

Environmental, Social and Governance Report

ABOUT US

Corporate Profile

Renowned for its remarkable history as well as strategic vision and foresight, the Group has established an unrivalled position in the ports industry in both the PRC and worldwide. We are the flagship company of China Merchants Group Limited and its subsidiaries (“**CMG Group**”), the longest standing and the most renowned shipping company in the PRC. The ports and logistics operation of CMG Group had expanded across the PRC as far back as in the 19th century. The Group is now the largest and a global leading port developer, investor and operator in the PRC, with a comprehensive ports network at the hub locations along coastal China. The terminals the Group invested in or those the Group invested in and owned its management right are located in container hub locations across Hong Kong, Shenzhen, Ningbo, Shanghai, Qingdao, Tianjin, Dalian, Xiamen, Zhanjiang and Shantou, as well as at ports in South Asia, Africa, Europe and Mediterranean and

百年企业



others. At the end of 2017, the Group has invested 32 ports and over 190 container berths with container throughput handled exceeded 100 million TEUs for the first time and the container throughput handled during the year amounted to 103 million TEUs. The Group has earned itself reputation across the industry, leveraging the professional management experience accumulated for years, its self-developed global leading ports operating system and integrated logistics platform for import and export, its extensive maritime logistics support system, the modern and all-rounded integrated logistics solutions it offers, its quality engineering management, and the outstanding and reliable services it provides. The Group's vision is "to be a world's leading comprehensive port service



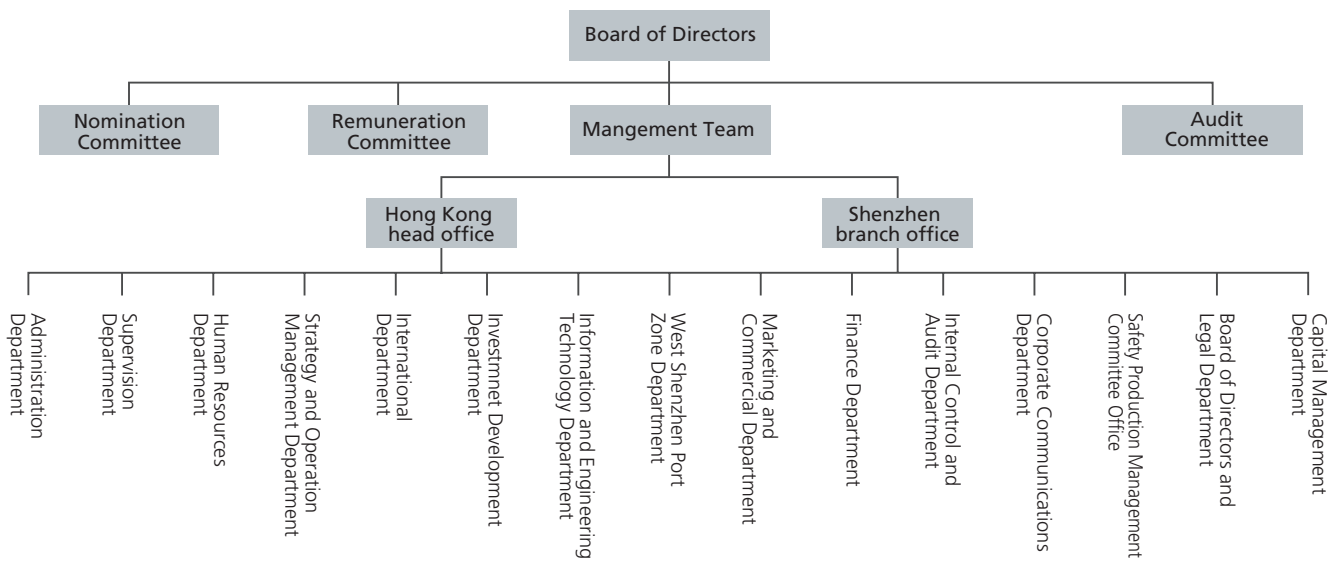
provider". Through implementation of domestic, international and innovation strategies, the Company strives to achieve "world-class" level on various fronts, including container throughput of global ports, market share, income from integrated port services, operational management capabilities, resource utilisation, labor productivity, social contribution and brand name.

The Group has prepared this report covering the financial year ended 31 December 2017 according to and in compliance with the provisions of the ESG Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CORPORATE GOVERNANCE

Governance Structure

The Group has established standardised, transparent, open and efficient corporate governance structure and corporate governance rules in accordance with the prevailing laws, regulations and relevant requirements and with reference to its own production and operational practices. The duties and authorities regarding various aspects, including decision, execution and supervision, are clearly defined, thus forming a mechanism with highly effective division of responsibilities as well as checks and balances, thereby achieving sound and sustainable development of the Group as a whole towards becoming a more professional, regulated and transparent corporation.



Members of the Board

Executive Directors



Fu Gangfeng
(Chairman)



Hu Jianhua
(Vice Chairman)



Wang Hong



Su Jian



Bai Jingtao



Wang Zhixian



Zheng Shaoping



Shi Wei

Independent Non-executive Directors



Kut Ying Hay



Lee Yip Wah Peter



Li Kwok Heem John



Li Ka Fai David



Bong Shu Ying
Francis

Responsibility Management

Effective social responsibility management is important safeguard for an enterprise's business sustainability. With a focus on strengthening the ability of achieving sustainable development, the Group continues to reinforce responsibility management in coordination with relevant rules, regulations and systems, while facilitating the integration of social responsibility into functional departments and business process. The Group also takes responsibility to its stakeholders, including shareholders, the government, customers, staff and business partners. At the same time, it actively participates in social environmental protection campaigns initiated by the nation as well as relief work and donations to developing countries at an international level, with an aim to promote sustainable development of both the entity and the society.

Culture of responsibility

The culture of responsibility of the Group is an inheritance from a century of business practice of China Merchants, comprising both historical heritage and contemporary character. It is the connection, vitality and origin of China Merchants' 100-year development history.

Promotion of responsibility

The Group has developed plans with the development strategies of the new era for pushing forward work in relation to social responsibility in a regulated, institutional, systematic and normalised manner.



Corporate Goal

WE CONNECT THE WORLD
(天涯若比鄰)

Corporate Vision

To be a world's leading comprehensive port service provider
(成為世界一流的港口綜合服務商)

Core Value

To achieve mutual benefits through self-improvement and collaboration
(勵新自強 融合共贏)

Codes of Conduct

Three principles

Service-oriented with a focus on integrity and stability
(唯誠唯穩服務至上)
Efficient execution through collaborative efforts
(齊心協力高效執行)
Integration of theory and practice with strong commitment
(知行合一說到做到)

Eight reminders

Being attentive at work (在崗在位在狀態)
Being responsible (盡職盡責有擔當)
Being eager to learn (善學善做善進取)
Being innovative (求新求變勇超越)
Being obedient and value effectiveness (遵規遵矩重實效)
Being self-respectful and self-disciplined (自重自律風節高)
Being collaborative in seeking development (群策群力謀發展)
Being united in seeking self-improvement (同心同德圖自強)

