Sustainability is a key global challenge garnering considerable attention in politics, in business, in the media and in society in general. Stakeholders expect more. They expect companies to create value, to contribute to socio-economic development, and to do so by upholding responsible business principles. Our goal is to live up to stakeholders’ expectations.

APM Terminals is committed to advancing our core businesses in emerging markets, where the needs of growing populations for trade and socio-economic development can benefit from what we have to offer – state-of-the-art port terminal infrastructure. In those locations where we invest, we ensure sustainability criteria are incorporated early into the design and implementation of our new facilities as they will be operational for 30 years, or more.

In our existing global portfolio of facilities, our focus is on improving safety, productivity and efficiency. We ensure that our employees continuously build skills, capabilities and performance while ensuring their rights are upheld through our global labour standards. We invest in the communities that host our business, targeting projects that create value for the community and our company in the long-term.

Some of the highlights during 2013:
- Programmes and trainings were put in place to integrate global labour principles, promote diversity and inclusion.
- We further implemented the responsible procurement programme, working directly with suppliers.
- We made strong and measurable progress implementing the global minimum requirements for safety.
- We rolled out a global compliance programme encompassing anti-corruption, competition law and more.
- We undertook a global environmental and social sustainability assessment.

While we are pleased to have improved our safety record over 2013, we are unfortunately still experiencing the tragic loss of lives in our operations. Safety remains a key focus area in our business and we will remain completely committed to achieving our goal of zero fatalities and zero incidents. Beyond our safety performance, our key focus areas remain environmental performance, social responsibility, and responsible business. We remain committed to doing business with the care and due diligence that allows us to look ourselves in the mirror.

I hope you will find this year’s sustainability report useful, allowing you to gain a better understanding of how our company creates value, how we mitigate our sustainability impacts, how we performed over 2013 and what we will focus on going forward.

Kim Fejfer
CEO
ABOUT THE BUSINESS
IN 2013

Our goal is to be the most efficient and profitable terminal operator in the world.

- 68 countries
- 20,300 employees*
- 160 Inland Services operations in 48 countries
- 10 APM Terminals facilities in the top 30 most productive terminals in the world (source: JOC Group)
- 3% increase in overall container throughput
- 7 new terminal developments and expansions underway
- 36.3 million TEU throughput
- $770 million Profit (USD)
- $4.33 Billion Revenues (USD)

ROIC = Return On Invested Capital
TEU = Twenty-foot Equivalent Unit

*for headcount scope view sustainability accounting principles (p. 30)
Introduction

APM Terminals is a strong and independent company, active in 68 countries. We operate 65 port terminal facilities and 160 Inland Services operations. In 2013, APM Terminals delivered a profit of USD 770 million, up from USD 707 million in 2012, and achieved a return on invested capital of 13.5%. We handle more than 36 million TEU per year, and do business with approximately 60 global shipping lines.

We want to be the leading port terminal operator in the world. We will achieve this by serving global shipping lines and cargo owners in partnerships through safe and excellent operations, and by proactively managing our global portfolio. Our competitive position remains very strong in the industry, and we want to grow our portfolio on a continuous basis. We have strong global finance and funding capabilities, which are coupled with a strong location network of facilities and activities that appeal to our customers. We have an expanding presence in growth markets where there is a need for more critical port infrastructure.

Our sustainability governance framework remained unchanged during 2013. The current structure, implemented in 2012, consists of APM Terminals’ Sustainability Steering Group, which provides strategic direction and leadership on sustainability across our business. The sustainability steering group consists of key senior management and leaders from the areas of Safety, Communications, Human Resources, and Business Implementation.

Kim Fejfer
CEO, APM Terminals

Tiemen Meester
Vice President Business Implementation

APM Terminals Sustainability Report 2013
APM Terminals embarked on its first sustainability strategy in 2010. Since then, we have worked to integrate sustainability into business processes. Significant progress has been made overall, but we still have some way to go to ensure sustainability is fully integrated in our operations.

Our approach to sustainability is to live up to the UN Global Compact principles while mitigating our most significant sustainability-related risks. We have done this by integrating responsible business processes into our day to day business and by creating minimum standards and guidance for top sustainability risks.

We are committed to:
- Employee safety;
- Optimising productivity, efficiency and reducing carbon emissions per TEU;
- Environmental management;
- Anti-corruption and legal compliance;
- Responsible procurement;
- Increasing diversity;
- Implementing global labour standards;
- Mitigating community impacts and creating shared value.

Going forward, our goal is to develop greater global consistency and alignment, moving sustainability forward by:
- Developing global policy, minimum requirements and procedures.
- Identifying best operating practices and documenting them, developing them as standards, rolling out these standards across the portfolio and ensuring adherence to the standards.
- Creating awareness, develop supporting tools and build local capabilities through e-learning and guidance on various sustainability topics.

