to join the maritime and shipping industry.

OOCL Supports Global Warming Research

We have a history of collaboration with the University of Washington in their research efforts. We are currently helping with their latest project in which their scientists board our container vessel to carry out their research.

While at sea, concentrations of dissolved CO₂ and oxygen gases, nutrients, chlorophyll, and suspended particles as well as the temperature and salinity of the water are measured by the scientists. These measurements allow the National Oceanic Atmospheric Administration that funds the research to estimate the rate at which the atmospheric CO₂ is being absorbed by the phytoplankton activity in the ocean.

COMMUNITY-IN-NEED

Being an integral part of the community, we are a caring company that actively considers the needs of the people in our society. Our main focus is on underprivileged children and other similar groups in the community.

All our employees from every office around the world are encouraged to give something back to the communities in which they live through charitable activities such as fundraising and volunteering their time and efforts to helping others in need.

Charitable Support

OOCL assists in transporting medical diagnostic equipment and supplies from the U.S. to China to care for those children who need urgent treatment. In 2017, the Group donated about US\$242,000 and in addition to financial donations, the Group also contributed in-kind, such as offering transportation and logistics support to send relief to the affected areas.

OOCL Vital Link



OOCL Hong Kong formed an official volunteer team, called the OOCL Vital Link in December 2004 and currently there are 55 members in this team. Since its establishment, a total of 112 charitable events were organised. These include fund-raising, donation, environmental protection and servicing events.

In 2009, the team also added a focus on environmental protection to raise the awareness of colleagues in environmental care. Moreover, a Charity Credit Program was launched in 2006 to show our appreciation for our colleagues' active participation in public service initiatives, community outreach and volunteerism.

Disaster Relief

In our guideline of "Community Responsibility" for disaster relief, the Group may initiate joint relief efforts in conjunction with relevant regional offices of the Group. Employees may also raise funds for local charities on their own where the Group may consider providing further financial support. In-kind donations such as operational equipment and office equipment may be considered for designated charity organisations and schools to the benefit of the community. On certain disaster relief or general charity occasions, container transportation service might be provided by the Group.

Walk for Millions in Hong Kong

On 8th January 2017, around 150 colleagues from OOCL and OOCL Logistics were joined by their families and friends to take part in the Walk for Millions event organised by The Community Chest in Hong Kong. Both our Chairman and CEO also joined in this community outreach event which has been running for four consecutive years.

The walk covered a distance of approximately 10 kilometres and all of our participants finished within three to four hours. Everyone was happy to be a part of this meaningful charity walk and helped raise funds for those in need. All of the funds raised from the walk would go to support 24 member social welfare agencies providing various social services which includes helping hundreds of thousands of needy and disadvantaged people in the community.

*Terminal Visit for Hong Kong Youth*

On 19th May 2017, OOCL organised a container terminal visit for a group of secondary school students from Shau Kei Wan East Government Secondary School as part of OOCL's participation in the Career Sparkles organised by one of our charitable partners - St. James' Settlement. Career Sparkle is the first Career Service Center for youth in Hong Kong with the mission of exploring students' interests and strengths, helping them better understand different working environments, hiring requirements, and prepare them for their future career development.

Not only did this event help us live up to our Core Value of Community Responsibility and strengthening our Group's Sustainability Development Goal of promoting Education for Youth, it also introduced a new generation of potential talents to our Company and industry.

OOCL Vital Link Recognised for Commitments to Community Responsibility

In recent years, the OOCL Vital Link committee co-organised several charitable events to benefit the Hong Kong community and in thanking them for their good work, the Vital Link volunteers received honourable recognition by the Tung Wah Group of Hospitals (TWGH) Wong Cho Tong District Elderly Community Centre at a Volunteer Awards Presentation Ceremony held on 12th March 2017. The award program recognises all those who have contributed their time, effort, care and support to the Centre over the years.



Hong Kong Colleagues Promote Maritime Industry at HKMPB Orienteering Race

In the effort to further develop the port and shipping industry in Hong Kong, the Hong Kong Maritime and Port Board (HKMPB) launched the Hong Kong Maritime Industry Week to promote Hong Kong as the location of choice for operating maritime businesses, showcase our strong maritime cluster of professional services, and raise interest in the public about the industry. In showing our support to the industry, the Company sponsored the full enrollment for our Hong Kong colleagues to enter into the exciting Orienteering Race held on 19th November 2017. Seven corporate teams represented OOCL to compete in the races.



