



Corporate Social Responsibility Report
January 2011 – June 2013



Caring about **People,**
the **Community**
and the **Environment**



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About this Report

This is the first Modern Terminals Limited (MTL) Corporate Social Responsibility (CSR) Report. It covers the company's achievements and successes, as well as the challenges it faces in its journey towards greater commitment to CSR in all its operations in Hong Kong. Although it does not cover the operations of its affiliates, MTL likewise encourages them to implement good CSR practices.



This report covers the period from 1 January 2011 to 30 June 2013. It has been prepared in accordance with Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G3.1. All the numerical data in it are presented as absolute figures, and all the financial data are in Hong Kong Dollars, unless specified otherwise.

To provide a clear and balanced view of MTL's significant economic, environmental and social performance, this report encompasses material sustainability topics concerning the company through an independently-managed stakeholder engagement process and materiality assessment. The material sustainability issues identified by its stakeholders have been organized into three main chapters, namely *Alleviating the Impact on the Environment*, *The*

People – Working Together, and *The Economic Aspect – Contributing to the Community*. Each of these chapters highlights the relevant goals and targets MTL has established, and the actions it has taken with the aim of enhancing its CSR performance.

REPORT VERIFICATION

This report has been independently verified by the Hong Kong Quality Assurance Agency (HKQAA) to confirm the level to which GRI G3.1 has been applied. The HKQAA has assessed this report as having achieved an application of level B+. The verifier's review can be found in the verification statement at the end of the report.





Message from the Chief Executive Officer



We are pleased to present MTL's first CSR Report to our stakeholders. This describes the efforts we have made between 2011 and the first half of 2013 to meet the sustainability challenges that we face in order to provide efficient and high-quality services for our valued customers. Apart from enhancing our transparency, we regard CSR reporting as a valuable self-assessment tool that allows us to review MTL's current sustainability performance and identify areas for future improvement. At the same time, we must ensure that monitoring and reviewing structures are in place to turn the ideal of sustainability into a long-term reality.

MTL believes that the aim of being a sustainable enterprise is not limited to creating financial returns for our shareholders. It also includes responsibility for understanding the expectations of our stakeholders, and communicating and working together with them in order to contribute to the industry's sustainable development.

We have been working on putting a formal CSR structure into place ever since we promulgated our CSR policy in 2008. We have tracked our performance in the areas of key CSR components on a regular basis in order to achieve continuous improvement. To enhance our CSR performance further, we recently established the CSR Steering Committee to oversee policies and practices related to CSR. The Committee is responsible for establishing our priorities, and providing guidance concerning the setting of goals and targets as well as concerning investments in sustainable development.

To understand the concerns of our stakeholders better, we have also put a feedback structure in place for selected key stakeholders. A number of specialized stakeholder engagement sessions were conducted for this report. By paying closer and more focused attention to sustainability topics and issues, we have been able to listen to the relevant challenges our stakeholders face and the issues they raise, and to address these in a timely and effective manner.



The uncertain global economic outlook – combined with regional and local structural issues such as the economics of trucking, the availability of labor, and waterfront and land-resource constraints – have proved to be a challenge. However, we are striving for continuous improvement in the way we operate, and we have taken steps to adjust to the intensifying competition that now exists among container terminals in the Pearl River Delta. We will further strengthen our core competence of delivering quality and timely services through our “New Horizon” project, which will be launched to improve our operational processes, productivity and service delivery. We will also maintain our efforts to adapt to the dynamic external business environment, and to adjust our management practices so that we can react quickly to the challenges ahead of us.

We value our people as the primary source of all our success, and we intend to ensure that MTL remains a preferred, world-class employer. One of the key tools we use to achieve this is our Employee Value Proposition (EVP), “Together, We Grow, Excel and Succeed!”. Developed through a comprehensive “bottom-up” exercise that involved soliciting the input of our people at all levels and in all functions, our EVP aims to describe the type of company that MTL aspires to be. It also defines our intention of being a supportive and inclusive company whose employees continuously improve and grow. The messages contained in the EVP and the new corporate culture we are building are continuously communicated through training programs.

As you will see in the following pages, one of our top priorities has always been to provide our employees with a safe and healthy working environment. At the same time, we are continuing to invest in offering them promising career development opportunities, and encouraging a healthy work-life balance.

We value the importance of giving back to the community, particularly to young people and the underprivileged. Our six-year commitment to Project WeCan began in 2011. Led by the Wharf Group, this pioneering 360° school improvement program aims to benefit deserving students in Hong Kong who have great potential but are deprived of opportunities. In this regard, MTL is investing a total of HK\$15 million to help the local Cotton Spinners Association Secondary School to raise its overall performance.

Meanwhile, we encourage our employees to participate in voluntary work as a fundamental way to demonstrate commitment to society. To this end, we established the Modern Volunteer Force (MVF) in 2007 to undertake long-term voluntary service plans. The MVF team has been steadily growing in size and providing more services to the needy.

In terms of the environment, we have always taken pride in the proactive efforts we are making to mitigate the issues of air and noise pollution in the vicinity of the Kwai Tsing container terminals. One example of this was the proactive investment we made a few years ago to reduce emissions by switching to the use of low-sulfur fuel for all our container handling equipment, yard vehicles and contractor tractors.

In 2011, we invested more than HK\$170 million to convert our diesel-powered rubber-tired gantry cranes (RTGs) to operate on electricity. These measures have effectively reduced their carbon emissions, which are a major contributor to carbon dioxide emissions in terminal operations. In addition, we have implemented corporate-wide waste-management strategies, and we have organized educational programs to help raise the awareness of our staff about environmental issues. We also participate in initiatives to spread green messages among the community, such as arranging presentations and guided tours for local school students.

In conclusion, I hope you will find this report of interest. For us, it marks a milestone in MTL's long-term quest to uphold corporate social responsibility, in terms of serving our customers, caring for and nurturing the wellbeing of our people, and contributing to the economic and environmental wellbeing of Hong Kong and its citizens.

Sean A. Kelly

Chief Executive Officer

About Modern Terminals Limited

The history of MTL's parent companies – The Wharf (Holdings) Limited, China Merchants Holdings (International) Company Limited and Jebsen Securities Limited – stretches back to the early days of Hong Kong.

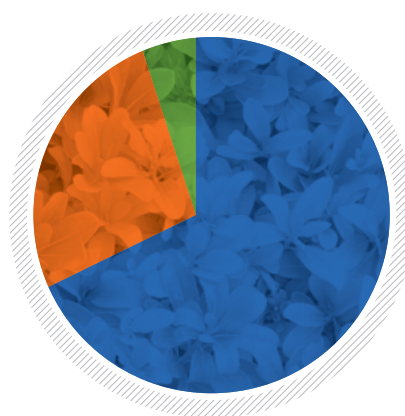
MTL provides container terminal services as well as warehouse leasing. Ever since it opened Hong Kong's first container terminal at Berth One in September 1972, the company has been continuously aiming for service excellence and constantly expanding its operations.

Apart from optimizing its business in Hong Kong, MTL has been actively expanding into Mainland China in

recent years. MTL holds majority shares in and operates Da Chan Bay Terminal One in the Pearl River Delta (PRD), and Taicang International Gateway in the Yangtze River Delta. It also holds equity stakes in Shekou Container Terminals and Chiwan Container Terminal in the PRD.

MTL is a privately owned company with a shareholder portfolio of regional industry leaders.

Ownership of MTL



68%	The Wharf (Holdings) Limited
27%	China Merchants Holdings (International) Company Limited
5%	Jebsen Securities Limited



PARTICIPATION IN THE DEVELOPMENT OF PUBLIC POLICIES

MTL proactively contributes to the development of new public policies in close partnership with local communities in Hong Kong. It does this because it recognizes the value of frontline knowledge in ensuring that the initiatives taken address the actual needs of the groups most affected by its operations.