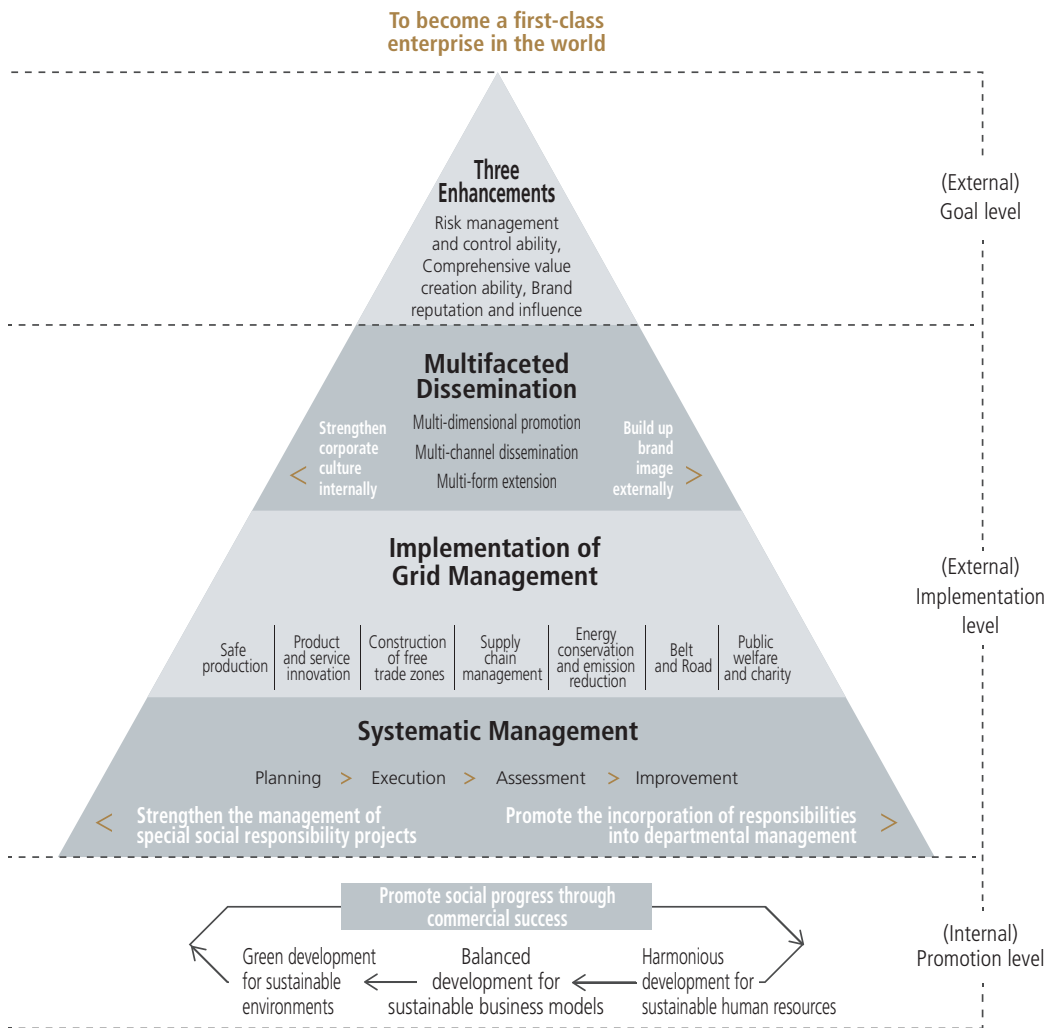
Social Responsibility Management System

The Group has established a working network regarding social responsibility that involves deep engagement of the management, horizontal collaboration of professional departments and vertical communication of staff at different levels, with a view to apply the requirements of social responsibility management onto every functional departments, thus laying a foundation for the promotion of social responsibility systematically.

Social Responsibility Promotion Model

The Group’s “mission-oriented” social responsibility promotion model consisted of three levels as a whole, namely “promotion level”, “implementation level” and “goal level”. The “promotion level” is the internal level that represents








the Group’s internal driving force for pushing forward social responsibility tasks. Our corporate mission of “promoting social progress through commercial success” acted as the main core of the driving force, while the three developments and three sustainabilities served as general requirements. The “implementation level” is the lower external level that aims at effective implementation of social responsibilities by incorporating social responsibilities into functional management and business processes via three pathways, namely, management, implementation and dissemination. The “goal level” is the upper external level that aims at enabling the Group to achieve the ultimate goal of “to be a world’s leading comprehensive port service provider” by enhancing its risk management and control ability, comprehensive value creation ability, brand reputation and influence.



“Mission-oriented” social responsibility promotion model of the Group

Communications between Stakeholders

The Group placed great emphasis on establishing regular communication mechanisms with the stakeholders. Through multi-channel and multi-form of communication activities, the Group has gained understanding of the requirements, expectations and suggestions of different stakeholders, which are all important reference for formulating sustainable development strategies and action plans, as well as putting responsibility into practice and disclosing information to the public.

Stakeholders	Communication channels and methods	Expectations on the Group	Corresponding measures taken by the Group
 Shareholders and investors	<ul style="list-style-type: none"> Information disclosure General meetings Work meetings Exchanges and visits 	<ul style="list-style-type: none"> Transparent financial information disclosure Strengthened risk management and control Create economic values Maintain and increase the values of state-owned assets 	<ul style="list-style-type: none"> Refine corporate governance and management of investor relations Maintain growth of business and profitability, and continue to enhance its position in the industry Enhance operational transparency
 Government and regulatory authorities	<ul style="list-style-type: none"> Daily reporting and communication Meetings and exchange activities 	<ul style="list-style-type: none"> Compliance operation and tax payment in accordance with the laws Support local development Protect local environment 	<ul style="list-style-type: none"> Implement monitoring policies and pay tax in accordance with the laws Actively take up social responsibilities by leveraging its professional strengths
 Customers	<ul style="list-style-type: none"> Information disclosure Hotlines and activities Customer surveys 	<ul style="list-style-type: none"> Offer high cost-performance services and products Enhance service standards Reliable privacy protection 	<ul style="list-style-type: none"> Strengthen quality management and control in all aspects Lay stress on customer information protection Follow the development trend of "Internet+" to innovate the form and content of its services
 Partners	<ul style="list-style-type: none"> Project cooperation Work meetings Daily communication 	<ul style="list-style-type: none"> Transparent cooperation with integrity Mutual support and win-win development 	<ul style="list-style-type: none"> Establish responsibility supply chain Achieve win-win situation through joint cooperation
 Employees	<ul style="list-style-type: none"> Regular meetings Standardised trainings Exchange activities 	<ul style="list-style-type: none"> Secure basic rights Smooth career development path Work-life balance 	<ul style="list-style-type: none"> Provide market competitive salaries and benefits, as well as learning and development opportunities Establish sound working environment
 Environment	<ul style="list-style-type: none"> Environmental information disclosure Forums and exchange activities 	<ul style="list-style-type: none"> Reduce environmental impacts caused by operating activities Lead the industry to enhance its green development capability 	<ul style="list-style-type: none"> Commence green operation Strengthen cooperation in the field of green ecology Promote the development of green industries
 Society	<ul style="list-style-type: none"> Charitable events Volunteering services Information disclosure 	<ul style="list-style-type: none"> Promote local development and enhance community values Support social public welfare 	<ul style="list-style-type: none"> Push forward professional and strategic charitable activities and actively engage in assistance programs for designated areas and post-disaster reconstruction Encourage staff to participate in volunteering activities

Balanced development to create shareholders' value

Profit attributable to equity holders of the Company

6,028

HK\$ million

Return on Equity

8.7%

Total assets

131,951

HK\$ million



REINFORCE MANAGEMENT AND CONTROL, INNOVATION-DRIVEN DEVELOPMENT, ESTABLISH ECOSYSTEMS FOR DIFFERENT INDUSTRIES

Gravitating upon the strategic vision of “to be a world's leading comprehensive port service provider”, the Group will reinforce the management and control to consolidate the foundation for sustainability with integrity, steady development approach, high efficiency and transparency. It will also speed up the process of implementing strategies regarding innovation-driven development on the basis of “seeking for changes while maintaining stability, seeking to promote innovation among changes, and seeking to progress on the back of innovation”, with a view to achieve new leap by capitalizing on the advantages in terms of capital, brand, management and location.

Enhancing Risk Management and Control Capacity

The Group insisted on pursuing progress while maintaining stability and continued to optimise its comprehensive risk management system. The Group solidly promoted the establishment of a “standardised, compliant and incorrupt” enterprise by voluntarily subjecting itself to supervision of respective stakeholders. It also enhanced the risk control system to basically cover all key processes in operation by expanding the scope of assessment and exerting greater efforts in daily management and control for both internal and external risks in terms of identification, assessment, tracking, report, solution and prevention, with a view to achieving daily and comprehensive internal control and risk management. In 2017, the Group has no material risk incidents or material loss on assets.

Risk Management and Response System

Organisation Structure

Vertical Risk Management and Control	Decision-making Level for Risk-related Matters	Board		
		Audit Committee		
	Risk Management and Control Level (including subordinated companies)	Business Functional Department	Functional Management Departments and Risk Control Organisational Institutions	Audit and Monitoring Functional Department
		First Line of Defence Implementation and Maintenance of system	Second Line of Defence Formulation, Coordination and Management	Third Line of Defence Independent Monitoring, Evaluation and Audit
Horizontal Risk Management and Control				

Legal audit rate of material operational decisions

100%

Legal audit rate of business contracts

100%

Legal audit rate of regulatory system

100%

Operational Mechanism

Risk Management and Internal Control System		
Risk Identification >	Risk Assessment >	Response, Tracking and Evaluation of Risk
To formulate checklists regarding annual core risks based on information such as analysis on macroeconomic environment and operations, annual evaluation of internal control, special audit, internal monitoring and risk alerts, etc.	To obtain annual risk evaluation results through risk evaluation survey, analysis on interviews with senior management and material risk, incident evaluation of risk preference and tolerance	To continuously optimise response strategies for material risks, including formulation and implementation of tackling measures, tracking and monitoring, evaluation and rectification, etc.