Hong Kong Colleague Conquers HK Vertical 1000 Challenge

On 9th December 2017, an ISD colleague in Hong Kong represented OOCL to participate in an adventure of a lifetime at the HK Vertical 1000 Abseil challenge organised by Outward Bound Hong Kong. The HK Vertical 1000 is one of the most ambitious charity events held in Hong Kong, providing a once in a lifetime opportunity for high-fliers to abseil down the face of the 281.2 metres tall One Island East building. Money raised by HK Vertical 1000 would be used to encourage and enable disadvantaged young people to achieve their own life-changing experiences.

OOCL Logistics Continues to Support Hong Kong Red Cross

OOCL Logistics Hong Kong has been the supporting partner of the "Pass-it-On Campaign" since 2014, which is one of the most significant annual fundraising events of the Hong Kong Red Cross (HKRC) that aims to help raise funds to support humanitarian services. With the theme of "Love & Found" this year, participants could donate funds or purchase two charity items – a "Reddie Bear Travel Bag" or a "Reddie Bear Necker Cushion" from November 2017 to January 2018.

By leveraging our capabilities and expertise, OOCL Logistics helped ensure the smooth operations of the event by offering pick and pack services and delivery of the donated items from the warehouse to the schools and commercial buildings. In 2017, we picked and packed around 10,000 "Reddie Bear" items, including posters and stickers.



Serving People with Special Needs

On 12nd August 2017, our Vital Link committee joined the Jockey Club Riviera Gardens Lutheran Integrated Service (Tsuen Wan Centre) and Shek Kip Mei Lutheran Centre for the Blind (Shek Kip Mei Centre) to co-organise an activity to bring together groups of youth and visually-impaired people for a day of mutual learning, sharing and fun. This event aims to raise the awareness of social inclusion and community care to the younger generation. A total of 28 OOCL colleagues with their family members and friends volunteered to accompany the visually impaired people on their travels to the debriefing with the youth after the event. Everyone participated in the fun and shared many special moments and memories together.

Spreading Love to the Elderly on Mid-Autumn Festival

Mid-Autumn Festival is one of the most celebrated holidays for many people, particularly ethnic Chinese, in Asia and around the world. It is a special time for family gathering, thanksgiving and appreciating life and nature. It gives families an opportunity to come together and celebrate in the warmth and tradition of this festive occasion. On 23rd September 2017, OOCL Hong Kong colleagues and their family members and friends visited 35 homes of elderly people living alone. In partnership with Yang Memorial Methodist Social Service, our volunteers brought gift packs filled with food staples, such as rice, oil and noodles, as well as festive mooncakes to celebrate and extend the warmth, love and goodwill to the elders.

Hong Kong Colleagues Send Love by Knitting Scarves

Over the years, the OOCL “Scarf Project” organised by our Vital Link committee brought warmth and love to over 700 elders in Hong Kong during the holiday season. This year more than 59 OOCL Hong Kong colleagues served as volunteer knitters and made a total of 134 scarves for the donation. Colleagues who did not knit could also support the cause by sponsoring the cost of a knitting kit. On 8th December 2017, all the scarves were sent to the Yang Memorial Methodist Social Service and were distributed to the elders there.

Hong Kong Colleagues Volunteer for the Human Library Program

On 4th November 2017, our Vital Link committee teamed up with the Hong Kong Society for Rehabilitation to organise a volunteering event called the ‘Human Library Program’. The Program aims to open up the pages of people living with disabilities or chronic illnesses so that their voices and stories can educate and inspire their “readers”. On the event day, OOCL Hong Kong colleagues and their guests participated in this interactive sharing session with five storytellers living with either physical disabilities, cerebral palsy, cerebral atrophies or Parkinson’s disease.

By participating in different activities including walking and travelling in a wheelchair going up and down slopes, our volunteers could better understand the difficulties that people living with disabilities face on a daily basis. The storytellers also opened up their ‘books’ by sharing their inspiring life stories with our volunteers. It was an encouraging and eye-opening experience for everyone.

Donating to the Philanthropic Community Pharmacy

OOCL colleagues participated in one of the largest running events in Hong Kong, The Standard Chartered Marathon 2017, as part of the Company’s “Run for a Reason! OOCL SCHKM” campaign. The money raised by OOCL SCHKM was donated to the Philanthropic Community Pharmacy as part of our mission to contribute to the betterment of our community and encourage corporate citizenship through public service initiatives, community outreach and volunteerism.



OOCL Shanghai Colleagues Participate in Green Food Bank

On 15th March 2017, our colleagues in Shanghai participated in a charity event organised by the Shanghai Oasis Ecological Conservation and Communication Center, a member of Shanghai's growing Food Banking Network, to distribute food to families in need in Pudong District's Tangqiao community. OOCL volunteers delivered the food to more than 40 families and also donated rice and cooking oil to the Food Bank.