CORPORATE MEMBERSHIPS AND CHARTERS (IN ALPHABETICAL ORDER)

Organization/Body	Positions
American Chamber of Commerce	Vice Chair and Membership of the Board of Governors
Business Environment Council	Council Member and Board Director
Clean Air Charter	Signatory Member
Customs & Excise Department, HKSAR Government – Sea Cargo Customer Liaison Group	Vice Chairman
Danish Chamber of Commerce	Chairman
Federation of HK Industries – Transport and Logistics Services Council	Council Member
Hong Kong Container Terminal Operators Association Limited (HKCTOA)	Director
Hong Kong Logistics Development Council (LOGSCOUNCIL)	Member
Labour Department, HKSAR Government – Central Container Handling Safety Committee (CCHSC)	Committee Member
Marine Department, HKSAR Government – Port Operations Committee	Committee Member
Kwai Tsing District Office, HKSAR Government – Container Terminal Operations Liaison Group	Member

AWARDS RECEIVED BETWEEN JANUARY 2011 AND JUNE 2013

January – December 2011	January 2012 – June 2013
<ul style="list-style-type: none"> • ISO14001 • Caring Company Logo • CISPROS Level 3 • HKAEE Wastewi\$e Label (Class of Excellence) • Indoor Air Quality Certificate (Good Class) • HKQAA-HSBC CSR Advocate Mark 	<ul style="list-style-type: none"> • ISO14001 • Caring Company Logo (five consecutive years) • CISPROS Level 3 • HKAEE 2011 HK Awards for Environmental Excellence – Bronze Award in Transport and Logistics Sector • HKAEE Wastewi\$e Label (Class of Excellence) • HKAEE Energywi\$e Label (Class of Good) • HKAEE IAQwi\$e Label (Class of Good) • Friends of EcoPark (Certificate)



ISO 14001: 2004
Cert No.: HKG6008138



Corporate Governance



GOVERNANCE FRAMEWORK

MTL is a private corporation and its governance structure is reflected by the simplicity of its Management Board structure. The Management Board's vision is to enhance shareholder value through the development of the company's investment portfolio, and to secure shareholder buy-in to the company's vision and strategic direction. The Management Board, with the CEO as its Chair, leads business development activities, establishes port lifecycle projects for new terminals, and integrates priorities across the company.



The main departments under the Hong Kong Business Unit:



STANDARDS OF BEHAVIOR AND CODE OF CONDUCT

The company reviews its Code of Conduct regularly in order to maintain high standards of business ethics.

Conflicts of interest are avoided by ensuring that all MTL staff members declare to the company any financial interests they have in any business or other organization that competes with the company, or with which the company does business. There are also strict guidelines in place concerning the acceptance of gifts by staff members from consultants, contractors, suppliers, warehouse tenants etc., on special occasions, such as New Year, Chinese New Year, Mid-Autumn Festival and Christmas.

Between January 2011 and June 2013:

- No cases of bribery were identified; and
- All new staff members had been required to attend ICAC briefings since July 2011.

INTERNAL CONTROL ENVIRONMENT

MTL is committed to operating under efficient corporate governance. The company has adopted an Internal Audit Charter that aligns with the principles outlined in the Internal Control and Risk Management – A Basic Framework issued by the Hong Kong Institute of Certified Public Accountants. Its audit results are reported to relevant business units, the Management Board, and the Wharf Audit Committee.

Whistleblowing Policy

MTL is committed to the highest standards of openness, probity and accountability. In line with that commitment and to promote business ethics, it instituted a Whistleblowing Policy in May 2013. The Policy encourages anyone who has concerns about suspected misconduct or malpractice within the company to come forward and provide information concerning them. This includes all levels of management and employees, as well as vendors, contractors, customers and members of the general public.

Whistleblowers are assured of protection against unfair dismissal or victimization; and disciplinary action will be taken against any person involved in victimizing or retaliating against a whistleblower. The Whistleblowing Policy comes under the overall responsibility of the Wharf Group's Audit Committee, with MTL's CEO taking responsibility for its operational aspects.

Whistleblowers may bypass their line managers to report misconduct directly to the company's senior executives. Every such report will be reviewed personally by the CEO and investigated independently. The outcome of this investigation will be reported back in writing to the whistleblower, who may pursue alternative procedures if he or she wishes to do so.

CSR JOURNEY

MTL steers its corporate social responsibility policy in a direction that drives the sustainability of the industry in which its business operates and which contributes to the well-being of the Hong Kong community in which it operates.

Mission Statement

To be the preferred partner for world-class terminal and supply-chain services, building global connectivity for the sustainable development of local economies and the improvement of people's well-being.

CSR Policy

MTL is a responsible corporate citizen. Its mission, vision, strategies and culture align with the core principles of corporate social responsibility. The key components of its corporate social responsibility are people, health and safety, and the environment.

People: MTL is committed to the well-being of its people. Its people live its culture and enable each other to achieve their common goals, and to grow together with the company.

Health and Safety: Health and safety at work are among the most important measures of MTL's business performance. It ensures that, in the course of its business activities, no harm is done to any people working on its premises.

Environment: MTL is committed to the sustainable development of the container terminal industry and protection of the environment by making environmental considerations an integral part of its culture and decision-making.

CSR Steering Committee

The MTL CSR Steering Committee meets regularly with the functions in charge of CSR performance to discuss and manage the implementation of CSR-related policies, and to ensure that the core CSR principles align with the company's mission, vision, strategies and culture.





The CSR Steering Committee is led by MTL's CEO and it is responsible for championing MTL's fulfillment of social responsibility by guiding various sub-committees that are responsible for identifying and managing CSR-related risks and opportunities. These come under the three broad headings of People, Health and Safety, and the Environment.



MTL's CSR Journey

1997	<ul style="list-style-type: none"> Signed the Modern Terminals Limited Occupational Safety Charter
2005	<ul style="list-style-type: none"> Signed the Clean Air Charter
2006	<ul style="list-style-type: none"> Established an Environmental Policy
2007 to present	<ul style="list-style-type: none"> Was awarded a CISPROS (Continual Improvement Safety Program Recognition of System) Level 3 Certificate issued by the Occupational Safety and Health Council (OSHC) of Hong Kong
	<ul style="list-style-type: none"> Was awarded the Caring Company Logo
2008	<ul style="list-style-type: none"> Established a CSR Policy
	<ul style="list-style-type: none"> Was awarded the HKAEE Transport and Logistics Sectoral Award, Wastewi\$e and Energywi\$e Labels, and HKAI Environment Performance Award
2009	<ul style="list-style-type: none"> Obtained ISO14001 Certification
	<ul style="list-style-type: none"> Was the Champion of the Biggest Unit Saver Award (Company) category at the Power Smart Contest organized by Friends of the Earth
2010-11*	<ul style="list-style-type: none"> Became the first terminal operator in Hong Kong to participate in the HKQAA-HSBC CSR Advocate Mark assessments
2011*	<ul style="list-style-type: none"> Developed the Green Terminal Model to provide an implementation framework for its company-wide Environmental Policy
2011 to present*	<ul style="list-style-type: none"> Strengthened efforts in the areas of community involvement and development by supporting the Wharf Business In Community (BIC) Fund and Project WeCan

*Please refer to the previous section for details of awards received.

Engagement with Stakeholders



Engaging stakeholders is a key component in defining MTL's strategy for anticipating and adapting to an evolving business environment and understanding the needs, concerns and expectations of its stakeholders. Throughout the reporting period, the company has used various means to gather stakeholder input through meetings, interviews and focus groups.

