Navigating APL’s 2016 Sustainability Journey
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ABOUT APL
(as at July 2017)

- A leading ocean carrier providing container transportation services worldwide
- Over 160 years of heritage and experience
- Extensive international shipping network and capabilities
- A unit of CMA CGM Group, a leading worldwide shipping group headquartered in Marseille, France

Network Services
- Operates in the world’s major trade lanes
- Extensive U.S. intermodal network
- Highly competitive transit times and reliable on-time performance

Fleet and Terminals
Priority access to APL owned and operated terminals on the U.S. West Coast and strategic terminals in Asia

- 85 Vessels
- 5.0 million+ TEUs carried in 2016

Terminals-Owned
- Japan – Yokohama
- Taiwan – Kaohsiung
- United States – Dutch Harbor & Los Angeles

Terminals-Joint Venture
- China – Qingdao
- Thailand – Laem Chabang
- Vietnam – Ho Chi Minh City
- The Netherlands – Rotterdam

Trade Routes
- Asia-Europe
- Intra-Asia
- Latin America
- Trans-Atlantic
- Trans-Pacific

5,000 employees
140+ offices
70+ Countries called by vessels
40+ Feeder services
70+ Linehaul services
110+ Weekly service

Navigating APL’s 2016 Sustainability Journey
INTRODUCTION

As a responsible carrier, APL is committed to ensuring sound environmental stewardship in all our activities, empowering talents and our communities as well as upholding ethical business practices.

This document outlines APL’s sustainability efforts from 1 January to 31 December 2016 when we also became a subsidiary of the CMA CGM Group (Group) in June 2016. Navigating as part of the Group, APL is aligning our course with that of the Group which focuses on:

- Excellence in terms of safety and the environment;
- Commitment towards employees;
- Economic and social development locally and internationally; and
- Setting the highest standard in terms of ethics and compliance.

A new APL Sustainability Steering Committee comprising functional and subject matter experts from Global Safety, Security and Environment (GSSE), Commercial, Communications, Legal and Human Resources has been formed in 2017 to champion APL’s sustainability course.

Reporting to APL CEO, the committee will review APL’s sustainability policies and practices, formulate strategies, identify and recommend solutions, as well as engage stakeholders internally and externally.
PROTECTING THE ENVIRONMENT

Today, APL adheres to the Quality, Health, Safety and Environmental Policy of the Group. The policy seeks to mitigate the environmental impact of our operations, promote workplace safety and safeguard the assets and goods that we carry across the ocean.

While APL has been driving programmes to reduce the environmental impact arising from our vessel operations, we are aligning with the Group in:

- Reducing container kilometre carbon emission level by 30% by 2025, compared to 2015;
- Ensuring no major oil spills and zero container loss as sea;
- Cold-ironing development;
- Ballast water treatment development;
- Green disposal and dismantling;
- Deploying biodegradable lube oil; and
- Offering environmentally-friendly solutions to customers.

The goals are set to be achieved through fleet renewal, technology innovation, optimal operations, clean energy sources, best practices and benchmarking as well as collaborations with stakeholders such as the Clean Cargo Working Group, World Shipping Council, Asian Shipowners Association, BIMCO and the Container Ship Safety Forum amongst others.

Reducing carbon footprint

In 2016, APL successfully reduced our vessel fleet carbon dioxide emissions by 48%, compared to emissions level in 2009.

APL’s vessel performance management and maintenance strategy have been pivotal in ensuring that its operations stay efficient and thus green. Through continual improvements in operational efficiencies, fleet and voyage optimisation, as well as the deployment of a fuel-efficient and environmentally-friendly fleet of vessels, APL has successfully lowered its fleet carbon dioxide emission levels annually.

Reducing sulphur oxide emissions

In 2016, APL’s sulphur oxide emission was 0.90 grams per TEU-km. As our vessels have been using fuel with a much lower sulphur content than that which is mandated by the International Maritime Organisation (IMO) regulations, sulphur oxide emission levels from our vessel fleet have consistently stayed low.