Shanghai Colleagues Volunteer in Support of Education for Youth

In April 2017, our Shanghai colleagues participated in two events supporting the Education for Youth by giving back to the community. The first event involved volunteering at the Shanghai JingAn District Library by making donations of daily necessities to the library, helping visitors find books and other materials, responding to enquires, and supporting the librarians to arrange books and collate data. The other volunteering event was held on World Reading Day and it was specifically focused on the children's section of the Shanghai JingAn Library. OOCL Shanghai colleagues read stories to the children and helped them better understand the meaning behind words in the activity named "The Little Reader".

OOCL Shanghai Colleagues Night Walk for Charitable Donations

On 21st October 2017, about 128 OOCL Shanghai colleagues and their families took part in the City Night Walking event for charity. The event aims to raise funds for various charity projects such as the "Chinese Children Iris Database". Participants showed their community responsibility spirit while enjoying the night vistas of Shanghai.



OOCL Chongqing Colleagues Share Love and Knowledge with Primary Students

The Education of Youth is one of the cornerstones of OOCL's commitment to community responsibility. On 27th October 2017, our Chongqing colleagues visited the Pengshui Pioneer Primary School and volunteered as teachers and teacher's assistants to share their time, love and knowledge with the students there. Apart from teaching and sharing, our colleagues also brought along their donations of books and bookshelves to ensure that the students could continue their pursuit of quality learning.

Charitable Walking Activity in Qingdao

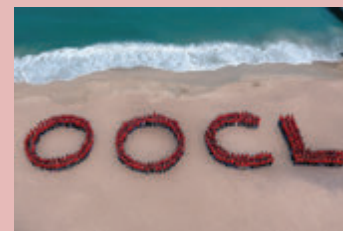
On 4th November 2017, around 100 Qingdao colleagues with their families and friends gathered to take part in a charity walk event in the city. The main goals of the 5.5km walk from the First Swimming Beach in Qingdao to the Qingdao Olympic Base Center are to raise money for a charity to aid children with hemiplegia while also promoting the importance of daily exercise. Volunteers also helped pick up trash scattered on the trail to clean up the environment.

*“Walk for Green, Walk for Health”*

From 14th to 20th July 2017, more than 150 Zhuhai colleagues with their families and friends participated in a walking, running and cycling competition to promote low-carbon transportation and contribute to better air quality and health conditions in the community.

OOCL South China Region Hosts “Together We Shape The Future” Event

On 4th November 2017, more than 400 OOCL and OOCL Logistics colleagues in the South China Region gathered in Shenzhen for the annual 1-day team-building event and the theme was “Together We Shape the Future”. Everyone benefitted from an exciting day of activities through working together on a difficult and challenging task. The participants also formed into groups, playing challenging games designed to promote teamwork, strategic thinking, leadership, creativity and communication skills.

*OOCL Logistics China Colleagues Give Back at Easy-to-Read Book Donation Event*

OOCL Logistics (China) continues to support “Easy-to-Read”, a nonprofit charity initiative which oversees the packaging and redistribution of donated books to children in need. In 2017, our colleagues had sorted more than 18,000 books and packaged more than 150 boxes to achieve the feat of completing the entire library set-up in 14 different schools. Over the past three years, more than 38,000 books were packaged and sent to schools in-need.

Manila Colleagues Share Christmas Joy with Kids

On 2nd December 2017, our Manila colleagues organised a charity event held at the St. Rita orphanage in Sucat, Paranaque, which included games, dancing and reading books with the kids at the orphanage. Our team also donated some toys to raise the spirits of the children during the holiday season.



L'Amazone 2017

On 4th June 2017, dressed in pink and ready for action, our colleagues from France participated in the L'Amazone 2017 race-walk in Le Havre for the third consecutive year. Since 2008, the annual event has been a meaningful, fun-filled, exciting day for a good cause. This event attracted more than 12,000 participants who tackled the six kilometres course. The event brought together an incredible community of people who wish to show their support in the fight against breast cancer.

OOCL Vancouver Colleagues Join in the Walk of Hope

On 10th September 2017, OOCL Vancouver colleagues participated in the Walk of Hope fundraising event to fight against Ovarian Cancer held at the Queen Elizabeth Park in Vancouver. The money raised would go towards supporting women and families living with Ovarian Cancer, building awareness and education, and funding research.