The company has conducted an independently-managed specialized stakeholder engagement exercise in order to keep its stakeholders better informed about the contents of this Report and to receive feedback about its CSR practices.

Defining Stakeholder Groups



In 2012, MTL developed an organization-wide strategy and process for systematically engaging with its stakeholders. A mapping and prioritization process was used to establish a comprehensive list of stakeholders, who were then prioritized according to their influence or dependency on MTL in order to select the participants in the specialized stakeholder engagement exercise.

Based on the results of the stakeholder prioritization exercise, the company engaged with selected representatives of its customers, employees, contractors and suppliers, and industry associations through focus groups and face-to-face interviews.

Qualitative feedback concerning MTL's social, environmental and economic performance was collected through a series of specialized focus groups and stakeholder interviews. The specific concerns and recommendations gathered in this way were communicated to senior management for their review and follow-up action.

While it was broadly agreed by stakeholders that MTL is a socially responsible organization, the following issues of primary concern were identified:



Key areas of concern raised by stakeholders	MTL's response
<ul style="list-style-type: none"> Attracting new talent and enhancing employees' sense of belonging 	<ul style="list-style-type: none"> Maintaining a competitive compensation system and providing continuous staff development
<ul style="list-style-type: none"> Air quality problem in the vicinity of Kwai Chung district 	<ul style="list-style-type: none"> Promoting the use of cleaner fuel and constantly monitoring the black smoke problem in the community
<ul style="list-style-type: none"> Ensuring sustainable development and performance by contractors in accordance with MTL standards 	<ul style="list-style-type: none"> Promoting sustainability guidelines and policies among contractors, maintaining communication with some trade-related associations, and reviewing policies concerning contractors in order to monitor their performance
<ul style="list-style-type: none"> Optimizing management and performance to address growing competition in South East Asia 	<ul style="list-style-type: none"> Conducting a study on using bio-fuels, electricity-powered trucks and advanced technologies and systems, such as the New Horizon project (a new system to improve productivity and service delivery in terminal operations) in order to address growing competition



Alleviating the Impact on the Environment

As a responsible corporate citizen, MTL understands the significance of protecting and improving the quality of the environment for the benefit of both the current and future generations who will share this planet. Its management therefore strives to commit the company to environmental stewardship, and it is dedicated to promoting innovative methods to minimize the potential environmental impact of its operations.

RISKS AND CHALLENGES

1) The Community's Expectations

As the world faces increasing resource constraints and becomes more environmentally conscious, MTL acknowledges its environmental responsibilities and the need to be transparent about them. Now that residential development has increased in the vicinity of its port operations in Hong Kong, MTL has made the need to address environmental issues (including air and noise pollution) one of its top priorities.

2) Natural Resource Dependency

MTL relies primarily on energy-intensive industrial-scale equipment for its day-to-day operations. They include quay cranes, RTGs and trucks of all sizes. This makes it highly dependent on non-renewable energy sources like diesel, fossil-fuel-generated electricity and

LPG, which put its business at risk of future emission caps and the economic consequences of increases in energy prices.

3) Environmental Performance in MTL's Supply Chain

In line with global trends, major shipping lines require MTL to report on its environmental performance. To address such requests, the company is increasing the transparency of its environmental performance disclosures, thereby demonstrating its continuous commitment to corporate social responsibility.

ACTIONS AND RESPONSES

Given the energy and labor-intensive nature of the terminal operations industry, MTL faces various unique challenges in the course of its sustainable development. But, of course, challenges and opportunities come hand-in-hand. To tackle various environmental

issues that confront the company, it has taken an active approach to turning the “green terminal” concept into a reality. MTL is studying the deployment of green technology, as well as facilitating and promoting the efficient use of energy. The outcomes of these initiatives have been encouraging, and they are helping the company, as part of the community, to build a more sustainable future.

1.1) Pursuing MTL’s Environmental Sustainability

To address the expectations of the community in which it operates, as well as to manage the growing risks and opportunities pertaining to the environmental performance of its operations in Hong Kong, MTL implemented an Environmental Policy immediately after the establishment of its Environmental Committee in 2006. Made up of

managers of various departments, the committee is responsible for proactively overseeing all aspects of MTL’s environment-related activities and performance, to ensure that the company complies with and aims to exceed regulatory requirements.

The Environmental Committee has two subcommittees:

- The ISO14001 Environmental Management System (EMS) Working Committee consisting of various departmental environmental coordinators, who are responsible for implementing ISO14001 EMS-related requirements and tasks; and
- The Environmental Promotion Task Group consisting of staff members from different departments, who are responsible for promoting environmental activities among their colleagues and acting as a bridge between their colleagues and the Environmental Committee.

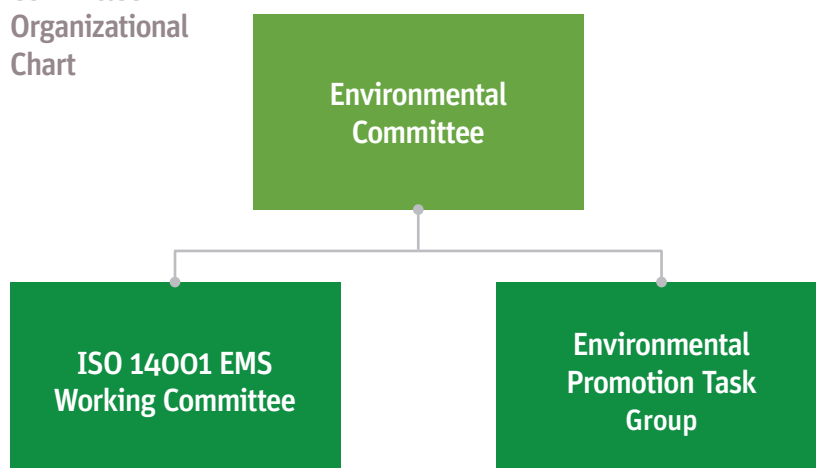
1.2) MTL’s Environmental Policy

MTL is committed to the sustainable development of the container terminal industry and to protecting the environment by making environmental considerations an integral part of its culture and decision-making processes. It implements every possible aspect of the “green terminal” concept.

MTL has pledged to:

- Be socially responsible and care for the community;
- Select partners that support its commitment to the environment during the process of terminal development;
- Comply with relevant environmental legislation;
- Implement measures and industry best practices to minimize the impact on the environment when it constructs infrastructure, as well as when it uses equipment and technology during terminal development and business activities;
- Conserve resources and maximize energy efficiency;
- Proactively collaborate with vendors and service providers that share its commitment to the advancement of environmental practices and technology;
- Promote environmental awareness among its employees and business partners by supporting meaningful environmental programs and activities; and
- Continuously monitor and improve its environmental protection performance.

Environmental Committee Organizational Chart



2.1) Enhancing Energy Efficiency

Using less fossil-based energy helps to reduce MTL's overall carbon footprint. For that reason, the company is committed to improving its energy consumption strategy by making ongoing investments in relevant features and initiatives.

MTL has also explored the viability of further reducing its electricity consumption by implementing a pilot project to install energy and power-monitoring systems throughout its operations, in order to identify energy management measures such as low-energy consumption guidelines for its machinery and buildings, the installation of LED canopy lighting, the purchase of electric-powered patrol vehicles, and the retrofitting of office lighting to lower its energy consumption, emissions and operating costs. It completed the installation of energy and power-monitoring systems in its yard area during the first quarter of 2013.

The company now plans to conduct a pilot project to replace lighting on its quay cranes, E-RTGs and light towers with LED lights.