2016 saw Emission Control Areas (ECA) in China being created to reduce the levels of ship-generated air pollution. Vessels calling the key ports from the ECAs in the Pearl River Delta, Yangtze River Delta and Bohai Sea are required to use fuel of less than
0.5% sulphur content whilst at berth, excluding one hour before departure and arrival.

APL fully complies with the regulations, deploying vessels which had been adapted to consume low-sulphur fuel when entering the regions. As the regulations step-up ahead, we will ensure compliance when it becomes mandatory for vessels to use low sulphur fuel prior to berthing at all ports from China’s ECAs from January 2018.

2016 also saw APL priming ourselves to have 70% of our container fleet calling in California to become cold-iron capable from 1 January 2017. We fulfill the more stringent requirement with vessels switching off their auxiliary engines and plugging into on-shore power when at berth in Californian ports. The efforts add up in reducing emissions of nitrogen oxide, sulphur oxide and particulate matter into the environment.

**Protecting ocean biodiversity**

Pioneering ocean biodiversity protection, APL progressively implemented ballast water management plans across our vessel fleet in accordance with the International Convention for the Control and Management of Ships’ Ballast Water and Sediments (BWM Convention). The Convention will enter into force on 8 September 2017.

Under the Convention, all ships in international traffic are required to manage their ballast water and sediments to a certain standard, according to a ship-specific ballast water management plan. All ships will also have to carry a ballast water record book and an international ballast water management certificate. The ballast water management standards will be phased in over a period of time. Eventually most ships will need to install an on-board ballast water treatment system.

As at 31 December 2016, 32 APL-owned vessels are fitted with IMO-compliant ballast water treatment systems while the remaining fleet deploys the intermediate solution of mid-ocean ballast water exchange. Consistent with the Convention’s terms, we will ensure our ships manage their ballast water to remove, render harmless, or avoid the uptake or discharge of aquatic organisms and pathogens within ballast water and sediments.

**No carriage of endangered species products**

Abiding by all laws and regulations, APL ensures that we stay aligned with global environmental sustainability initiatives. We refer to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) as we continually review our list of no-carriage products including shark fin, dolphins, whales, elephant tusks as well as rhinoceros and antelope horns.

Through engagement with industry peers, partners and stakeholders, we continue to facilitate global trade in a sustainable and responsible manner.
Educating marine conservation
To instill the right attitude towards marine conservation, APL further collaborated with Poolesville High School in Maryland, US to introduce “Turtle Travels”, the second online game that followed “Dolphin” that was introduced in 2015. Through the online activity, these children learn about the harm that arises from improper waste disposal, and how they can play a role in preserving the marine ecosystem.

Ensuring seafarers safety
Ensuring the safety of our seafarers and cargo remain a priority. 2016 recorded nine consecutive years of zero fatality since 2008 and a low lost-time injury frequency rate of 1.80 incidents per million man hours for APL owned vessels.

The results are attributable to APL’s “Safety First” emphasis on board our vessels and at the terminals that we operate. We adhere to international and local regulations, as well as safety codes and conventions of the maritime industry.

Through safety protocols and training, APL imbues in our employees the right attitude towards safety management. In particular, we adopt policies and processes that safeguard early detection, prevention and mitigation of risks associated with the business to enable safe and secure operations.

Optimising safety at sea
To optimise the safety of our vessels and seafarers, APL deploys the latest navigation assistance tools and technologies to track and analyse wide-ranging nautical, meteorological and geographic information from ashore in real-time – 24 hours a day, 7 days a week. Based on live analytics of the vessels’ operating speeds, ocean currents, weather forecasts and high traffic areas, a team of onshore experts are empowered to assess, anticipate and mitigate any navigation-related risks to its vessel operations.

Complementing the effort, route optimisation systems are being installed onboard our vessel fleet. These systems take into account the hydrodynamic properties of the vessel, loading parameters and weather forecasts to map out the safest and most efficient voyage that enable ship officers to make best informed and real-time navigation decisions throughout its voyage.