Toronto and Vancouver Colleagues Run for the Cure

On 1st October 2017, our colleagues in Canada have once again participated in the Canadian Breast Cancer Foundation's national charity run and walkathon event called the CIBC Run for the Cure for the third year in a row. The extravaganza drew more than 85,000 participants from 56 communities across Canada in support of an important shared vision: creating a future without breast cancer. Proudly embodying our Company's core values of community outreach and responsibility, OOCL raised over \$4,200 Canadian dollars for this meaningful cause.

PROMOTION OF ARTS AND CULTURE

We believe that exposure to different cultures can enrich people's lives. By supporting and sponsoring the performing arts, we aim to stimulate the public's interest and appreciation of the cultural treasures from around the world.

Sponsorship for Musical and Shows

As part of the Group's support to the community, we have been bringing a variety of world class performing arts to Hong Kong and around the region to enrich the cultural exposure to the people.



OTHERS

Hong Kong Voluntary Observing Ships Scheme

Under the Voluntary Observing Ships Scheme by the Hong Kong Observatory (HKO), our ship officers would make regular weather observations and report the conditions to the HKO for analysis. These observations can provide vital information about the weather conditions at sea and are particularly important for the timely preparation of warnings of hazardous weather to highly populated areas.

There are over 40 OOCL vessels participating in this voluntary scheme.

AWARDS AND RECOGNITION

OOCL Honoured with the Ten Years Plus Caring Company Logo

We have been recognised by the Hong Kong Council of Social Services (HKCSS) for our years of contributions to caring for our community. We were awarded with the “10 Years Plus Caring Company” status by the HKCSS and it is given to companies that have demonstrated a caring spirit with the aim to cultivating good corporate citizenship and strategic partnership among the business, public and social service sectors.

OOCL Receives Social Capital Builder Logo Award

On 6th January 2017, OOCL received the Social Capital Builder Award which recognises and commends individuals and organizations that have contributed to the development of social capital in Hong Kong. Social capital refers to the network of relationships among people who live and work in a particular society and enabling that society to function effectively. OOCL demonstrated six core social capital dimensions to the judging panel and they include: social network, mutual aid & benefits, social cohesion & inclusion, information & communication, social involvement, and trust & unity.



OOCL Receives Recognition from HKO, WMO and IOC for Valuable Contributions to the Observatory and Maritime Communities

In 2017, 45 OOCL vessels participated in the Hong Kong Voluntary Observing Ship (HKVOS) program by the Hong Kong Observatory (HKO) to gather and provide marine climatology data needed to help identify prevailing weather conditions for preparing forecasts and warnings to the maritime community. To recognise vessels' outstanding efforts in volunteering their time to help improve maritime safety, the HKO presented one “Diamond Award”, one “Platinum Award”, and three “Gold Awards” to OOCL vessels on 3rd July 2017.

Apart from the quantity of the reports made, five OOCL vessels were also presented with participation certificates jointly issued by the World Meteorological Organization (WMO) and Intergovernmental Oceanographic Commission of UNESCO (IOC) for the high quality of the reports sent. According to the HKO, observational data received from these ships in the Voluntary Observing Ship Scheme Climate Fleet (VOSCLim) are highly valued by the international scientific community for climate research and climate change studies. Additionally, OOCL Jakarta was also presented with a certificate of appreciation for her assistance in deploying five drifting buoys over the South China Sea to measure atmospheric pressure and sea temperature.



SUSTAINABLE DEVELOPMENT GOALS

To continue with our commitment in meeting and exceeding international standards on all our Sustainable Development Goals and objectives, we have introduced new targets to help us better benchmark our performance.

As ethical business behaviour and corporate sustainability are becoming increasingly more important, many companies are taking a closer look at themselves to openly communicate and measure their business values and impact on the environment and communities in which they operate.

As a socially responsible company, we are committed to maintaining safe and secure business operations for a sustainable future. To continue with our commitment in meeting and exceeding international standards on all our sustainability goals and objectives, we have introduced new targets to help us better benchmark our performance.

The United Nations (UN) has adopted a set of bold new Global Goals that charts sustainable development for the people and planet by 2030 as a universal, integrated and transformative vision to make our world more prosperous, inclusive, sustainable and resilient.

The OOIL Group supports the Sustainable Development Goals (SDG) set out by the UN and we are committed to taking action and formulating the relevant SDGs to contribute to tackling global environmental and social challenges we face across industries while building on our ESG profile and recognition as an industry leader on sustainability initiatives.



OUR 2030 TARGETS

4 QUALITY EDUCATION



Ensure inclusive and quality education for all and promote lifelong learning

Education is a fundamental human right and is indispensable towards improving people's livelihood and supporting the future workforce in our communities.

Offer scholarships for Universities and employees' children, vocational training, internships, and other programs to over 20,000 beneficiaries by 2030.