CASE STUDY: RTG Conversion

MTL continuously seeks better ways to enhance its efficiency and reduce its dependency on non-renewable fossil fuels. After converting 44 of its RTGs into Hybrid-RTGs in 2009, the company began to adopt E-RTGs in 2011 in order to reduce fuel consumption and emissions. It had replaced 81 of its fleet of 101 RTGs with E-RTGs by the end of 2012. Eventually, 94, or more than 90% of all its RTGs, will be E-RTGs, making it the largest E-RTG fleet in Hong Kong. There is zero direct CO₂ emission by E-RTGs during their operations in the terminals. When compared to a traditional diesel-powered RTG, an E-RTG's CO₂ emission^(Footnote 2) is reduced by about 60%.



Following the establishment of its Environmental Committee in 2006, the company set a 10-year target to reduce CO₂ emissions from 14.25 kg/TEU in 2006 to 10 kg/TEU by 2015. The following chart gives details of MTL's overall reduction performance in CO₂ emission per TEU.

CO₂ Emission per TEU (Hong Kong Business Unit Only)



Goal:

To reduce CO₂ emissions by 30% between 2006 and 2015

3.1) Advocating a Greener Supply Chain

The long-term sustainability of MTL's business depends on a sustainable supply chain. The company is making every effort to reduce its impact on the environment and society by making changes to its supply chain.

As part of its commitment to improving the environment, MTL is implementing Green Procurement Guidelines. These seek to promote sustainable development by integrating environmental factors into the procurement process. They have been created to ensure that contractors undertake their services in line with the company's environmental standards, and to favor the use of products made from recycled materials.

The Green Terminal Model has been developed to provide a framework for turning the "green terminal" concept into a reality. The Model integrates environmental considerations with MTL's Port Life Cycle, so that its new terminals are green from day one. It also aims to improve the performance of its existing terminals continuously, especially in terms of reducing their carbon emissions.

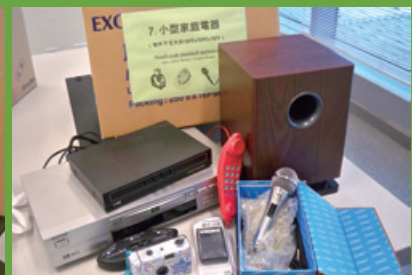
3.2) MTL's No Shark's Fin Policy

The consumption of shark's fin has long been a global issue. To help preserve a balanced marine ecosystem and save sharks, MTL has pledged to stop serving shark's fin at corporate functions and giving shark's fins as gifts, and to promote a no-shark's-fin policy among internal and external stakeholders.

CASE STUDY:

Reuse and Recycle

MTL strongly supports recycling and reusing materials by providing recycling facilities at locations throughout its premises. This includes recycling bins for cans, bottles, and paper, as well as a rechargeable battery recycling program. Since 2009, waste lubrication oil filtering systems have even allowed it to reuse gear-reducer oil after treatment. It also makes every effort to promote the recycling concept. Apart from normal recycling facilities, it has encouraged the recycling of safety helmets and safety shoes in recent years.



"Give and Take" Campaign

To promote the concepts of reuse and recycle, MTL has staged an in-house "Give and Take" campaign since 2011. In 2012, the scope of this meaningful campaign was extended by inviting the company's contractors and warehouse tenants to join in. It has collected more than 440 items, which were either adapted for reuse or donated to a school and NGOs in Hong Kong.



The People – Working Together

MTL believes employees are central to the success of its business. As well as its own employees, the company cares for the contractors' workers who work on its premises. To be regarded as an employer of choice, it is devoted to creating a collaborative working environment and continuous life-long development opportunities for its employees.

Goal:
To commit to long-term investment in people and communities

RISKS AND CHALLENGES

1) Competition for Talent

Attracting and retaining talented individuals is an ongoing challenge for container terminal operators. Hong Kong's shrinking labor pool is increasing the demand for competent, qualified and experienced individuals. Some of MTL's yard operations are sub-contracted, with varied remuneration systems and limited visibility to the well-being of sub-contracted staff. This poses a challenge for MTL when it comes to devising strategies for staff development and retention.

2) Employee Development

An evolving macro-economic environment is gradually re-shaping MTL's business landscape. It is critical to develop staff so that they can become more adaptable and versatile in the present fluid situation, and thus support the value-added services the company provides to its customers.

3) Workplace Practices

MTL regards maintaining a healthy and safe workplace as a top priority and an essential prerequisite for maintaining the success of its business. Some contractors' workers at Container Terminal 6, which is owned by another operator, staged a 40-day strike for a pay rise and improved working practices between late March and early May 2013. This impacted the entire port's operations. MTL closely monitored the events during this period, and it has proactively reviewed and addressed any issues that were also relevant to its own operations.

ACTIONS AND RESPONSES

MTL values its people. "Together, We Grow, Excel and Succeed" is the company's Employee Value Proposition (EVP). This is its promise to its existing and future employees, as well as the guiding principle for the behavior of its staff in the workplace. The company is committed to recruiting, cultivating and retaining a competent and professional workforce.

1.1) Fostering Dialogue

One way to help retain talented employees is to make certain that their needs and concerns are properly addressed by the management. MTL's Joint Consultation Committee (JCC) consists of a number of management and elected staff representatives who hold office for a two-year period. It is an essential component for ensuring the smooth flow of internal communication between management and staff.

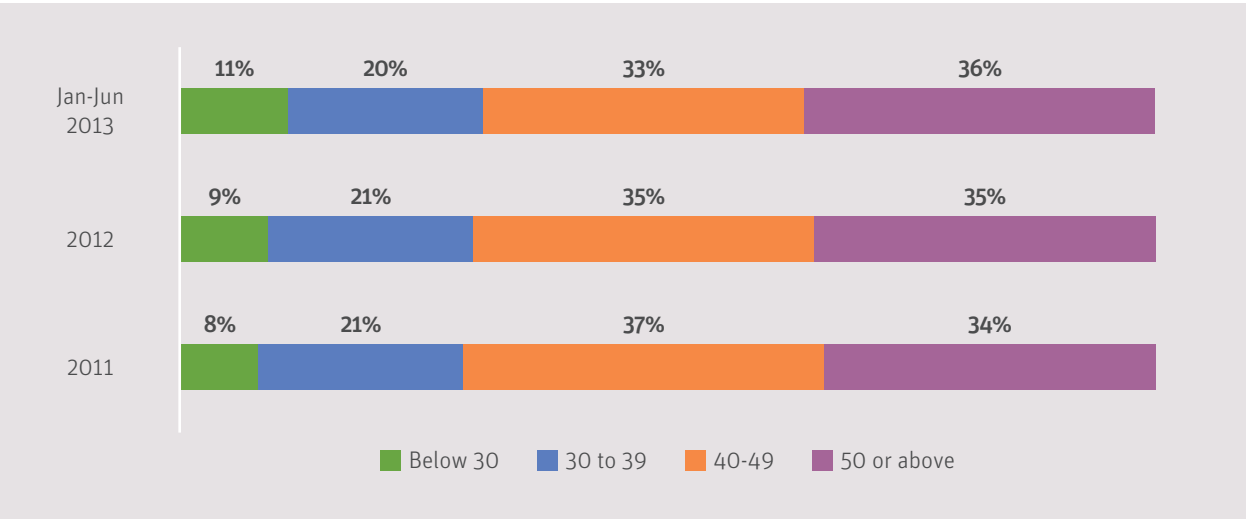
The JCC serves as a platform to:

- Provide a two-way communication channel;
- Permit the regular and free exchange of views on matters of mutual interest;
- Promote a spirit of co-operation in order to secure harmonious employer-employee relationships; and
- Prevent misunderstandings and remove the causes of grievances.

MTL also maintains open communication through Town Hall meetings, Monthly Get Togethers, workplace visits, the Cheer M(TL)e(employee) Up Station, and a bi-monthly staff newsletter.