Management Tools

<ul style="list-style-type: none"> • Operation analysis and thematic meetings • Special audit and inspection reports • Risk alert indicator system 	<ul style="list-style-type: none"> • Risk survey and evaluation models • Special interviews with senior management • Risk alert indicator system 	<ul style="list-style-type: none"> • Statistic showing current status of risk response • Rectification and tracking of internal control deficiencies • Special research reports
---	---	--

Security and Support

<ul style="list-style-type: none"> • Building risk management teams • Evaluation mechanism for risk management 	<ul style="list-style-type: none"> • Promoting risk management culture • Information platform for risk management and internal control
--	--

Anti-corruption and Advocating Integrity

In 2017, the Group conscientiously studied and put the spirit initiated by the 19th National Congress of the Communist Party of China (“CPC”) into practice, fully implementing the spirits of the Sixth Plenary Session of the 18th Central Committee of the CPC, the National Conference on Party Building Work of State-owned Enterprises (全國國有企業黨的建設工作會議), the 7th Plenary Session of the Central Commission for Discipline Inspection as well as the work arrangements of CMG Group, with a view to striving forward based on the Company’s development and performing the supervisory responsibility. In addition, insisting on the approach of “Tackling both problems and causes through comprehensive management while applying punishment and prevention in parallel with a focus on prevention”, the Group stepped up the innovation of anti-corruption system and the protection thereof as the focus and strictly defining the disciplines of the CPC and enhancing the development of working disciplines as the guarantee, with an aim to promoting the development of the Company’s working style of a clean and honest management and the measures in relation to anti-corruption and advocating integrity, all of which have achieved satisfactory results.

First, insisting on turning “Two Studies, One Act (兩學一做)” into a systematic and normal practice

On 20 November to 24 November 2017, the Group organised and commenced the learning week themed “Embracing the new times and doing new acts”. After the learning week, the discipline inspection and supervision officers contacted each of the participants and asked them to do reflection and write a report of 2,000 words on their gains and experience. The supervisory department of the Group gathered such gains and experience and published a brochure thereof, with a view to sharing and exchanging such information with everyone, thus enabling Party member cadres to think after learning, be enlightened after thinking and put into practice with enlightenment.

Second, capitalising on the overall synergy-sharing mechanism of the development and supervision on anti-corruption measures in full

Every department of the Group capitalised on their professional advantages according to their functions, thus forming synergy to optimise the monitoring in joint efforts.

Third, identifying the business risks regarding anti-corruption

The Group took the lead in identifying and assessing the risk exposure in job duty performance and execution of power as well as the potential risks regarding incorruptible business practices, while taking targeted preventive and control measures for monitoring key processes and positions as well as key posts in relation to execution of power based on the characteristic of industry, with a view to enhancing its ability in prevention and control of risks regarding integrity.

Fourth, entering into contracts of integrity and individual undertaking of integrity and self-discipline

The Group has implemented the execution of business contracts for engineering construction, equipment procurement, production outsourcing and other businesses since 2016, while entering into contracts of integrity and individual undertaking of integrity and self-discipline at the same time. In December 2017, the Letter of Undertaking for Compliant and Incorruptible Transactions (in both Chinese and English versions) and the Compliance Agreement were developed to further regulate and promote the regulated examples of business contracts.

Fifth, striving for further development on a solid foundation

By conducting various education activities in relation to integrity, culture more efforts were made in the establishment of discipline inspection and supervision team as well as the enhancement of supervision on discipline enforcement and accountability. Such activities, including various business trainings, mass learning and study, compiling of learning manuals and Building of Concepts, etc., aimed at improving the education on integrity culture. On 28 August 2017, the Group organised the oath ceremony on working style for discipline inspection and supervision officers.

Sixth, incorporating integrity into the KPI assessment

The Company established the KPI in relation to integrity with its subsidiaries and formulated a total of 22 guidelines thereof. On-site survey and assessment were carried out on these subsidiaries based on the KPI at the end of the year.



The working conference on anti-corruption and advocating integrity was convened on 28 August 2017

Enhancing quality and efficiency

With a growing scale, it was an intrinsic requirement for the Group to build up its ability of organic growth in order to be a world's leading comprehensive port service provider. We grasped the balance between "quality" and "efficiency" with a view to comprehensively enhancing the management and control efficiency of the Group through exploration of potential efficiency enhancement and improvement in informatisation of management on an ongoing basis, thereby consolidating our core competitiveness in the market.

Deepening the management and control over “3S”

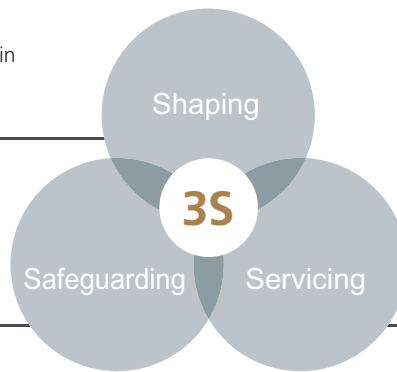
The Group re-examined its management and control model with a focus on building the “headquarter of authority”, “headquarter of values” and “headquarter of innovation”. Capitalising on the management and control functions of the headquarter in terms of shaping, servicing and safeguarding, the Group proposed 16 specific measures on optimizing the “3S” management, and formulated and implemented 22 projects in relation to the optimisation of management and control, with a view to further reinforcing differentiated management of various business segments and innovation ability of the mechanism as well as the quality of the Group’s development.

Enhancing cost management and control

Taking its actual conditions into account, the Group promoted enhancement in cost management and control for different business segments by commencing dynamic monitoring and alerting for costs and differentiated management and control over business segments based on their actual business features.

Provide guidance and leadership for subsidiaries in terms of their goals, directions and paths of development under the Group’s strategies

Put an emphasis on establishing the alert and preventive mechanism to ensure effective and sound implementation of the Group’s strategies



Provide the subsidiaries with a mechanism comprising comprehensive services, complete system for resource allocation and talents which is in line with the strategic development goals to ensure proper strategy implementation and industrial development

Management System Certification



Environmental Management System ISO14000



Security Management System for Supply Chain ISO28000

Strengthening the informatisation of management

Adhering to the Group's strategic directives on the back of informatisation, the Group has established a sound informatisation management system, with a view to constantly shorten the distance of control and enhance the Group's working efficiency and quality of service by proactively promoting the progress of informatisation projects, such as the establishment of a standardised data management system and master data platform, completing the upgrade of cloud platform, operating and analysing system for virtual network projects and EAS financial management system, and the mobile office system 2.0.

Enhancing Core Competitiveness of the Industry

Adhering to its working philosophy of "enhancing capability, quality and efficiency to achieve mutual benefits through self-improvement and collaboration", the Group will capitalise on the opportunities brought by various policies. Leveraging on the establishment of "port ecosystem", the Group will continue to increase the scale and enhance the strengths of its core port operation and accelerate its transformation towards an integrated services provider, with an aim to achieve new breakthroughs in aspects such as homebase ports construction, ports consolidation, overseas ports network as well as innovative development and thus advancing towards its strategic goal "to be a world's leading comprehensive port service provider".

Quality Products

Based on different industry features and customer needs, the Group continuously promoted its subordinate companies in establishing a comprehensive and quality customer service mechanism. To this end, continuous efforts have been made to obtain certification for its environmental management system and produce quality goods so as to increase the level of customer satisfaction and recognition on a continuous basis.

Since 2008, the Group has officially commenced the external auditing for ISO standards. At that time, there were serious illegal immigration problem at ports, which arouse great attention to the handling procedures of dangerous goods.

In order to avoid such risks, the Group decided to improve and prevent incidents of the same kind by engaging third party expertise. On the other hand, shipping companies required ports to take relevant preventive measures and obtain certificates for meeting standards to ensure port safety and compliance as well as avoid any losses of benefits of the shipping companies. In view of abovementioned market needs, the Group has officially implemented its ISO projects in 2008 and Bureauveritas, an internationally renowned standard evaluation company, was selected as the external ISO auditor of the Group.