In Progress 35% Achieved

7 AFFORDABLE AND CLEAN ENERGY



Ensure access to affordable, reliable, sustainable and modern energy for all

The development and use of clean and sustainable energy is fundamental to human prosperity. Modern society depends on reliable and affordable energy sources to ensure a more sustainable future.

Increase 300% of solar energy generation at our sites from the 2016 level by 2022.

In Progress Generated 1,124 MWh

13 CLIMATE ACTION



Take urgent action to combat climate change and its impacts

Climate change and extreme weather has already affected millions of people around the world with disruptive impact on certain economies.

Reduce 30% of CO₂ emission from the 2010 level by 2020.

In Progress Reduced by 26.6%

Introduce efficient and environmental friendly vessels.

In Progress Introduced 21,413 TEU vessels

14 LIFE BELOW WATER



Conserve and sustainably use the oceans, seas and marine resources

Ocean routes and sea passages have long been vital conduits for maritime trade and transportation and some of them are at risk from the threats of pollution, resource depletion and climate change, many of which are caused by human activities.

Participate and initiate over 100 marine life protection and conservation causes, activities, and programs by 2030, with every Region where OOCL has presence to have been involved in initiative related to Life below Water.

In Progress 30% Achieved

2018 OBJECTIVES AND TARGETS

THE ENVIRONMENT

Make every effort to minimise the impact of our business activities on the environment.

- Target to reduce 30% of CO₂ emission from the 2010 level by 2020.
- No breach of any environmental rules and regulations.
- Increase environmental program participations compared to last year.

Enhance our GHG Assurance and Reporting.

- Employ independent checker to assure our GHG Scope 1-3 emission data integrity.
- Enhance the GHG verification scope to staff business travel.
- Adopt the new Environmental Data System to facilitate data collection process.

OUR PEOPLE

Maintain an open environment in the workplace for better staff communication and corporate culture.

- All staff members are given access to various internal communication channels based on their job nature and requirements. This access allows our employees to submit feedback, contribute ideas and share knowledge across our global offices for effective collaboration and teamwork.

HEALTH & SAFETY

Maintain high health and safety standards.

- Zero occurrence of major maritime accident.
- Participate in at least two safety programs.
- No severe or fatal crew injury cases.

Proactively promote an Onboard Safety Culture.

- Ensure our existing training materials and procedures are up-to-date.
- Regularly review and deliver updates of any international safety standards and regulations to every crew member.

SECURITY

Ensure that every measure is in place to maintain the best commercial and operational security standards possible at all times.

- Maintain our compliance with C-TPAT, AEO and related security programs at all times.
- Constantly and meticulously follow any updates regarding security issues.

THE COMMUNITY

Reinforce commitment to local communities through employee volunteering activities.



- Maintain an average of two hours volunteering service per full time employee count.

TARGETS REVIEW

We established programs or action plans to monitor and ensure our sustainability targets are met. Objectives and Targets aim for continual improvement in sustainability agenda or for minimising the relevant impact. Targets are therefore quantified wherever possible to measure our achievements.

-  Environmental Program Participations
-  GHG Scope 1 & 2 Reporting Integrity
-  GHG Scope 3 Reporting
-  Long Term CO₂ Emission Reduction
-  Review Safety Regulation
-  No Severe or Fatal Crew Injury Cases
-  Maintain High Health & Safety Standards
-  Safety Programs
-  Review Safety Training
-  Zero Major Maritime Accidents
-  Security Issues Updates
-  C-TPAT & AEO Compliance
-  Staff Communication
-  Employee Volunteering

Legend

-  Achieved
-  In Progress



PERFORMANCE DATA SUMMARY

We gather a wide variety of measurable data to help monitor and evaluate our sustainability performance and identify any critical areas for improvement. ⁱ