The company regards it as extremely important to foster an environment in which employees feel their concerns are treated with respect. Any form of staff grievance, either collective or individual, is handled with great care, so as to maintain healthy staff relations and avoid the possibility of friction between the company and its staff.

Employee Breakdown by Age Group



Employee Breakdown by Gender



1.2) Everyone Is Important at MTL

Continuous Improvement of the Workplace Environment

MTL continuously improves the workplace environment by

communicating with its internal and external stakeholders via various channels. It also has a Workplace Services Section to take care of it. Examples of the latest workplace enhancement, include the provision of additional facilities

for contractors’ workers, namely changing/shower rooms and mobile washrooms in the yard, subsidized canteens, a company bus service, etc.



2.1) Cultivating Talent

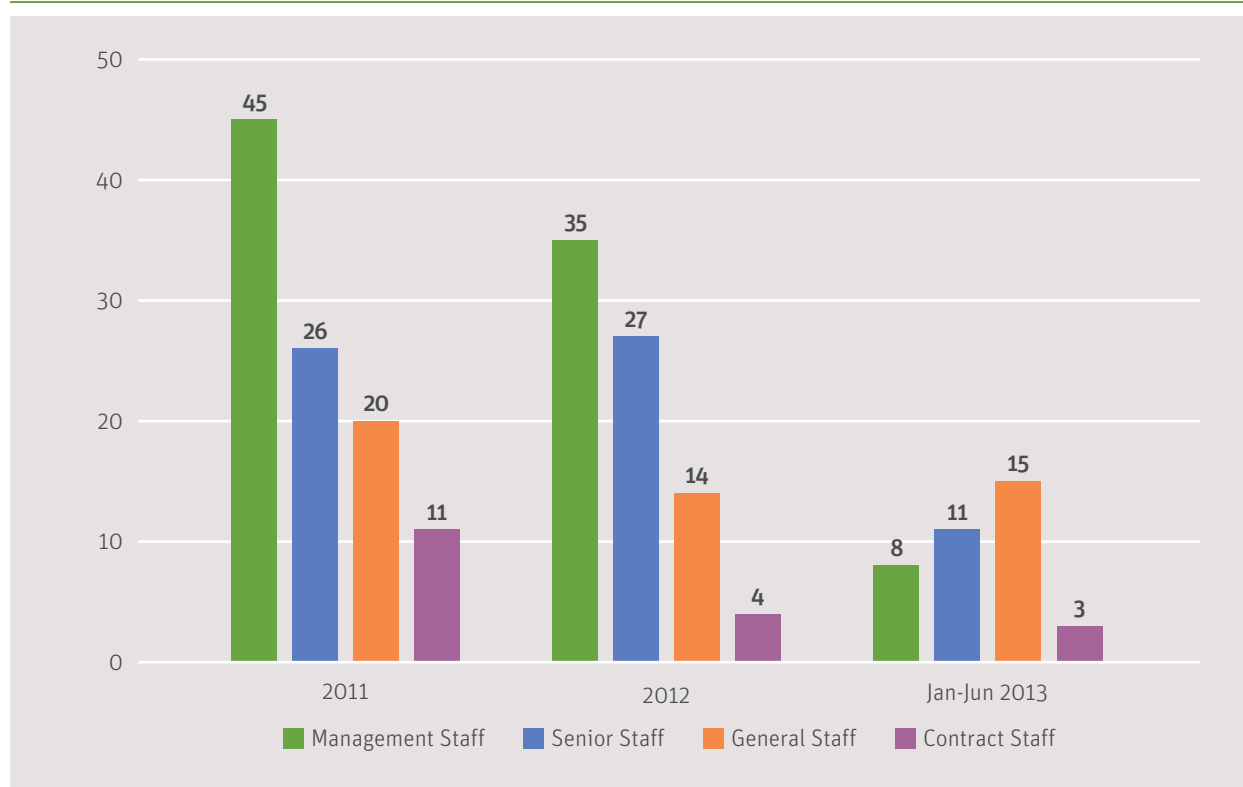
MTL believes that a strong and competent workforce is essential for driving the sustainable growth of its business. It therefore emphasizes the importance of staff development and lifelong learning. All MTL staff members are subject to an annual competency-based appraisal that reviews their performance and also

identifies their training needs. It provides employees with various management and functional training programs that aim to increase their competencies further, so that they can serve our customers better and contribute more to the company's growth.

Between January 2011 and June 2013, it offered training courses

ranging from leadership and personal development to specialized training in technical skills, as well as operational and safety knowledge. In 2011, it launched the MTL Embrace Change Program to help prepare its staff psychologically for today's dynamic global landscape and to cope with the challenges and seize the opportunities this presents.

Average Training Hours per Person



Apprenticeship Program

MTL took part in a Vocational Training Council (VTC) skills-based Apprenticeship Program, which referred suitable candidates for joining the company. In addition, its Career Progression Scheme presents participants with a clear career path.

2.2) Employee Benefits

Besides paying competitive salaries, MTL provides discretionary bonuses and benefits to its staff. It does so because it wants to attract talented people and ensure their satisfaction. Subsidized canteens, top-up contributions to retirement funds and recreational activities are provided to all its full-time staff members. Its bursary scheme extends such benefits beyond employees to include recognition and encouragement for their children's academic achievements.

MTL cares about the physical health and psychological well-being of its employees. Besides providing medical insurance, it operates a Health Check-up Program, under which all permanent employees aged over 40 are eligible to receive a health check once every two years and management employees aged below 40 are eligible to receive one once every five years. The company organizes regular health talks to educate employees about healthy lifestyles and the prevention of occupational diseases. It organizes free Influenza Vaccination Programs for employees as well.

Since June 2010, the company's Employee Assistance Program (EAP) has provided free 24-hour hotline counselling services to all its employees and their dependents.

3.1) Health and Safety

MTL sees its record for health and safety at work as one of the most important measurements of its business performance. The company's ultimate goal is to create a zero-accident workplace. To achieve that, it has put the following long-term strategies and actions in place.

Raising Awareness among Workers

Contractors are invited to participate in MTL's safety and health committees in order to raise the health and safety awareness of all the workers at its terminals. The company's contractors are involved in regular meetings and health and safety training and advice.



CASE STUDY:

Career Progression Scheme

MTL is committed to the long-term development of its staff members. It has therefore developed a Career Progression Scheme that offers a systematic professional advancement plan for its technical employees in Engineering and Procurement Department. As part of the Scheme, it encourages the professional growth of its engineers and technicians by offering them extensive in-house and external training that complements their usual day-to-day on-the-job experience. In addition, it aims to forge a stronger sense of belonging and responsibility among its staff members

by favoring internal promotion over external recruitment. To achieve this, each staff member is promoted via a designated personal professional route once he or she has gained recognition for satisfactory performance during a specified term of service and has passed annual internal assessments.