On top of this we will identify and maximise our positive impact, creating shared value for both society and our business.

Our sustainability strategy

A selection of goals and performance in 2013

<table>
<thead>
<tr>
<th>HEALTH &amp; SAFETY</th>
<th>CLIMATE CHANGE</th>
<th>ENVIRONMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal:</strong> ZERO FATALITIES</td>
<td><strong>Goal:</strong> 25% reduction in CO₂ per TEU (2010-2020)</td>
<td><strong>Goal:</strong> ZERO significant spills</td>
</tr>
<tr>
<td>2013</td>
<td>2012</td>
<td>7 m³</td>
</tr>
<tr>
<td>3</td>
<td>5</td>
<td>Oil spills in 2013</td>
</tr>
<tr>
<td>2012</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DIVERSITY &amp; INCLUSION</th>
<th>LABOUR STANDARDS</th>
<th>RESPONSIBLE PROCUREMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal:</strong> INCREASE DIVERSITY</td>
<td><strong>Goal:</strong> 90% of targeted Managing Directors and HR Heads trained in global labour standards.</td>
<td><strong>Goal:</strong> Integrate Responsible Procurement program</td>
</tr>
<tr>
<td></td>
<td>83% trained</td>
<td>115 suppliers registered</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15 suppliers audited</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Looking forward

2010-2013

Embedding social, ethical and environmental considerations into the business.

2014 and beyond

Creating shared value and building communities through economic development and sector-leading social responsibility.
APM Terminals’ value creation process

APM Terminals has three main activities: business development (BDV), implementation (building new or upgrading existing facilities), and operating our global portfolio. The graphic below gives an indication of what the company does, an approximation of the timescale of each activity, where costs are incurred and revenues earned, and where most of the employees work.

Business Development is about preparing for tomorrow. Our BDV teams explore and secure port terminal investment opportunities that ensure our company’s future. Developing new port terminal projects requires open, honest and extensive engagement with many stakeholders in order to develop trust and establish our local social license to operate. The BDV function prepares bids to develop capital-intensive infrastructure projects, performs takeovers of existing facilities in markets that we believe in, and manages divestments of assets. Our goal is to operate facilities that foster local socio-economic development while providing us with a strong return.

Implementation is about building our future business. Building new infrastructure is capital intensive, time consuming (approximately 3-7 years), with potential for positive and negative social and environmental impacts. By incorporating sustainability considerations early in the design process, we are better positioned to mitigate negative impacts downstream, obtain the necessary permits and ensure an inclusive approach that promotes stakeholder well-being. Implementation often involves remediation of soils, landfilling and dredging, as well as construction of breakwaters, deep-sea quays and container handling equipment.

Operating is about taking care of today. Operating facilities is where APM Terminals generates its revenues. Our goal is to operate an efficient and productive global portfolio of facilities. Our ability to deliver on this depends heavily on the quality, design and implementation choices we make earlier in our value creation process. We strive to uphold the highest environmental, social and safety standards while exceeding our customer’s expectations for quick turn-around times. We do this by aiming to be world-class in Operational Excellence and Terminal Asset Management on a foundation of continuous improvement. It is within operations that most of our people work.

Projects secured in 2013:
- Izmir, Turkey
- Abidjan, Ivory Coast

APM Terminals invested more than USD 800 million in port infrastructure developments and updates in 2013. Currently we are developing new container terminals in Brazil, Mexico, Italy, Turkey and the Netherlands.

APM Terminals operates in 68 countries. In 2013, the Journal of Commerce (JOC) rated 10 APM Terminals facilities to be among the world’s 30 most productive terminal operations, more than any other terminal operating group.
Focusing on what is relevant

In 2013, APM Terminals rolled out a global sustainability assessment to gain insight into how our facilities are performing in regards to sustainability. The assessment also allowed us to gain insight into which sustainability issues are especially important to our facilities and their local stakeholders.

The following graphic describes our process to define the relevant topics:

1. **Identification**
   - Identify issues that may have:
     - Potential to drive long-term business value;
     - Pose a risk to the company;
     - Provide an opportunity.
   - Analysis of trends in the global economy, the shipping industry and the ports / terminals industry.
   - Review of global standards, such as UN GC Framework, IFC criteria, GRI, IIRC.
   - Internal interviews.

2. **Assessing relevance**
   - Respondents rated their effectiveness at managing each issue. They also rated each issue on risk severity, the likelihood of the risk impacting, and the relevance of the issue to stakeholders.

3. **Prioritisation**
   - Based on the previous steps, we prioritised the list of sustainability issues into those most important to stakeholders and those most important to the business.
   - This is how we plotted the materiality matrix.

The sustainability assessment process highlighted specific issues that fall within four core areas:
- Health, safety and security;
- Environment;
- Responsible business;
- Social responsibility.