APL actively collaborates with industry stakeholders and research institutions to promote and enhance overall maritime safety. For instance, APL partnered the University of California San Diego’s Scripps Institution of Oceanography to deploy weather buoys into the North Arabian Sea. The collaboration was part of study efforts to enhance weather data collection and attain more accurate weather reports for the benefit of sea crews worldwide.
CULTIVATING TALENTS AND SUPPORTING COMMUNITIES

As a global citizen, APL believes in doing our part to improve lives around the world, contributing to economic progress and social-well-being. We support learning and education, deliver aid as well as enable the communities where APL has a presence.

Promoting employee learning and wellness

As at 31 December 2016, APL has a total of 5,345 employees globally (excluding seafarers) with almost an equal male-female proportion of 46% and 54%.

An advocate of learning, APL continues to ensure that our employees are adept in their roles through training. 2016 saw APL employees spending some 42,598 hours in learning and training to enhance their capabilities.

During the same year, APL invested over 5% of total manning crew costs into training of our ship staff. Our seafarers continued to receive in-house safety training courses during the year as we imbue in them the best attitude towards safety management.

Promoting employee well-being, APL organised an average of two events for Singapore-based employees each month. These activities range from lunch talks on health and problem solving, to movie screenings and exercise programmes that help in integrating our employees.

Cultivating maritime talents

The company recognises that education is a key pillar in developing talent for the long term sustainability of the maritime industry. Through the NOL Lua Cheng Eng Memorial Scholarship and NOL Best Final Year Business Student Award, befitting students from the Singapore Management University (SMU) are being empowered.

In 2016, two SMU students received the Scholarship and one SMU business student was awarded for excellent academic results and community service records. With that, the Scholarship has been offered to 12 students since 2011 while 14 awardees have been recognised since the Award was launched in 2002.

Offering tertiary students practical experiences and an insight of the container shipping and logistics business, APL extended internship opportunities to 42 students from six institutions in Singapore, and had 12 interns from the Massachusetts Maritime Academy in the US in 2016.

Inspiring over 1,000 students at the 2nd Naval STEM (Science, Technology, Engineering and Mathematics) Exposition in the US and another over...
400 students from the Washington Mathematics Science Technology Public Charter High School, APL showcased technology that we apply on board APL vessels. These events introduced students to advanced technology and data engineering for modern-day seafaring and cargo transportation while exposing them to STEM-related maritime careers.

**Delivering humanitarian aid**

Through our humanitarian partnership with non-profit Americares, a health-focused relief and development organisation, APL has been delivering donated medicine and medical supplies from the United States to a network of health care partners and centres around the world.

In 2016, in partnership with Americares, APL shipped more than US$100 million worth of medicine and supplies to beneficiary countries including Bangladesh, Cambodia, El Salvador, Guatemala, Honduras, Nicaragua and the Philippines. Ranging from vitamins and hygiene items to diabetes medications and treatments for Parkinson’s disease, these shipments help address acute shortages and urgent health needs, including treatments for non-communicable diseases.

Working with non-profit Hong Kong based Crossroads Foundation, APL supported a shipment of donated gifts from Hong Kong to an orphanage and welfare centres in Romania. The cargo contained bedding items, toys and winter wear amongst others gifts that brought cheer to the impoverished and disadvantaged.

**Enabling communities**

Engaging our employees and stakeholders in different countries, APL seeks to encourage and benefit the less-fortunate through donation drives, fund raising programmes and community outreach.

Giving back to the US community, APL supported the Paralysed Veterans of America Golf Open that raised funds to provide employment assistance to disabled US veterans and their families.

Through a donation drive that was organised in Scottsdale in the US, APL employees collected over 1,000 items such as backpacks and stationery that benefited students from low-income families.

Bringing festive cheer to over 1,100 underprivileged children in the community of Tulu Peno none, Panama, APL employees organised a Christmas party and donated gifts to these children who are living in extreme poverty.

In China, needy students from the Chun Miao Hope School in Sichuan experienced joy as our employees delighted them with food, games and gifts which included much-needed educational supplies.

Spiking for a good cause, APL battled business corporations in the “Cup of Hope 2016” volleyball challenge, raising funds for a ‘Back to School’ celebratory party for 400 underprivileged children with special needs.