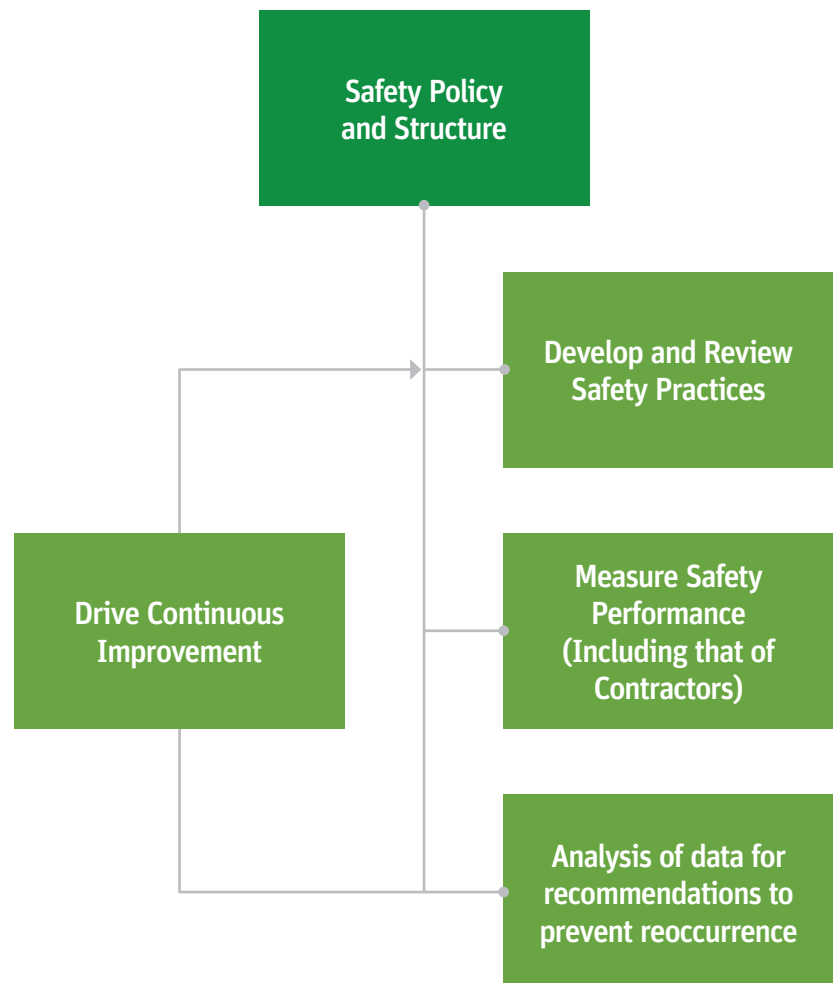
3.2) Safety Policy and Structure

MTL's Safety and Health Steering Committee is responsible for monitoring the safety performance of its entire Hong Kong business unit.

MTL is committed to providing a safe and healthy working environment for its employees. Besides complying with all relevant regulations, it has developed an Occupational Health and Safety (OHS) management system. This enabled the company to become the first organization in Hong Kong to receive a CISPROS (Continual Improvement Safety Programme Recognition of System) Level 3 certificate in 2007. The certificate was issued by the Occupational Safety and Health Council (OSHC) of Hong Kong, a statutory body that promotes safety and health in the workplace in order to safeguard Hong Kong's workforce.



“Goal:
Zero accidents”



Case Study:

Online Self-learning and Assessment Platform

To ensure the work safety competence of its employees, the company's Risk Management Department has developed and maintains an online self-learning and assessment platform to complement its existing online training database. The platform contains a comprehensive list of training materials and examination questions, and it can be used for refresher training and assessment. Since 2011, all the supervisors and frontline staff of the Operations Department and Engineering & Procurement Department have completed relevant training and examinations via this e-learning and assessment platform.

The company now plans to extend its application to contractors, so that the work safety training and competence levels of contractors' workers can be maintained at the same standards as those of MTL's own employees.

3.3) Preventative Procedures and Training

Reducing Health and Safety Risks in the Supply Chain

Effective policies, procedures and practices have been put in place to mitigate risk in the workplace on all MTL's premises. This covers both its own operations, as well as those of its supply chain partners. Launched in 2006, the electronic "Safety Workflow System" provides MTL with the following competitive advantages:

- Systematic identification of all operational workflow procedures;
- Detailed inspection items for all individual workflow procedures;
- Relevant safety rules mapping to workflow files for easy reference; and
- Generation of reports and statistics.

Job Hazard Analysis

MTL controls the risks arising from its activities by integrating occupational health and safety systems and procedures into its daily operations. Two examples are:

- The adoption of a risk-based preventative maintenance program for the inspection, testing and maintenance of lifting gears, thereby ensuring safe lifting operations; and
- The application of "Just in Time" and "Zero Inventory" systems by its Engineering & Procurement Department to control and limit the use of dangerous and flammable substances, such as LPG, thus eliminating the potential hazard of keeping such items in store.

Emergency Preparedness and Response

The nature of MTL's business as a container terminal operator for the shipping industry means there is a very real risk of emergencies, such as chemical spillages, fires, high-level rescue, adverse weather conditions and outbreaks of disease. It is therefore essential for the company to recognize and assess the risk of such situations in advance, and to prepare accordingly.

The company conducts systematic analyses to identify potential emergency situations. It has put policies and/or systems into place for identifying, monitoring and managing present and potential risk factors (both financial and non-financial), as well as various guidelines to assist its staff in managing them. During their regular meetings, its Safety and Health Committees also discuss and monitor corrective actions for reducing work-related risks.

MTL develops appropriate emergency plans and procedures whenever a potential situation is identified. To ensure these plans can be implemented effectively, it conducts regular maintenance of emergency equipment, as well as frequent drills and training sessions.



The Economics – Contributing to the Community

Despite the uncertainty in the global economy and the deceleration of China's economic growth, MTL remains determined to deliver world-class services; and it strives to respond to customer needs proactively in order to remain competitive. While focusing on expanding its business, the company continues to steer its CSR policy in a direction that contributes to the development and well-being of the communities in which it lives and works.

RISKS AND CHALLENGES

1) Economic Outlook

The challenging trading conditions in 2011 and 2012 resulted in shrinking demand for products in North America and Europe. This situation was exacerbated by an oversupply of container vessels that negatively impacted freight rates. Meanwhile, the development of alternative ports in China and elsewhere in Asia intensified competition within the industry.

2) Staying Alert to Emerging Social Issues

MTL believes that the success of its business depends on the support it receives from the community. It cares for the local community and it always strives to mitigate the impact of its business operations on the community. The company constantly remains conscious and proactive in the face of emerging issues, and it promotes collaboration with and continuous enhancement of the community of which it is a part.

ACTIONS AND RESPONSES

1) Expansion of Operations

To stay competitive and remain a leading container terminal operator, MTL has been actively expanding its presence in the Pearl and Yangtze River Delta regions of China by establishing strategic partnerships and joint ventures with municipal authorities, as well as through equity acquisitions.

2.1) Proactively Responding to the Community's Concerns

The company always does its best to minimize the possible impact of its operations on neighboring communities. For instance, a member of the Mayfair Garden community once expressed concern about the noise levels of the nearby MTL facilities. MTL responded by immediately sending staff members to investigate the issue with the assistance of a noise-measurement device. It was confirmed that MTL was not the source of the noise in question.



Caring for the Community

MTL's CSR initiatives are tailored specifically to suit the environmental and social challenges that face Hong Kong today. Environmental conservation is one important pillar of its community investment strategy. For example, it hosts visits to its facilities by various organizations and educational institutions as part of its environmental education programs. This allows the company to pass on its environmental protection practices to future generations.

Promoting Sustainability in the Local Community

Corporate Sustainability for Schools Program (CS4 Schools)
The Sustainable Development Fund of the HKSAR Government has funded CS4 Schools, a program organized by the Business Environment Council (BEC) to increase the awareness and

knowledge of high-school students about sustainable development. As part of the Program's activities, MTL arranged visits to its terminals and seminars to introduce the importance of corporate sustainability in the commercial sector. MTL received 229 students from educational institutions to promote environmental knowledge in the community.

Low-carbon School Program 2012-2013

MTL is participating in the BEC's Low-carbon School Program by hosting terminal visits for students and inviting them to work together with it to protect the environment. Up to the first half of 2013, it had received 69 students under the Program.

2013 Kwai Tsing Youth Festival

Modern Terminals supported the 2013 Kwai Tsing Youth Festival organized by the Kwai Tsing District Youth Programme Committee, and it hosted a visit by 50 students from various secondary schools in June 2013.