GRI Reference	Performance Indicators	Unit	Scale	2016	2017
G4-EN1	Materials Consumption				
	Paper	Metric Tons	Actual	134.3	130.4
	Printer Cartridge	#	Actual	4,410	3,789
	Battery	#	Actual	15,183	13,582
	Refilled Refrigerant ~ R134a	kg	Actual	7,746.8	10,030.7
	Refilled Refrigerant ~ R404a	kg	Actual	26,585.0	23,959.3
	Refilled Refrigerant ~ R407c	kg	Actual	3,640.0	1,845.4
G4-EN2	Recycling				
	Paper	Metric Tons	Actual	51.0	54.1
	Oil Sludge	Metric Tons	Actual	22,926	24,548
	Plastic	kg	Actual	5,107	2,615
	Printer Cartridge	#	Actual	1,698	1,309
	Battery	#	Actual	3,602	3,070
G4-EN3, 4	Energy Consumption				
	Electricity	MWh	Actual	76,513.54	86,683.78
	Renewable Energy ~ Solar Energy ⁱⁱ	kWh	Actual	224,790	1,124,000
	Natural Gas	Thermal	Actual	47,003	50,944
	Fuel - Vessels	Metric Tons	Thousand	1,712.60	1,809.42
	Fuel - Onshore	Litre	Thousand	2,483.02	2,270.51
G4-EN5	Energy Intensity				
	Electricity Intensity	kWh/TEU ⁱⁱⁱ	Actual	12.58	13.76
	Natural Gas Intensity	Thermal/TEU	Thousandth	7.73	8.09
	Fuel Intensity	Metric Tons/TEU	Actual	0.28	0.27

GRI Reference	Performance Indicators	Unit	Scale	2016	2017
G4-EN8, 22	Water Consumption, Reuse and Discharge				
	Water	Metric Tons	Thousand	248.88	227.96
	Water Intensity	Metric Tons/TEU	Actual	0.041	0.036
	Seawater for Ballast Exchange	Metric Tons	Thousand	2,091.80	3,113.13
	Water Discharge ^{iv}	Metric Tons	Thousand	248.88	227.96
G4-EN15, 16, 17	Greenhouse Gas Emissions				
	Carbon Dioxide (CO ₂) - Direct	Metric Tons	Thousand	5,350.92	5,732.14
	Carbon Dioxide (CO ₂) - Indirect	Metric Tons	Thousand	34.85	35.32
	Greenhouse Gases (GHG) - Business Travel by Air	MtCO ₂ e ^v	Thousand	1.931	2.248
	Methane (CH ₄) - Direct	MtCO ₂ e	Thousand	2.89	3.05
	Nitrous Oxide (N ₂ O) - Direct	MtCO ₂ e	Thousand	72.33	76.41
	Greenhouse Gases (GHG) - Total ^{vi}	MtCO ₂ e	Thousand	5,462.92	5,849.17
G4-EN18	Greenhouse Gas Emissions Intensity				
	Greenhouse Gases (GHG) Intensity	MtCO ₂ e/TEU	Actual	0.90	0.93
	Carbon Dioxide (CO ₂) Intensity - Vessels	g/TEU-km	Actual	55.62	52.20
G4-EN19	Reduction of Greenhouse Gas Emissions				
	Export Solar Energy to Local Electricity Grid	kWh	Actual	68,684	70,214
G4-EN21	Other Air Emissions				
	Sulphur Oxides (SO _x)	Metric Tons	Thousand	86.32	94.10
	Nitrogen Oxides (NO _x)	Metric Tons	Thousand	158.58	167.53
	Particulate Matter (PM)	Metric Tons	Thousand	12.1	12.7
	Non-Methane Volatile Organic Compounds (NMVOCs)	Metric Tons	Thousand	5.27	5.57
	Carbon Monoxide (CO)	Metric Tons	Thousand	4.74	5.01
G4-EN23	Wastes				
	General Wastes - Disposal	Metre Cubes	Actual	11,147	12,063
	General Wastes - Incineration	Metre Cubes	Actual	662	923
	Hazardous Wastes	Litre	Actual	9,301	31,434
	General Wastes Intensity	Metre Cubes/TEU	Thousandth	1.94	2.06
	Hazardous Wastes Intensity	Litre/TEU	Thousandth	1.53	4.99
G4-EN24	Spills				
	No. of Spills	#	Actual	0	0
	Toxic Waste Spilled	Metric Tons	Actual	0	0