To save lives, APL employees in Tallinn, Estonia donated blood to the North Estonia Medical Centre Blood Centre that ensures a constant supply of donor blood to 14 hospitals in the country’s northern region.

In Singapore, APL supported the Republic’s 51st national day celebrations, sponsoring the use of 40 containers for the storage of equipment and props used during the event.
PRACTISING ETHICAL BUSINESS

Integrity and respect underpin the APL’s interactions with our stakeholders. We believe that ethical interactions with shareholders, customers, suppliers, business partners and among employees must always be upheld. Employees at all levels are expected to contribute towards providing a safe and healthy work environment.

As APL navigates through a difficult business environment, we remain committed to a corporate culture of compliance. Achieving high standards of ethics, integrity and business practices in accordance with all applicable laws is the responsibility of every employee.

Corporate code of conduct


Employees are required to uphold the company’s standards of ethics and integrity in all their business activities and interactions. Access to the Corporate Code of Conduct is readily available in 3 languages – English, Simplified Chinese and Spanish. Acknowledgment of compliance is required every year.

Ethics compliance

The Ethics Committee, which comprises senior executives of APL, oversees the development, adoption and compliance of the Company’s ethical framework, policies and procedures. The Committee also designs the framework to investigate ethics matters, and recommends disciplinary actions.

An ethics hotline, managed by an independent third party provider, is accessible to our employees round the clock. Any ethics concern or incident may be reported through the hotline, which complements other available channels for reporting ethics matters. An online tool is also used to track and monitor reported incidents or concerns for informed decisions to be made in areas of ethics compliance.

Vendor code of conduct

Vendors and suppliers to APL are also expected to conduct their business activities in full compliance with applicable laws of the country and location of their operations as well as international regulations. Our Vendor Code of Conduct articulates legal, ethical and moral standards expected of our vendors and external partners.

STAKEHOLDER ENGAGEMENTS AND RECOGNITION

APL engages our stakeholders on our sustainability programmes through our websites, social media platforms, company intranet, public speaking forums as well as customer and industry stakeholder meetings.

Every quarter, APL’s Global Head of Safety, Security and Environment will share the company’s developments and performance in the areas of safety, security and environment with internal stakeholders from the Commercial, Operations, Trade Management, Network Planning, Finance, Human Resource and Legal functions over a seminar. Where necessary, the team will initiate further dialogues and reviews with the relevant stakeholders to understand or address issues.

APL voluntarily participates in the Clean Shipping index and benchmarks our environmental performance against other carriers. Environmental metrics of carbon dioxide, nitrogen oxide, sulphur oxide, waste, water and chemicals are analysed to ascertain how we measure-up against our performance targets and peers. Any shortfall in our performance will be assessed for further refinements.

Meanwhile, APL is also reviewing supplementary performance benchmarking studies, including reports and recommendations from the World Shipping Council Environment Committee, and expert reports from the IMO Environment Protection Committee. A strategy that is consistent with the latest emission landscape, shipping developments and technological options will be developed as part of APL’s 2017 sustainability goals.

A more pro-active customer engagement plan is being developed for APL to conduct regular sustainability reviews and communications with selected key customers so that they too can make a difference in reducing carbon footprint via their shipments with APL.

During these customer engagement sessions, APL will provide a progress update of our sustainability programmes and initiatives. Collaborative opportunities are also explored to identify ways for customers to reduce emissions of their shipments.

Recognition

Fully supportive of efforts that curtail the carriage of endangered animal species, environmental organisation WWF-Hong Kong applauded APL for its ‘no shark fin’ carriage policy in 2016.

In September 2016, APL was named the ‘Best Green Shipping Line’ by HAROPA, the French port of Le Havre, Rouen and Paris for the second year in a row. The award recognises APL’s exemplary environmental performance in reducing air emissions beyond the IMO’s standards.

To facilitate a seamless transition into the new SOLAS (Safety of Life at Sea) Convention Verified Gross Mass (VGM) regime, APL developed a suite of innovative VGM tools as an industry solution to the challenge of implementing mandatory container weighing globally for improving ship safety. APL was awarded the Lloyd’s List Asia’s ‘Technology and Systems Innovation’ Award in October 2016.