Modern Terminals' Business in Community Fund (BIC Fund)

In 2011, MTL allocated the BIC Fund to sponsor meaningful projects by NGO partners that were specifically aimed at primary and secondary school students, school dropouts, young people at risk and parents. It provides a spectrum of services, including schooling, individual and small group counselling, medical check-ups and social enterprises. Since its inception, the BIC has contributed more than HK\$1 million in cash and kind to support AIDS Concern, the Hong Kong Family Welfare Society, Youth Outreach, and the End Child Sexual Abuse Foundation.

CASE STUDY:

Project WeCan

MTL provided a total of HK\$1 million to fund the building of a student development facility at the Cotton Spinners Association Secondary School. Officially opened on March 1, 2013, the facility has been specially designed to create a home-like environment in which experiential learning activities are conducted for 300 students every year. The project aims to improve the students' self-care abilities and their interpersonal skills.



MTL funded a HK\$1-million Student Development Facility at the Cotton Spinners Association Secondary School

"MTL is committed to contributing to the well-being of the community where we live and work. This colorful home-like facility is a tangible manifestation of our care for the students who are the future of our community. By partnering with the Cotton Spinners Association Secondary School, we are also investing in the sustainable development of our community."

Mr. K.T. Lee, MTL

"Our entire school is thankful for having MTL as our corporate partner in Project WeCan. We hope to leverage on MTL's financial and volunteering support to enhance the learning environment and exposure opportunities for our students, in order to tap their potential more fully."

Principal Lau Kit Sim of the Cotton Spinners Association Secondary School

Project WeCan

This six-year 360° school-improvement program has been launched by The Wharf (Holdings) Limited with the aim of raising the overall performance of secondary school students. It covers a wide range of activities, including teaching, academic learning, extra-curricular development, conduct and behavior, life-goal planning, learning about the environment, and support, care and counseling, as well as parent-teacher collaboration.

Stepping up voluntary efforts

Volunteering is a fundamental way of demonstrating a commitment to society. The Modern Volunteer Force (MVF) was established in 2007 to advocate volunteering and formulate long-term voluntary service plans.

The MVF had recruited 136 members by the end of June 2013. Between them they clocked up a total of 527 volunteering hours in 2011, 956 hours in 2012, and 522 hours during the first half of 2013.



2.2 Evaluation, Selection and Control of Contractors and Subcontractors

MTL's contractors and subcontractors are subject to the same stringent standards concerning health and safety as its full-time employees. The procedures for these are documented in the company's Safety Working Manual and safety requirements (including training and risk assessments), which form part of its contract agreements with these parties. The requirements for subcontractors include:

- Submission of information, such as safety plans and method statements;
- Conformity with the Fair Wages Policy;
- Nomination of representatives to coordinate Operational Health & Safety (OSH) issues while working on MTL's premises;
- Attending pre-work and other regular meetings to discuss OSH issues; and
- Evaluation of the safety performance of subcontractors and keeping track of the performance of key vendors through the Vendor Performance Management system (VPMS)

2.3 Customer Satisfaction

MTL monitors customer satisfaction via operationally-focused monthly reviews, business-focused quarterly visits, and regular customer surveys.

To maintain its endeavors to deliver its Brand Promises with greater relevance to the specific needs of its customers, the company also decided in 2012 to review and revamp its Customer Satisfaction Survey. This involved expanding the scope of customer service coverage to include key operational staff and incorporating other aspects of the customer experience in order to address issues of concern.

MTL's Brand Promises were updated in 2013 to support the requirements and expectations of both internal and external customers. The revised Brand Promises are as follows:

Brand Promises

We are the preferred partner for world-class terminal and supply-chain services. We are committed to working with you to maximize the value you create for your customers and your shareholders.

Whenever you interact with us, you will consistently experience the following brand promises and customer service excellence:

- **Operational excellence:**
We deliver world-class services, using best practice to continuously raise our metrics while managing exceptions professionally.
- **Customer-driven innovation:**
We collaborate with you to develop creative ideas and deliver outcomes that benefit your business.
- **Partnership for value:**
We understand your business drivers and work together with you to create value for both of us.

2.4 Port Security

MTL believes that an unwavering commitment to port security will protect the safety and interests of the community as a whole.

It was among the first Hong Kong companies to be certified as compliant with the International Maritime Organization (IMO) International Ship and Port Facilities Security (ISPS) Code.



Performance Statistics

Performance Indicators	Unit	2011	2012	Jan-Jun 2013
Economic				
Throughput	Million TEUs ¹	5.3	4.8	2.6
Environment				
Energy used and CO₂ emissions				
Direct energy consumption				
Diesel	Liters	16,493,079	10,881,771	5,095,421
Liquefied petroleum gas (LPG)	Liters	93,986	109,184	62,730
Petroleum	Liters	44,978	44,988	22,235
Indirect energy consumption				
Total electricity consumption	kWh	36,903,790	46,047,433	24,986,254
Towngas	Units	77,082	78,960	39,527
CO ₂ emissions ²	'000 Tonnes	65.44	55.73	28.11
Consumption				
Water	Number of cubic meters	73,136	65,409	32,761
Paper	Kilograms	27,701	31,081	14,161
Waste recycling				
Tires	Number	557	352	198
Liquid chemical waste	Liters	29,927	23,406	12,306
Solid chemical waste	Kilograms	15,817	17,857	10,109
IT equipment	Kilograms	2,321	1,097	2,321
Paper	Kilograms	23,340	24,265	11,095
Waste disposal				
Waste disposed in landfills	Tonnes	1,799	1,822	877

Footnotes:

1. Twenty Foot Equivalent Units
2. The CO₂ emission calculation shown here includes consumption of diesel, LPG, petroleum, electricity, water and towngas. The following conversion factors are used for the CO₂ emission calculation:
 - Diesel: 2.614 kg/litre*
 - LPG: 1.679 kg/litre*
 - Petroleum: 2.36 kg/litre*
 - Electricity: 0.59 kg/kWh (2011) 0.58 kg/kWh (2012 & 2013)***
 - Water: 0.596 kg/m³*
 - Towngas: 3.146 kg/unit**

Sources:

- * "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings of Commercial, Residential or Institutional Purposes in Hong Kong" (by EPD & EMSD, 2010 ed.)
- ** "Carbon Audit Toolkit for SME in HK" (by HKU & CityU, 2010 ed.)
- *** CLP Hong Kong carbon intensity from CLP Sustainability Report 2011-2012

Performance Indicators	Unit	2011	2012	Jan-Jun 2013
Employment				
Total number of employees	Number	1,084	1,075	1,101
Locally hired	%	99.2%	99.4%	99.4%
Ethnicity	% Chinese	99.2%	99.3%	99.3%
	% Non-Chinese	0.8%	0.7%	0.7%
Total turnover rate	%	12.7%	8.5%	4.7%
Voluntary turnover rate by gender	% Male	74.6%	74.1%	81.1%
	% Female	25.4%	25.9%	18.9%
Voluntary turnover rate	%	5.7%	5.1%	3.5%
Voluntary turnover by age group	% Below 30	22.3%	14.8%	29.7%
	% 30-39	39.7%	50.0%	45.9%
	% 40-49	19.0%	18.5%	18.9%
	% 50 or above	19.0%	16.7%	5.4%
New hires	Number	82	75	79
New hire rate	%	7.6%	7.0%	7.2%
New hires by gender	% Male	70.7%	85.3%	92.4%
	% Female	29.3%	14.7%	7.6%
New hires by age group	% Below 30	45.1%	45.3%	46.8%
	% 30-39	48.8%	48.0%	27.9%
	% 40-49	6.1%	6.7%	2.5%
	% 50 or above	0.0%	0.0%	22.8%
Ratio of local minimum wage to MTL's entry level wage, by gender	Male	1:1.26	1:1.34	1:1.31
	Female	1:1.36	1:1.43	1:1.41
Ratio of basic salary of women: men by employee category	Management Staff	1:1.50	1:1.47	1:1.53
	Senior Staff	1:1.06	1:1.04	1:1.04
	General Staff	1:0.95	1:0.93	1:0.91
Paternity leave	Number	16	15	2
Maternity leave	Number	1	2	2
Return to work rate	%	100%	100%	100%
ICAC talks	Management staff	52%	65%	58%
	Senior staff	8%	15%	16%
	General staff	1%	4%	7%
	Contract staff	0%	56%	25%
Health and Safety				
Lost days (including injury and sick leave days)	Days	7,958.5	6,965.0	2,990.0
Absentee rates (including injury and sick leave)	Days/Person	7.34	6.48	2.72