APM Terminals has programmes and initiatives to address the various sustainability issues contained in each of these four core areas. For example, in 2013, APM Terminals introduced its new compliance program as part of being a Responsible Business (see p. 26), as well as a new Spills Reporting requirement as part of its work on Environmental issues (see p. 23). To find out more about our work to foster diversity and rolling out the global labour standards, see pp. 16-18.
Safety is embedded in our core values. The main safety risks of our businesses are categorised in four areas and are applicable across our implementation projects and existing operations.

Our approach

The top four risks are being addressed, among others, by APM Terminals’ Global Minimum Requirements (GMRs) for safety which were established in 2012 and further developed in 2013. Our ultimate goal is zero fatalities but we also need intermediate steps to drive safety performance. This also means all facilities must be compliant with the GMRs. Action plans have been created to close identified gaps and, to date, 97% of these actions have been closed on time and we are currently working on closing the remaining 3%.

At the same time, APM Terminals has increased the number of terminal safety inspections and reviews. We have also rolled out ‘ Permit to Work’ and ‘Lockout-Tagout’ procedures. The latter is a safety procedure to ensure that dangerous machines are properly shut off and not restarted prior to the completion of maintenance or servicing work.

Employees reacted positively in the 2013 Employee Engagement Survey to: “My company is committed to employee safety”

Office staff 94% favourable
Operations staff 81% favourable

Safety performance

Our goal is zero fatalities.

Sadly, APM Terminals experienced three fatalities during 2013; two in our Inland Services business and one in our Terminals business. Fatal accidents occurred in Vietnam, Peru and Malaysia (see the table below). These fatalities occurred during repairs of a truck, a crane and a vessel.

Follow-up analyses revealed insufficient procedures for maintenance and vendor management as well as insufficient risk awareness. Procedural reviews and increased management visibility were implemented in response to these accidents.

<table>
<thead>
<tr>
<th>Fatalities</th>
<th>Description</th>
<th>Employed by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bien Hoa, Vietnam</td>
<td>Crane assistant fell from crane beam</td>
<td>Contractor</td>
</tr>
<tr>
<td>Callao, Peru</td>
<td>Electrician was run over by a truck during repairs</td>
<td>Own</td>
</tr>
<tr>
<td>Pelepas, Malaysia</td>
<td>Man struck by a beam during repairs</td>
<td>Contractor</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Port Activities</th>
<th>Inland Service</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>10</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>2012</td>
<td>15</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>2013</td>
<td>10</td>
<td>3</td>
<td>8</td>
</tr>
</tbody>
</table>

LTIF (Lost-Time Injury Frequency) measures the number of lost-time injuries including fatalities, but excluding fatalities categorised as criminal acts, per million exposure hours.

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTIF</td>
<td>3.61</td>
<td>2.53</td>
<td>1.8</td>
</tr>
</tbody>
</table>

HSIF (High Severity Incident Frequency) is a work-related incident that resulted in an individual being unfit for his/her work for any subsequent scheduled work day or shift that could potentially have resulted in a severe injury as per APM Terminals risk matrix, per million exposure hours.

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSIF</td>
<td>107</td>
<td>59</td>
<td>34.4</td>
</tr>
</tbody>
</table>
Access to equal opportunities in employment, pay and development, and a discrimination-free working environment is a human right. We are committed to providing a positive workplace for our people where opportunities are equal and differences are valued, and to exploring the largest possible talent pool when hiring. We want to attract the best and brightest people from the broadest pool possible, and ensure that we select the right candidates, based on merit, skill and personality.

Diversity & Inclusion
APM Terminals is a fast growing company that depends on a strong talent pipeline to deliver on its growth ambitions, especially in growth markets where APM Terminals is increasing its presence and continues to create local employment opportunities. While there is a constant influx of emerging market talent, the representation of women in senior leadership positions (director and general manager level) has not grown at the same pace, achieving a growth of 1% compared to last year. APM Terminals is committed to drive change in this area, and we measure our employee’s views on our commitment to Diversity & Inclusion in the annual Global Employee Engagement survey. In 2013, 71% of office staff rated APM Terminals as genuinely committed to attracting, developing and keeping a diverse workforce.

During 2013 APM Terminals invested in training and networking opportunities targeted at our female leaders and growth market talent. APM Terminals has sent participants to global conferences such as ‘One Young World’, ‘Women’s International Network’ as well as investing heavily in the ‘Strategies for Success’ programme. On top of this APM Terminals participates in research on women in organisations through the International Consortium for Executive Development (ICEDR).

APM Terminals has incorporated Diversity & Inclusion not only in the curriculum but also selection processes for all the leadership development programmes and continues to ensure that all Talent Acceleration programmes are focused on including a diverse mix of talent. APM Terminals prides itself on cultural diversity. At the end of 2013, APM Terminals consisted of more than 90 nationalities.