GREEN MANAGEMENT, GREEN OPERATION, GREEN ECOSYSTEM

The Group embeds environmental elements into corporate development. During the whole life cycle of projects, the Group adheres to green ecological development philosophy and practice, and continuously pursues sustainable development in economic, environmental and social aspects as a whole by leveraging innovative green development models, strengthening development and application of energy conservation technologies, optimizing green industry network and promoting green culture among its staff. Meanwhile, the Group strives to develop a green accountability chain and a green ecosystem with joint efforts of the community. With the concerted efforts of various parties, the Group is able to develop innovative solutions for sustainable environmental development and play its part in pushing forward ecocivilisation.

Green Management

The Group has integrated environmental accountability into its operation process by establishing environmental management system, which has continuously arouse the environmental awareness and enhance the capabilities of members along the value chain, and thus putting the internalised environmental philosophy into practice and achieving sustainable development in economic, environmental and social aspects as a whole.

Low-carbon growth to create a green future for all

Carbon dioxide emission

107,000

tonnes

Comprehensive energy consumption per RMB10,000 operating income (based on comparable prices)

0.0864

tonnes of standard coal/RMB10,000

Technological upgrade for energy conservation and emission reduction costs over

137.02

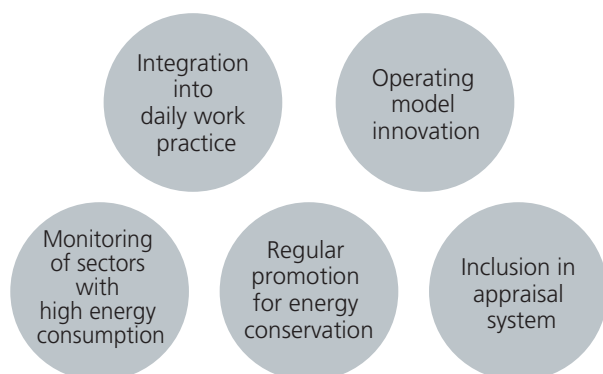
RMB million



Promoting Energy Conservation and Emission Reduction

The effective use of energy is not only conducive to easing pressure on national energy shortage, but is also helpful to reduce corporate operating cost. The Group have actively provided energy conservation management and technological upgrade for energy conservation, with a view to promoting the application of efficient and low-carbon energy, enhancing energy utilisation efficiency and reducing carbon emission.

The Group encourage its subordinate companies to take initiatives to provide energy conservation management and reduce the use of energy and greenhouse gas (such as carbon dioxide) emission through specialised management, innovative operating model and integration into daily work practice.



Strengthening Environmental Management System

The Group play an active role to enhance environmental management technologies and organisational capabilities, develop an information system for energy conservation and emission reduction which is applicable to the whole Group, and keep improving an organisational system for energy conservation and emission reduction, thereby establishing a multi-level organisational system for the headquarter and enterprises at all levels to form a top-to-bottom and respective management control model and enhance the Group's environmental management level.

The Group's environmental management and organisational system

Led by the headquarter	responsible for the coordination with subsidiaries, supervision and management over their energy conservation and emission reduction.
Organised by subordinate units	responsible for the daily management and supervision, and report to the headquarter of the Group on the initiatives for and effectiveness of energy conservation and emission reduction during the year.
Implemented by business entities	responsible for the establishment of a working system for energy conservation and emission reduction, which have been managed and controlled as regular routine works.

Energy Conservation, Emission Reduction and Environmental Management System

Goal To become a world leading energy-saving, environmentally-friendly enterprise

Strategies	Planning for energy conservation and emission reduction	Technical indicators for energy conservation and emission reduction	Statistic monitoring system for energy conservation and emission reduction
Organisational System	<p>Management Level</p> <p>Headquarter of the Group will be responsible for formulating environmental protection principles, planning system, evaluation methods and standards.</p>	<p>Organisational Level</p> <p>The Group will take its subordinate companies as key points of management and control. Leading groups or organisational institutions were established to make plans for energy conservation and emission reduction, whereas such plans will be included in daily operational management and control mechanism.</p>	<p>Implementation Level</p> <p>Companies of all levels will have management personnel with energy conservation and emission reduction capabilities to execute the relevant work, draw up statistics, analysis and carry out monitoring and inspection.</p>
Security System	<ul style="list-style-type: none"> Environmental performance is linked to annual appraisal, so as to gradually develop a sound appraisal system with reward and punishment A comprehensive monitoring and information reporting system for energy conservation and emission reduction was built 		

Green Supply Chain Management

The Group actively encourages its suppliers to fulfill their environmental protection responsibilities and integrates their sustainable development requirements into the entire procurement process of the Group and its subordinate companies, including supplier certification, product selection, performance management, procurement implementation and supplier withdrawal, etc., with an aim to promoting suppliers to continuously improve their level of responsibility and gradually convey the environmental protection requirements to downstream suppliers.

Green Operation

The Group integrates the green development philosophy and practice into the entire production and operation process. Through replicating and promoting the green development model and continuous innovation of green technology, the Group further enhances its competitiveness and influence in the low-carbon field, which plays a pivotal role to explore potential business opportunities and leverage the new growth points for building up its strengths to achieve low-carbon and efficient development.

Development and Application of Energy Conservation Technology

The Group proactively uses efficient energy, conducts research and development on and uses new energy conservation technologies and products, eliminates high-consuming and outdated products and technologies, and reduces energy consumption loss due to backward technologies and products. Successful projects such as “substation of fuel-powered equipment with electricity-powered equipment (油改電)” and “shore-powered supply for vessels (船舶岸基供電)” have been promoted and expanded into our ports to continuously enhance the application of new energy conservation technologies and products, strive for the harmonious development of the environment, society and corporation, and demonstrate its corporate social responsibilities to develop green shipping.

Promoting Optimisation of Energy Structure

Through workflow optimisation and improvement in energy consumption structure, the Group has gradually phased out high-consuming technologies, equipment and operating model. For instance, the Group has substituted fuel-driven operation with clean electricity with low-carbon emission, and gradually reduced the over-reliance on fossil energy for transportation service, which has facilitated the “low-carbon” transformation in the production, application and maintenance of transportation vehicles and transport facilities.

Green and Low-carbon Projects

RTG remote control project (Phase 3)

The Group upgraded the RTGs (rubber-tyred container gantry cranes) and the respective communication network by adopting a remote control system for RTG cabs in port zones, and installing a large monitor screen and remote control panel in the central control room, thereby realising coverage of leaky cable communication network. Through the remote control system, the Group is able to fully capitalise on its human resources (i.e. drivers) and reduce its labour cost by allocating one driver to several cranes instead of using the one-to-one allocation. Meanwhile, with the implementation of “substation of fuel-powered equipment with electricity-powered equipment” for RTGs, the fuel consumption for relocation of RTG accounted for approximately 50% of total fuel consumption. The Group is also able to reduce the relocation frequency of RTGs and their fuel consumption by using multi-functional RTGs under the RTG remote control system.

Shift from high-power to low-power generating units for RTGs

After implementation of “substation of fuel-powered equipment with electricity-powered equipment” for RTGs, the inherent diesel-fired power generating units with high power in RTGs were mainly used to generate power for relocation of RTGs. With low effective utilisation rate (approximately 25%), those diesel fuel power generating units had greater redundancy, high reactive power consumption and fuel consumption fee, which worsened air pollution and increased unit maintenance cost. In order to further reduce repairs cost

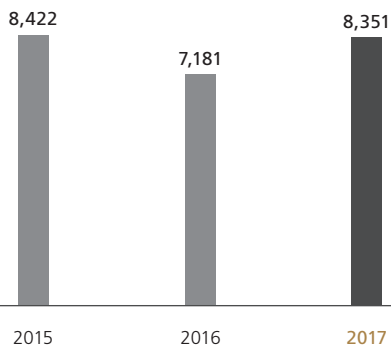
of engineering equipment and fuel consumption, engineering and technical personnel carried out technological upgrade of replacing old diesel-fired power generating units with high power by low-power ones (high-power to low-power shift) after preliminary research and study. The Group replaced the existing old diesel-fired generating units with high power for RTGs by the new low-power ones, under the condition that the relocation ability of RTGs, as well as rated loading and low-speed emergency lifting capacity were fulfilled.