GRI Reference	Performance Indicators	Unit	Scale	2016	2017
G4-EN29	Environmental Incidents				
	Cases of Environmental Incidents	#	Actual	1	0
	- Cost of Fines, Penalties or Settlements	#	Actual	0	0
G4-10	Workforce by Region				
	Mainland China	%	Actual	48.70	48.08
	Hong Kong	%	Actual	13.07	13.10
	North America	%	Actual	8.31	8.35
	Europe	%	Actual	7.46	7.75
	Others	%	Actual	22.46	22.72
G4-10	Employment Type				
	Regular	%	Actual	90.96	94.53
	Contract & Temporary	%	Actual	9.04	5.47
G4-10, G4-LA6	Health & Safety				
	No. of Employee - Shore Staff	FTE ^{vii}	Actual	8,189	8,167
	No. of Employee - Sea Staff	FTE	Actual	2,058	2,133
	No. of Employee - Consolidated Group Total	FTE	Actual	10,247	10,300
	No. of Fatalities - Shore Staff	#	Actual	0	0
	No. of Fatalities - Sea Staff	#	Actual	0	0
	No. of Fatalities - Consolidated Group Total	#	Actual	0	0
	No. of Cases with the Actual Lost-time Injury ^{viii} - Shore Staff	#	Actual	4	5
	Lost-time Injury Rate ^{ix} - Shore Staff	#	Actual	0.0488	0.0612
	No. of Cases with the Actual Lost-time Injury - Sea Staff	#	Actual	2	1
	Lost-time Injury Rate - Sea Staff	#	Actual	0.097	0.047
G4-LA1	Employee Turnover (Voluntary)				
	Shore Staff	%	Actual	12.2	14.0
	Sea Staff	%	Actual	10.7	10.2
	Consolidated Group Total	%	Actual	12.0	13.2
	By Region				
	Mainland China	%	Actual	15.5	19.5
	Hong Kong	%	Actual	9.2	13.0
	North America	%	Actual	5.6	6.3
	Europe	%	Actual	8.5	10.0
	Others	%	Actual	9.3	10.5

GRI Reference	Performance Indicators	Unit	Scale	2016	2017
	By Gender				
	Women	%	Actual	12.3	15.3
	Men	%	Actual	11.5	13.8
	By Age Group				
	Under 30 Years Old	%	Actual	22.0	27.7
	30-39 Years Old	%	Actual	7.6	9.7
	40-49 Years Old	%	Actual	4.4	5.5
	50 Years Old and Above	%	Actual	2.0	3.8
G4-11	Labour / Management Relation				
	Collective Bargaining Agreements (CBA) ^x	%	Actual	100	100
G4-LA9	Trainings (NEW)				
	Employees Trained by Employee Category				
	Executive	%	Actual	-	97
	Managerial	%	Actual	-	98
	General Staff	%	Actual	-	92
	Employee Trained by Gender				
	Male	%	Actual	-	93
	Female	%	Actual	-	92
	Average Training Hours by Employee Category				
	Executive	#	Hour	-	8.87
	Managerial	#	Hour	-	8.23
	General Staff	#	Hour	-	7.89
	Average Training Hours by Gender				
	Male	#	Hour	-	8.18
	Female	#	Hour	-	7.62
G4-LA10	Trainings				
	Online Courses or Exams at ePeopleSmart Enrolled	#	Actual	30,964	26,375
	Competition Compliance Training (participation rate)	%	Actual	99.89	99.49
	Cyber Security Awareness Training (participation rate)	%	Actual	97.74	97.31

GRI Reference	Performance Indicators	Unit	Scale	2016	2017
G4-LA12	Breakdown of Workforce (Onshore)				
	By Gender				
	Women in Workforce	%	Actual	53.93	54.33
	Men in Workforce	%	Actual	46.07	45.67
	By Age Group				
	Under 30 Years Old	%	Actual	39.76	37.40
	30-39 Years Old	%	Actual	32.51	33.42
	40-49 Years Old	%	Actual	16.83	17.59
	50 Years Old and Above	%	Actual	10.90	11.59
G4-LA12	Nationality Mix of Seafarers				
	Mainland China	%	Actual	59.5	70.0
	Hong Kong	%	Actual	5.3	3.9
	Europe	%	Actual	4.7	1.1
	Malaysia	%	Actual	4.3	3.7
	Philippines	%	Actual	24.5	18.0
	Singapore	%	Actual	1.4	2.8
	Others	%	Actual	0.3	0.5
G4-HR3	Human & Labour Rights				
	Incidents of Discrimination & Labour Right Issues ^{xi}	#	Actual	0	0
	- Actions Taken in Response to Incidents	#	Actual	0	0
	Incidents of Human Rights Violations ^{xii}	#	Actual	0	0
	- Actions Taken in Response to Incidents	#	Actual	0	0
G4-SO5	Corruption				
	Anti-corruption Training (<i>participation rate</i>) ^{xiii, xiv}	%	Actual	33.3	33.3
	Communication of Anti-corruption Policy to Employees ^{xv}	%	Actual	100	100
	Incidents of Corruption	#	Actual	0	0
	- Actions Taken in Response to Incidents	#	Actual	0	0
	- Cost of Fines, Penalties or Settlements	#	Actual	0	0
G4-SO6	Public Policy				
	Political Contributions Made	US\$	Actual	0	0