GRI Content Index

Page	Chapter	GRI Indicator
2-3	About this Report	3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 3.8, 3.9
4-6	Message from the Chief Executive Officer	1.1, 1.2, SO9, SO10
7-10	About Modern Terminals Limited	2.1, 2.2, 2.3, 2.5, 2.6, 2.7, 2.8, 2.10, 4.12, 4.13, SO5
11-16	Corporate Governance	4.1, 4.2, 4.6, 4.8, 4.9, 4.10, 4.11
17-19	Engagement with Stakeholders	3.5, 4.4, 4.14, 4.15, 4.16, 4.17, SO10
20-23	Alleviating the Impact on the Environment	EC8, EN5, EN6, EN7, EN18, EN22, EN26, EN29, SO9, SO10
24-30	The People – Working Together	4.4, EC7, LA1 (partial), LA3, LA6, LA8, LA10 (partial), LA11, LA12, LA13
31-35	The Economics – Contributing to the Community	EC1 (partial), EC8, SO9, PR5
36-37	Performance Statistics	2.8, EC5, EC7, EN1, EN3, EN4, EN8, EN16, EN22, LA1 (partial), LA2, LA7 (partial), LA13, LA14, LA15, SO3
38-41	GRI Content Index	3.12
42	Verification Statement	3.13
44	Share Your Views	2.4, 3.4

COMMENTARY TABLE

GRI Indicator		Comments
2.8	Scale of the reporting organization	For the financial performance of MTL, please refer to The Wharf (Holdings) Limited's Annual Report 2011 (p.58), Annual Report 2012 (p.68) and Interim Report 2013 (p.19).
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	
EC3	Coverage of the organization's defined benefit plan obligations	
2.9	Significant changes during the reporting period regarding the size, structure or ownership of the company.	This is MTL's first CSR Report. There have been no restatements of information or changes from previous reporting periods, nor have there been any changes in scope, boundaries or measurement methods.
3.10	Restatements of information	
3.11	Significant changes from previous reporting periods	
3.7	Limitations of the scope or boundaries of report	Since MTL is not a listed company, financial performance is not the focus of this Report. It only discusses the sustainability performance of MTL's Hong Kong operations, and it will consider extending its future reporting boundaries to cover other operations in mainland China.
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	The Management Board, the company's highest governance body, was 100% male before July 2013. Due to a change in its composition, its structure changed to 80% male and 20% female in July 2013.
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	Individual Performance Contracts are discussed and signed by managers and senior staff members with their superiors at the beginning of each year. Bonus payments are made on the basis of the company's business performance and the work performance of a staff member. Both the time and amount of such payments are determined by the company.

GRI Indicator		Comments
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	The Management Board is responsible for reviewing the structure, size and composition of the company. MTL is committed to non-discriminatory equal opportunity employment practices.
EN8	Total water withdrawal by source	The water we use is supplied by the HKSAR Government Water Supplies Department.
EN9	Water sources significantly affected by withdrawal of water.	
EN23	Total number and volume of significant spills	There were no spills during the reporting period.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	MTL is not a manufacturer and therefore does not produce or sell a material amount of products with packaging. There are no data concerning the quantities of products and packaging materials reclaimed.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	There were no significant fines and non-monetary sanctions against environmental laws and regulations during the reporting period.
LA4	Percentage of employees covered by collective bargaining agreements.	No formal collective bargaining agreement is in place. However, channels for communicating grievances are in place, and these will be addressed in a timely manner.
LA9	Health and safety topics covered in formal agreements with trade unions.	MTL does not have any formal agreements with trade unions.
HR4	Total number of incidents of discrimination and corrective actions taken.	None were reported during the reporting period.
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	None were reported during the reporting period.
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	No significant risk was identified during the reporting period.

GRI Indicator		Comments
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	No significant risk was identified during the reporting period.
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievances mechanism	None occurred during the reporting period.
S04	Actions taken in response to incidents of corruption.	No incident was identified during the reporting period.
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	MTL does not donate money and in-kind contributions to political parties and politicians.
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	None occurred during the reporting period.
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	None during the reporting period.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle by type of outcomes.	None occurred during the reporting period.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling by type of outcomes.	None occurred during the reporting period.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	None occurred during the reporting period.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	None occurred during the reporting period.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	None occurred during the reporting period.

VERIFICATION STATEMENT

Scope and Objective

Hong Kong Quality Assurance Agency ('HKQAA') was commissioned by Modern Terminals Limited (hereinafter referred as 'MTL') to provide independent assurance of the MTL Corporate Social Responsibility (CSR) Report January 2011 to June 2013 (hereinafter referred as 'the Report') which applies the B+ application level of the Sustainability Reporting Guidelines version 3.1 (G3.1) issued by the Global Reporting Initiative (GRI). The Report states MTL's sustainability profile and performance covering the period from 1 January 2011 to 30 June 2013 for all operations in Hong Kong.

Assurance Methodology

The assurance process was undertaken with reference to the AA1000 Assurance Standard ('AA1000AS') issued by the Institute of Social and Ethical AccountAbility for assessing the Report's adherence to the principles of Inclusivity, Materiality, and Responsiveness. Furthermore, the assurance of the accuracy and quality of the selected sustainability performance information was verified against the International Standard on Assurance Engagement 3000 ('ISAE 3000') – "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board for a reasonable level of assurance.

The process encompassed three stages:

- Identification and classification of statements, figures, charts and data sets to be verified.
- Verification of the selected representative sample of data and information consolidated in the Report, reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the Report and crosschecking the raw data and evidence of the selected samples that support the reporting contents in order to reduce the risk of error or omission to an acceptably low level.
- Provision of recommendations to MTL for improvement of future reporting.

Independence

HKQAA was not involved in collecting and calculating data, or in the development of the Report. HKQAA's activities are independent from MTL.

Conclusion

On the basis of the assurance work undertaken, it is the opinion of the verification team that the information presented within the Report is inclusive, material and responsive. MTL was found to have a variety of processes in place for engagement with stakeholders and the effort is continuous. Formal materiality process was applied to define material issues for reporting. The identified issues were ranked and prioritized based upon significance to MTL and stakeholders. The issues identified through this formal process were found to be addressed in a fair and balanced approach within the Report. The verification team also observed mechanism and actions taken to respond to stakeholders' concerns.

The assurance findings also provide confidence that the Report's statement and figures achieved an adequate level of reliability and accuracy. The Report demonstrates satisfactory fulfillment of the B+ application level of the GRI - G3.1.

Signed on behalf of HKQAA



Bryan Peng
Assistant Director
13 November 2013



Statement GRI Application Level Check

GRI hereby states that **Modern Terminals Limited** has presented its report "Modern Terminals Limited CSR Report January 2011 to June 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 27 November 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Modern Terminals Limited has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 November 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



Share Your Views

Your opinions are valuable to us, because they will help us to improve our CSR performance and define future reporting content. Please send your comments to:

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