Shore-powered supply for vessels

Shore-powered supply for vessels means that terrestrial power supply is used rather than using generating units in vessels during the docking period. We intend to set up shore power supply facilities at the existing docks to provide shore power supply during the docking period, and cease to use generating units in vessels. Shore power at terminals is generated by using backup shore power boxes in vessels and connecting power cables with electrical equipment in vessels. Shore power capacity provided at terminals is rated power

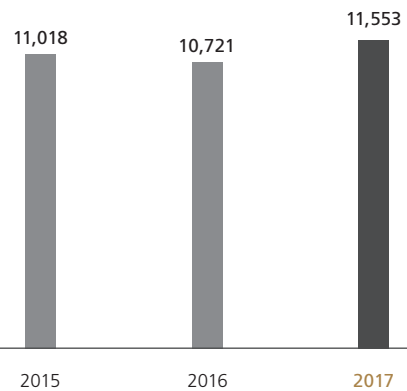
Diesel consumption (excluding outsource)

Unit: tonnes



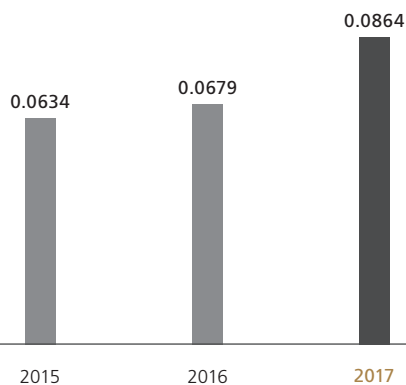
Electricity consumption

Unit: 10,000 kWh



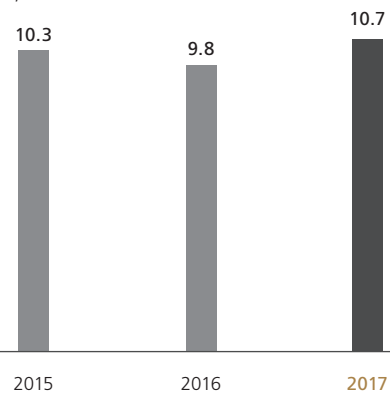
Comprehensive energy consumption per RMB10,000 added-value (based on comparable prices) ^{Note 1}

Unit: tonnes of standard coal/RMB10,000



Carbon dioxide emissions

Unit: 10,000 tonnes



^{Note 1:} Comprehensive energy consumption per RMB10,000 added-value represents the ratio of corporate comprehensive energy (e.g. electricity, gas, oil, etc.) consumption to total production value of the energy-consuming unit (total comprehensive energy consumption (10,000 tonnes of standard coal)/added-value (RMB10,000)) during the Reporting Period of the statistic. In addition, water is not one of the major energy consuming units and measuring indicators of the Group as it is only used for purposes such as office cleaning, sanitary equipment and drinking water.

capacity of a single generating unit in vessels docking at ports, which ensures the fulfillment of electricity needs for electrical equipment in vessels.

Automatic identification project of OCR shore container numbers

Automatic identification project of OCR shore container numbers was based on OCR automatic identification system, integrated with practical application of CCT Terminal. It is designed as a solution for container number identification during container lifting operations. Such solution applied unique installation method by placing a HD camera under extension arm of the spreader to detect the vertical distance between spreader and container via highly-sensitive radar. Top views of both sides of containers were captured by interval value, collected and delivered to backstage system via network to identify numbers of respective containers with various sizes, such as 20', double 20', 40' and 45', etc. Remote tallying management for multiple projects (monitoring/operating multiple work-flows by one personnel at the same time) was also achieved with the use of 2.4G wireless network.

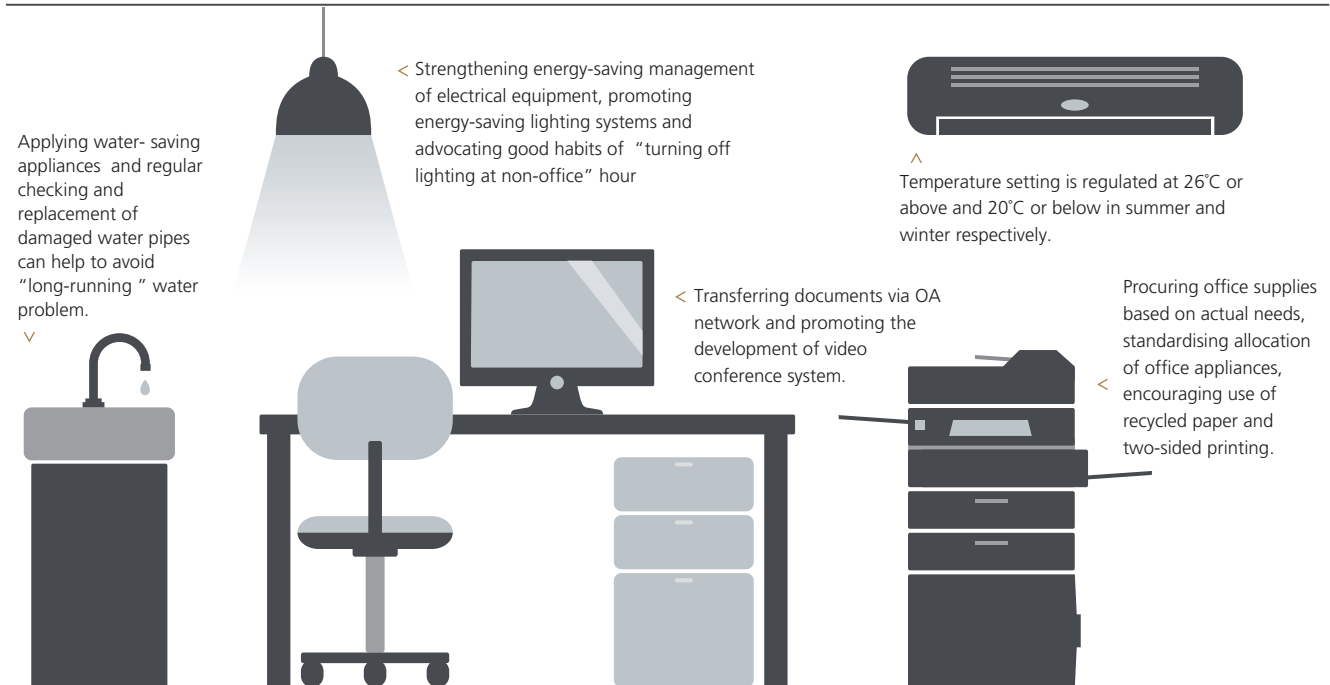
Upgrade of Automated Track Crane

Automation of track crane includes operations such as automated container loading and unloading as well as translocation in depots and level transit equipment thereof. Artificial remote assistance mode is adopted during the unloading operations of trucks. Under the completely automatic operation mode, it is guaranteed that operating personnel are able to obtain control over equipment at any time when they discover containers and cranes are in abnormal condition and there are any other abnormalities in the surrounding areas.

Container intelligent positioning system

A vessel operation assistance system was set up to reduce occasions of container restowage during shipment and avoid any occurrence of hanging containers, which in turn enhances the operation efficiency and alleviates burdens on staff during operations.

Graph of Green Office



Reducing Pollutant Emission

The Group prevents ecological pollution induced by waste discharge during operation process of enterprise with its best endeavours. During project planning, design, operation and services, the Group always adheres to environmental protection principle and stringently observed relevant laws and regulations so as to minimise the environmental impact posed by production and operation. The Group has no environmental pollution incident during the year.

“Zero” Discharge of Oil-polluted Water

To avoid water pollution caused by oil-polluted water and initial oil-bearing rainwater in the port area, the Group has innovatively set up a professional wastewater treatment facility with “oil separation + biochemical + filtration” functions in the machinery cleaning area. This not only ensured efficient treatment of oil-contained wastewater from daily cleaning, but also facilitated the collection and isolation treatment of initial oil-bearing rainwater. Since the commencement of operation, both oil-polluted water and initial oil-bearing rainwater have been treated in oil separation tank located in wastewater treatment station. After testing and approval, the treated water was then discharged to the municipal sewage treatment plant. Water samples from the discharge ports conformed with the emission standards of Guangdong Province, signifying that the facility has realised the target of “Zero” discharge of oil-polluted water and thus effectively protected our water resources.

Minimise Waste Pollution

Strict waste classification system has been implemented in port zone, under which hazardous wastes were required to meet the classification requirements of the unified road cargo manifest so as to ensure consistency in product description and quantity. In addition, qualified professional environmental protection companies were appointed for proper handling while all general wastes were disposed in a reasonable manner in compliance with requirements of relevant regulations.