GRI Reference	Performance Indicators	Unit	Scale	2016	2017
G4-EC1	Economic Performance				
	Revenue	US\$	Thousand	5,297,693	6,108,350
-	Carbon Offset				
	Renewable Energy Credits	VCU ^{xvi}	Actual	6,367	9,601
-	Management Systems				
	Percentage of Owned Vessels with SQE Certification ^{xvii}	%	Actual	100	100

Notes:

- i. The companies under the Group are omitted from the Sustainability Report either due to a low percentage of ownership or insignificant size of the companies.
- ii. Solar energy was harnessed in the Company's solar panel installation project in UK.
- iii. TEU stands for Twenty-Foot Equivalent Unit.
- iv. Water discharge is assumed to be equivalent to the consumed potable water.
- v. Metric ton of carbon dioxide equivalent denoted as "MtCO₂e".
- vi. Emissions of hydrofluorocarbons (HFCs), sulphur hexafluoride (SF₆), perfluorocarbons (PFCs) and nitrogen trifluoride (NF₃) are considered negligible and are not quantified.
- vii. Headcount is in terms of Full Time Equivalent (FTE).
- viii. Lost-time Injury means the result in the lost time of a minimum of one day.
- ix. Lost-time Injury Rate represents the number of Lost-time Injuries per 100 employees per year.
- x. Percentage of crews covered by Collective Bargaining Agreements (CBA).
- xi. Labour issues covers child labour, forced labour, working hours, wage, etc.
- xii. Human rights represents workforce diversity, equal opportunities, discrimination, etc.
- xiii. Independent Commission Against Corruption (ICAC) was invited to provide seminar for Hong Kong staff to understand the legal requirements and company policy in preventing corruption; and acquire enhanced knowledge / skills to handle ethical dilemmas at the workplace; and arouse their awareness on the vulnerability and corruption risk at work.
- xiv. It represents the participation rate of Hong Kong staff.
- xv. The updated Code of Conduct with anti-bribery policy is available in an accessible format at our intranet HQ Portal for employees.
- xvi. VCU stands for Verified Carbon Unit.
- xvii. The general management principles embodied by the ISM Code, ISO 9001, ISO 14001 and OHSAS 18001 have been incorporated in SQE certification requirement.



HKEx ESG REPORTING GUIDE INDEX

Appendix 27 Compliance List		Section / Statement
Aspect A1: Emissions		
General disclosure	Disclosure statement	Corporate Governance (p.9); The Environment (p.19)
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KPI A1.2	GHG emissions in total tonnes and intensity	Performance Data Summary (p.67)
KPI A1.3	Hazardous waste produced and intensity	Performance Data Summary (p.67)
KPI A1.4	Total non-hazardous waste produced and intensity	Performance Data Summary (p.67)
KPI A1.5	Measures to mitigate emissions and results	The Environment (p.20-24, 26-29)
KPI A1.6	Handling of waste and reduction initiatives	The Environment (p.24, 27)
Aspect A2: Use of Resources		
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KPI A2.1	Direct / Indirect Energy consumption by type and intensity	Performance Data Summary (p.66)
KPI A2.2	Water consumption in total and intensity	Performance Data Summary (p.67)
KPI A2.3	Energy efficiency initiatives	The Environment (p.23-24, 26-27, 29, 32)
KPI A2.4	Issues in sourcing water & water efficiency initiatives	The Environment (p.24-25)
KPI A2.5	Total packaging material	Not applicable as our business does not manufacture or sell any physical product
Aspect A3: The Environment and Natural Resources		
General disclosure	Disclosure statement	Corporate Governance (p.9); The Environment (p.25)
KPI A3.1	Description of significant impacts of activities	The Environment (p.25, 27, 29-32)
Aspect B1: Employment		
General disclosure	Disclosure statement	Corporate Governance (p.10); Our People (p.49)
Aspect B2: Health and Safety		
General disclosure	Disclosure statement	Corporate Governance (p.9); Health & Safety (p.36)
Aspect B3: Development and Training		
General disclosure	Disclosure statement	Our People (p.45-46)
Aspect B4: Labour Standards		
General disclosure	Disclosure statement	Corporate Governance (p.10, 12)
Aspect B5: Supply Chain Management		
General disclosure	Disclosure statement	Corporate Governance (p.9)
Aspect B6: Product Responsibility		
General disclosure	Disclosure statement	Corporate Governance (p.9, 13) / We have covered the information on policies and compliance matters relating to health and safety, advertising, and privacy matters relating to services, except labeling to product, which is not applicable as our business does not manufacture or sell any physical product
Aspect B7: Anti-corruption		
General disclosure	Disclosure statement	Corporate Governance (p.11)
Aspect B8: Community Investment		
General disclosure	Disclosure statement	The Community (p.50, 53)



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