Green Office

The Group fully integrated the concept of energy conservation and emission reduction into daily operation and encouraged employees to start from themselves by saving electricity, water, paper or office supplies.

Compliance with relevant laws and regulations which have a significant impact on the Group

The Group has complied with various national environmental laws and regulations to ensure a proper treatment and disposal of waste. For the year ended 31 December 2017, there was no incident of non-compliance with relevant environmental laws and regulations which have a significant impact on the Group.

SCT Launched Series of Charitable Photography Classes and Environmental Advocacy Volunteering Activities in the Community

In order to promote the new concept of “Protect the Environment, Cherish our Home (愛護環境、愛我家園)” to the community and encourage more residents of the community to experience, understand and engage in environmental protection in close distance with a view to establishing a green community with our concerted efforts, and to celebrate the 145th anniversary of China Merchants, we have launched series of photography classes and environmental advocacy volunteering activities under the theme of “Cherish our Home, Understand Environmental Protection (愛我家園、認識環保)” during the period from 6 November to 24 November 2017. The activities were sponsored by China Merchants Charitable Foundation and organised by Shekou Container Terminals Limited (“SCT”). The volunteering team of SCT and committee members of SCT joined hands with Wuwan community to participate throughout the event.

The community residents actively participated in the first phase of family photography class and showed a very positive sentiment with a total of over 60 participants. The volunteers were fully committed and demonstrated the selfless service spirit of China Merchants volunteers, which has safeguarded the implementation and provided sufficient and effective supporting services for this activity and ensured that it proceeds in an orderly manner. In addition, the community residents participated in Wechat QRcode Environmental Knowledge Contest (微信掃碼環保知識競賽) during break time of classes, through which their knowledge about environmental protection was enhanced by answering questions, striving to make every one participates in and keen to protecting the environment. The activity was welcomed by residents of the community and they are looking forward to more environmental protection activities of the same kind in the future as a platform to demonstrate their sense of “Cherish our Home” and enhance their “Understanding of Environmental Protection”.



Ningbo Daxie Launched Thematic Activities named “Remove Weeds and Beautify our Home (剷除雜草、美化家園)”

The month of May is a busy season for farming. Ningbo Daxie China Merchants International Terminals Co Ltd (“Ningbo Daxie”) carried forward the beautiful virtue of “produce ample food and clothing with our own hands (自己動手、豐衣足食)” and organised a thematic activity named “Remove Weeds and Beautify our Home (剷除雜草、美化家園)” during that month. Our employees actively participated in the event with a total of over 100 participants.



**SCT was awarded 2017 Port Terminal Innovation Award
(2017 港口碼頭創新大獎)**

On 11 January 2018, the “First Forum for Shipping Logistic Development in Greater Bay Regions (首屆大灣區港航物流發展論壇)” and the awards presentation ceremony of the 14th China Shipping Industry Award – Innovation Award was held in Guangzhou. SCT was awarded “2017 Port Terminal Innovation Award (2017港口碼頭創新大獎)” in recognition of its outstanding performance in terms of business development and innovation ability, the significant influence in terms of technological research and development and formulation of industry standards, its innovative and sustainable business model and servicing capability, its strong brand awareness and the strong emphasis on corporate brand building and promotion.



People-oriented policy to promote staff development

Investment
in safety production

71.18

RMB million

Coverage of
trainings for staff
at headquarter

100%

Percentage of
female senior
management

19%



EMPLOYEE RIGHTS AND INTERESTS, STAFF DEVELOPMENT, CARE FOR STAFF, SAFETY AND HEALTH

The Group has a “people-oriented” culture and believes that the development of the Group is dependent on and for the interests of its employees, hence, the Group seeks to grow with its employees and share the results of its operation with them. The Group has established comprehensive systems and mechanisms to protect the rights and interests of its employees so as to safeguard their rights, health and safety at workplace. The Company also provided necessary and sufficient basic protection and resources for health and safety, and improved and enhanced the same on a continuous basis.

Employee Rights and Interests

The Group continued to adhere to the people-oriented principle and has established a standardised labour management system, under which it respects and protects the legal rights and interests of its employees. It has strictly observed the relevant national and regional laws and regulations, including ordinances that prohibit the employment of child labour and forced labour, and made proactive efforts in building up a harmonious and stable labour relationship.

Equal Employment and Diversification

The Group remains committed to the principle of equal employment that ensures fairness and openness of recruitment. While striving to recruit worldwide talents to join the Company, it also made strenuous efforts in promoting localisation overseas. It stands against discrimination due to any differences in gender, age, nationality, ethnicity, religion and skin color of the staff and encourages its staff to understand and respect each other with a view to creating an inclusive and open working environment that enable co-existence of diversified culture.

Remuneration and Benefits

The remuneration and benefit system of the Group follows the principle of prioritising efficiency while giving consideration to fairness and sustainable development. It takes into consideration factors such as internal fairness, relevance of performance and market competitiveness. Staff salary is linked to both corporate and individual performance by establishing a broad-banded salary system, which helps to explore diversified salary incentive mechanism. The Group also takes reference of market data to verify the reasonableness of its salary level. Through these measures, the Group strives to establish multifaceted remuneration policy and comprehensive benefits and protection for its staff in a bid to enhance their sense of mission, achievement and belonging.

Number of staff in service of the Group

258

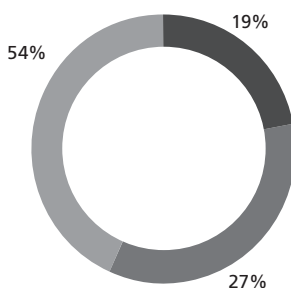
Labour contract signing rate

100%

Coverage of social insurance

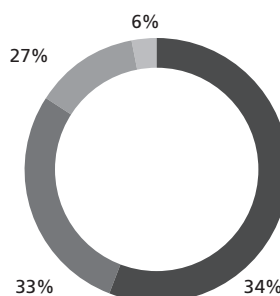
100%

Human resources



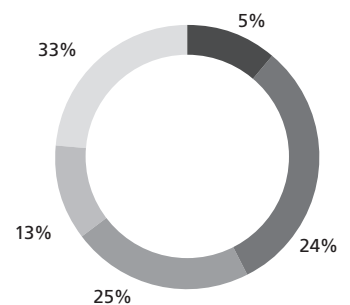
- Operation and management talents
- Talents with professional skills
- Skilled talents

Age of staff



- Aged 35 and below
- Aged 36-45
- Aged 46-54
- Aged 55 and above

Education background of staff



- Master's degree and above
- Bachelor's degree
- Tertiary education
- Diploma
- High school and below

Comprehensive Benefits System

The Group put great efforts in establishing a comprehensive benefit protection system to provide its staff with attentive love and care and build up a positive brand image as an employer. The system includes: statutory social benefits protections, accidental injury insurance for staff, paid annual leave system, compliant allowance and subsidy, regular body check, complementary medical insurance and enterprise annuity scheme, etc.

Democratic Management

The Group continued to adhere to its “people-oriented” management principle to fully motivate its staff. On the basis of continuous improvement of staff representative meeting, labour union and other mass organisation, the Group strives to maintain smooth communication channels between its staff and management in a view to fully protecting the staff’s right to be informed, participate and supervise and hence enabling them to exert greater influence on the operation and management of the Company.

Staff Development

The Group highly values the growth and development of its staff and believes that the development of staff and the enterprise will be based on and facilitated by each other. The Group provides a broad platform for the growth and development of its staff, which aims to maximise its staff’s initiative and passion for work through effective training, counselling, evaluation, incentives, etc. Meanwhile, the Group also offered multiple career promotion paths so that all kind of talents will have great rooms for development on this platform.

Staff Training

The Group always encourages its staff to participate in the internal training and learning programmes organised by the Company. By fully leveraging the port network and multiple platform and resources of the Group, together with external professional training institutions, renowned higher education institutions, as well as experts and scholars in the industry, the

Group provided its staff with excellent training and coaches through which the staff can replenish and refresh their knowledge on a continuous basis, at the same time mastering new skillsets and techniques and enhance their overall strengths, so as to get prepared and enhance their ability to cope with different challenges faced at work.

Care for Staff

Staff is the most important resources of a company, and care for staff is a part of fulfilling social responsibility. The Group cares about not only the career development of its staff, but also their lives and families. The Group made consistent efforts to improve the working environment, safety and protection, benefits as well as work-life balance of its staff in a view to increasing their sense of happiness. In 2017, the Group organised the third “Summer Camp for Caring of Left-behind Children of China Merchant Ports (招商局港口留守兒童親子夏令營)”, and the management of the Company has organised visits to show gratitude to the retired employees who are facing financial difficulties.

Love in the Staff Centers

In 2017, among the ten Staff Centers under construction, apart from the delayed construction due to non-delivery of office building of Shuntak Project and the delayed completion and acceptance of the Staff Center of Qinhaiwan Property to 2018, the construction of all other eight Staff Centers have been completed and have passed the inspection and review organised by the Group. So far, the Group has completed the construction of 29 Staff Centers in total, which are all well-received by the grassroots workers and have a positive impact on the promotion of our corporate culture and better corporate cohesion.

Another highlight of 2017 was the reading activity of Staff Centers that celebrates the 25th anniversary of the listing of the Group. Subordinate units of the Group organised different forms of reading exchange activities at the Staff Centers based on local needs, which has attracted high participation and recognition from our staff.

Work-life Balance

The Group highly values the work-life balance of its staff. We organised diversified cultural and sports activities to help our staff to release work pressure and enrich their after-work personal life. This not only can satisfy our staff's spiritual and cultural needs, but also provide a stage for our staff to demonstrate their talents and personality, thereby creating a united, friendly and positive working sentiment to achieve happy work and healthy life. Subordinate units of the Group nationwide also launched their own special corporate events. The diversified events fully demonstrated and enhanced the aggressive and can-do spirit of China Merchants staff, the warmth of the China Merchants family was also crystallised and communicated, effectively inheriting and carrying forward the fine culture and tradition of China Merchants.

Diversified Cultural and Sports Activities

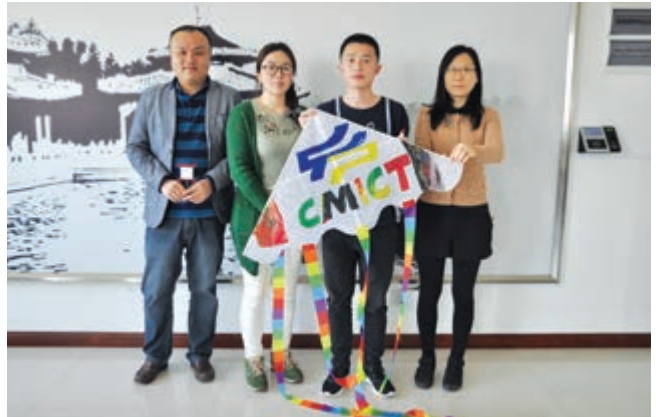
In order to enrich the after-work cultural life of our staff, and to celebrate the 145th anniversary of the establishment of China Merchants and the 25th anniversary of the listing of the Group, the Group and its subordinated companies organised a series of diversified cultural and sports activities in 2017, such as Vertical Marathon (垂直馬拉松), Walking Activity (健步走活動) and various cultural and sports competition and fun games. These activities helped to enhance the sense of collective honour and team cohesion of our staff and further promote our corporate culture.



Environmental, Social and Governance Report



The worldwide 145km walking relay vertical marathon that celebrates the 145th anniversary of the establishment of China Merchants



"Make Your Dream Fly (放飛青春·放飛夢想)" spring kite-flying activity



Walking activity that celebrates the 25th anniversary of the listing of the Group



Organising table tennis competition



Fun sports games



Champion of badminton competition

Care for Staff Facing Financial Difficulties

The Group devoted great resources to help its staff facing financial difficulties to solve problems in real life. The subordinated companies of the Group sent their love and care to these staff through various donation and visiting activities to help them overcome their difficulties. During Mid-autumn festival in 2017, Mr. Bai Jingtao, the Managing Director of the Company, paid a visit to Ms. Lian Chaoying (練超英), a retired employee of the Company's administrative department who suffered from serious illness.



Care for Grassroots Staff

Staff are the most valuable assets of a company. The Group always care about its staff, especially the frontline workers at the grassroots level. During the hot summer, each of the subordinated units of the Group distributed herbal tea to the frontline staff, sending frontline staff their warm regards on the summer day.



Safety and Health

The Group views safety production management as a key part of its operation. Under the directive of “instilling a comprehensive safety concept and making China Merchants a safe workplace” and with a focus on the “Five Rights” (5R) measures for the management and control of safety production, the Group utilises information technology to optimise its safety production management system on a continuous basis, and to implement various safety production measures with a view to protecting the safety and health of its staff.

Safety Management

According to the safety production management principle of “people first, safety foremost, emphasis on prevention and integrated governance” and with reference to the positioning of various functional departments at headquarter, the Group has established an organisational structure for safety production and standardised the safety production system to push forward the standardisation of safety production.

Organisational Structure for Safety Production

The Group has established the Safety Production Management Committee (the “**Safety Committee**”), which is responsible for guiding and administering the work in relation to safety management of the Group. The members of the Safety Committee includes the management of the Group, the persons in charge of the relevant functional departments at headquarter and the persons in charge of its subordinate units. Under the unified leadership of the Safety Committee, all of the units have set up their own safety production management committee to take up the safety production management work of its own and its subordinate units. There is an office under the Safety Committee to handle specific daily work within the scope of responsibilities of the Safety Committee.

Safety Production Management System

In accordance with the Production Safety Law of the PRC, Interim Provisions on the Supervision and Management of Work Safety at Central Enterprises and Regulations on Safety Production Management of CMG Group (《招商局集團安全生產管理規定》), the Group has formulated the Regulations on Safety Production Management of CMPort (《招商局港口安全生產管理規定》). The regulations provides institutional protection for various works, such as strengthen the Group’s management on safety production, clearly define the responsibility of safety production management, regulate the behaviours of safety production, enhance all staff’s awareness of safety prevention and supervision, further extend its scope of management over the safety of outsourced business, as well as prevent and control the occurrence of production safety-related incidents.

Number of staff who have received safety trainings
175,094

Number of staff whose non-compliance behavior have been rectified Over
1,227

Safety Production Management Organisation and System of the Group

Safety Committee of the Group Guided by the management of the Company and comprised of the persons in charge of the relevant functional departments at headquarter of the Company and the persons in charge of its subordinate units. Persons in charge of safety management department of subordinated companies were also newly added.	> Safety Office	> Safety Committee of Subordinated Units
	Responsible for the daily work within the specified scope of responsibilities of the Group’s Safety Committee. A designated deputy director was newly added.	Responsible for the safety production management work of its own and its subordinate units.
	> Safety Supervision and Management Office	
	An office under the strategic development department of the Group which is responsible for providing professional guidance and services for and conducting inspection and supervision over the Group’s safety production.	

Safety Operation

With a focus on laws, regulations and standards and taking the implementation of safety management measures for frontline staff as the entry point, the Group has pushed forward the in-depth development of safety production in all aspects and ensured that the safety production can be maintained steadily. No fatal accident that involves responsibilities of safety production of the Group has occurred in 2017.

Arranging Safety Production Trainings and Special Inspection

Adhering to the philosophy of “people first and ensure safety production”, the Group organised various safety trainings that cover extensive topics, such as trainings on rules and systems of safety production and safety management trainings in relation to storage and transportation of dangerous chemicals, thereby cultivating an environment upholding a culture of sound safety production that “cares for life and pays attention to safety”. The Group insisted on adopting the issues-focused approach and took specific actions targeting at different areas

within the Group with reference to the actual situation of each unit, such as checking and handling the hidden hazards in respect of safety production, “looking back” self-review of safety production (安全生產“回頭看”) and emergency drills. All these measures have helped rectify the hidden safety hazards, consolidate rectification results, improve the efficiency of handling emergency situation and effectively prevent and resolutely curb the occurrence of significant incidents.

Enhancing the supervision of occupational health

Pursuing the fundamental objective to protect the life, health and safety of the staff and subject to the basic requirement of implementing various prevention and control measures according to laws and regulation, the Group continued to strengthen its occupational health management system, established occupational disease prevention system and strictly prevent all occupational diseases. The Group safeguards the occupational health of all its staff by arranging medical examination on occupational diseases for the frontline staff who are exposed to hazards that can lead to occupational diseases and setting up occupational health monitoring files.

Strengthening its safety management over contractors

The Group has stepped up its control over the safety management of contractors by extending the scope of safety management to the entire production process of contractors. The Group has also strengthened its management and control over the safety management-related activities of contractors and enhanced the contractors' awareness of safety by increasing the importance of safety in the assessment of contractors' performance and arranging safety trainings for contractors.

No complaint about occupational diseases was received in 2017.

Case Study: Exploring Ways to Achieve "5R" Management and Control

Three subordinated companies of the Group, namely SCT, Ningbo Daxie and Dongguan Chiwan Wharf Company Limited, participated in the pilot work of risk management for safety production and credit management for safety production organised by the Ministry of Transport of the People's Republic of China, respectively. The three subsidiaries are now drawing comprehensive conclusion on the pilot works and providing feedback on the progress, hardship and difficulties of the work, which have brought into full play their guiding and demonstrative role as pilot projects and served as a good reference for the next step of project implementation of the Ministry of Transport.



On 10 October 2017, Mr. Bai Jingtao and his team conducted an inspection on SCT



Emergency safety drill for electric shock accidents conducted by Ningbo Daxie



Annual meeting for safety work



Annual meeting for safety work

PROMOTE REGIONAL DEVELOPMENT, COMMIT TO VOLUNTEERING SERVICES, CULTURAL INHERITANCE AND DEVELOPMENT

The Group is always committed to take on historical missions and has a strong sense of social responsibilities. During our journey of growth and development, we never steer away from the original goal. We take the lead to address social problems, continue to seek for the matching point for mutual development with the society and explore appropriate models for conducting charitable business that meets the needs of the current generation. By leveraging our core strengths to launch professional charitable activities, support regional development and preserve fine cultures, we will incorporate social development needs into our daily operation activities and join hands with even more partners to create a harmonious society and promote social progress.

Promote Regional Development

As a responsible enterprise, the Group leverages its professional strengths to participate in charitable activities such as urban renewal, targeted poverty alleviation and reconstruction assistance to disaster-stricken areas, with an aim to promoting urban and rural economic development and improving people's living standards. We also actively participate in various social organisations and political parties and strengthen our communication with the government and the industries to make use of our well-earned influence.

In 2017, the Group adhered to the theme of "Shaping Blue Dreams Together (共鑄藍色夢想)" for its charitable activities, striving to fulfil its corporate social responsibilities through engagement in social charitable activities, at the same time building the charity brand of its own.

"Shaping Blue Dreams Together - Summer Camp for Caring of Left-behind Children" (共鑄藍色夢想—關愛留守兒童夏令營) Charitable Event

Organised by the Group and held by the South China Container Terminal in collaboration with China Merchant Port Services (Shenzhen) Co., Ltd., Shenzhen Haixing Harbour Development Co., Ltd., China Merchants Bonded Logistics Co., Ltd. and Shenzhen Chiwan Wharf Holdings Limited, the 3rd "Shaping Blue Dreams Together - Summer Camp for Caring of Left-behind Children" charitable event invited the

left-behind children of the port's frontline staff to reunite with their parents in Shenzhen and participate in a summer camp. A total of 50 families of the constructors stationed in Shenzhen had joined the event. The 50 families attended the summer camp opening ceremony along with the management of the Company, leaders of the Charitable Foundation, charity ambassadors and leaders of various units in Shenzhen and volunteers. China Merchants Charitable Foundation donated RMB448,000 to this event. During the two-day event, the children had visited the China Merchants Museum of History (招商局歷史博物館), China Merchants Port Plaza and its ports in West Shenzhen, and participated in a warm, joy-filled family movie-watching activity and birthday party. The diversified activities allow the children, whom cannot get much time to stay with their parents, to feel the warmth of being with the family, as well as the passion of Shenzhen and the affection of the China Merchants staff. The event was widely covered by the media and was featured on Shekou Television Station, Shekou News, Shenzhen Special Zone Daily and Shenzhen Economic Daily, while other major online media had also republished the news on their platforms. The event not only obtained positive feedback from the society, but also created a sound corporate image of the Company to contribute to the society on a continuous basis.

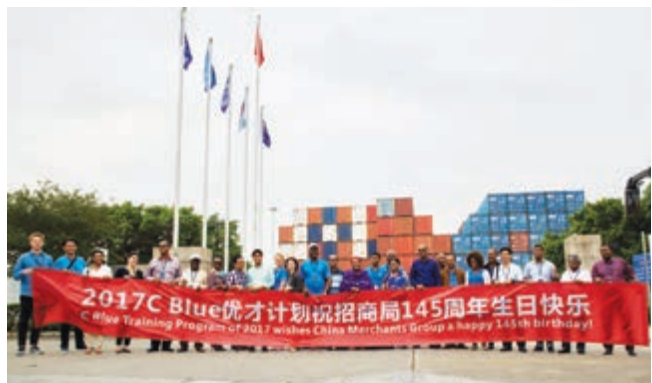


Responsibility inheritance to create a harmonious community



Shaping Blue Dreams Together - 21st Century C Blue Training Programme (共鑄藍色夢想—21世紀海上絲綢之路優才計劃)

Sponsored by China Merchants Charitable Foundation, hosted by the Group and organised by Shenzhen Polytechnic, 2017 C Blue Training Programme started on 16 October in Shenzhen and lasted for 4 weeks. 28 C Blue Training Programme trainees from 13 countries along the “Belt and Road” initiative completed all training courses and successfully graduated. It is a corporate social responsibility project of the Group to practice the mission of “promoting social progress through commercial success” extensively in countries along the “21st Century Maritime Silk Road” by adhering to the concept of promoting value sharing worldwide under the theme of “Shaping Blue Dreams Together (C Blue)”. The purpose of this project is to train more leading talents in port and shipping industry for countries along the Silk Road. 2017 C Blue Training Programme is the second time for the Group to offer high-end port and shipping industry-related training courses to various countries. The success of this programme further enhanced China Merchants’ influence to countries along the “Belt and Road” initiative and better explicated the Group’s corporate goal of “We Connect the World (天涯若比鄰)”, at the same time continuing to deepen the school-enterprise cooperation with Shenzhen Polytechnic. Through systematic study of theories and diversified visits and practices, trainees will be able to utilize the extensive knowledge and experience gained to promote the development of port and shipping industry and strengthen the “Belt and Road” initiative and thus promote the economic development of their respective countries.



Public Welfare and Charity

In 2017, the Company organised the fourth activity under “C Blue Restore Sight Project” (招商局一帶一路光明行) in Hambantota, Sri Lanka, a poorly developed region in terms of medical conditions and economic level. The organisation of “Restore Sight Project” brought hopes to patients who are suffering from eye disease in Hambantota and the surrounding areas. The organisation of this event on a continuous basis not only enabled China Merchants to receive wide recognition from the local people, but also contributed to the growth of friendship between China and Sri Lanka, which is beneficial to the promotion of a positive corporate image for the Group’s projects in Sri Lanka.



In 2017, adhering to the concept of “Poverty Alleviation, Accompanied by Warmth (幫困扶貧, 溫暖同行)”, the Group donated over RMB40 million to Kashgar Prefecture, Xinjiang through “Shenzhen Command Office for Frontline Support in Xinjiang” (深圳市對口支援新疆工作前方指揮部), which was used towards facilitating the establishment of a comprehensive bonded area in Kashgar Prefecture and hence pushing ahead with poverty alleviation work in Xinjiang.



Environmental, Social and Governance Report

The Group carried out extensive charitable and volunteering projects in 2017. Adhering to the objective of promoting environmental protection, serving the community and contributing to the society, the Group's volunteers illustrated the significance of public welfare and environmental protection through practical actions. Several public welfare activities were launched successively, such as "Exploring Ports: Shenzhen Port Green Open Day (走進港口深圳港綠色環保開放日)" activity in the Group's West Shenzhen Port Zone, the Exploring the Community: Charitable Photography Classes and Photo Exhibition and Environmental Advocacy Volunteering Activity of SCT (SCT走進社區公益攝影培訓展覽及環保宣傳志願者活動), the "Inheritance and Development (傳承與開拓)" charitable activity of Daxie China Merchants which aims at exploring the community and serving the residents, all of which have received overwhelming responses from the public.



Relief Aid for Natural Disaster Victims

In the event of natural disasters, the Group will work closely with China Merchants Charitable Foundation and the frontline teams of the Company to promptly offer funding and resources to help victims in the affected areas get through the hard times. In 2017, the Company donated RMB350,000 and arrange the shipment of emergency aid of batches of food to flooded areas in Sri Lanka. The Company also donated US\$25,000 to disaster-stricken areas in Hambantota, Sri Lanka to support the post-disaster reconstruction of homes and recovery of fishery industry of the local community.