2013 Employee Engagement Survey

<table>
<thead>
<tr>
<th>Engagement: Overall, I am extremely satisfied with my company as a place to work.</th>
<th>Career &amp; Development: I have the training I need to do my job effectively.</th>
<th>Diversity &amp; Inclusion: My company treats people equally with respect to gender, race, nationality, religion and other differences.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office staff</td>
<td>Office staff</td>
<td>Office staff</td>
</tr>
<tr>
<td>84% favourable</td>
<td>69% favourable</td>
<td>79% favourable</td>
</tr>
<tr>
<td>Operations staff</td>
<td>Operations staff</td>
<td>Operations staff</td>
</tr>
<tr>
<td>79% favourable</td>
<td>75% favourable</td>
<td>69% favourable</td>
</tr>
</tbody>
</table>

2013 Employee Engagement Survey:

<table>
<thead>
<tr>
<th>Office staff</th>
<th>Operations staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>4970 responses</td>
<td>11993 responses</td>
</tr>
<tr>
<td>89% response rate</td>
<td>86% response rate</td>
</tr>
</tbody>
</table>

Gender and cultural diversity in 2013

<table>
<thead>
<tr>
<th>Gender: Managers</th>
<th>Cultural: Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>American</td>
<td>Danish</td>
</tr>
<tr>
<td>14%</td>
<td>31%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender: General Managers</th>
<th>Cultural: General Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>17%</td>
<td>83%</td>
</tr>
<tr>
<td>American</td>
<td>Danish</td>
</tr>
<tr>
<td>17%</td>
<td>22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender: Directors</th>
<th>Cultural: Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>6%</td>
<td>94%</td>
</tr>
<tr>
<td>American</td>
<td>Danish</td>
</tr>
<tr>
<td>22%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Other Western: USA, Canada, Australia, New Zealand and all European Territories
Global labour standards

APM Terminals is a workforce-heavy business operating across diverse cultures and many regulatory environments, and we are committed to ensuring the well-being of our workforce. Our sustainability assessment during 2013 included company performance on labour issues.

Strong performance on labour standards
APM Terminals’ global sustainability assessment shows that most of the company’s facilities are performing well on those labour aspects that were identified as especially important. For example, APM Terminals is successfully managing employee working hours (avoiding extensive overtime), ensuring that wages meet basic needs, and implementing fair disciplinary, grievance and dismissal procedures.

More than 70% of APM Terminals’ facilities have a workplace committee with participation of employee-elected representatives, intended to improve health and safety in the workplace. In 2013, 83% of Managing Directors and HR Heads working with labour, were trained in the company’s Global Labour Standards. During 2014 APM Terminals will work to close the remaining gap.

Fostering understanding of policies
At the same time, the sustainability assessment also highlighted areas for improvement. For example, we must work to achieve greater global consistency and alignment to the labour standards in all locations. Hence, we will focus on actions that increase and improve communications between the company and the global workforce, building local capability and working to integrate labour standards more effectively in local processes.

Going forward, APM Terminals has committed to the following key areas:

1. Develop a more robust Global Labour Relations policy and strategy that will include the requirement that all facilities must equally implement the same at their local level, committed to- and driven by- each facility’s top level management. Local facility management will be responsible for driving the strategy throughout all levels of their organisation including management, measurement and reporting procedures.
2. Implement a monitoring and reporting requirement in order to track any labour disputes that may occur within our facilities worldwide. We aim to get a more in-depth understanding of where disputes take place, why they take place, how they are resolved and the impact labour disputes have on the company’s operations.
3. APM Terminals will continue to enhance the roll-out of labour relations training to managers in our global facilities.
4. Maintain strong performance in specific labour topics and lift performance in those locations where necessary.

**From the field**

**Establishing safe and efficient port operations in a sometimes complex and challenging labour environment hinges on well-managed relationships with employees. Our facility in Callao, Peru, adopted a unique approach to engaging employees.**

“Cuenta Conmigo” translates to “Count on me”. It is APM Terminals Callao’s three-year strategy to transform the facility into the lead port of the Americas by 2015. Closely supported by the management, Cuenta Conmigo uses a bottom up “appreciative inquiry” approach that aims to actively engage and motivate staff in the long term, encouraging them to continuously perform at high standards, to suggest improvements, and find better ways to do their jobs and run the terminal’s processes.

The initiative has targeted two key areas – people engagement and project portfolio management – and aims to achieve safety improvements, port optimisation, and revenue. More than 60% of operational staff and 90% of office staff attended workshops that resulted in brainstorming 800 ideas in just one week. Ideas were compiled, grouped, analysed and prioritised for implementation. Each prioritised idea was assigned a project manager, a team and a sponsor. When ideas are implemented, the team presents their solution to all their colleagues and their success is celebrated and recognised.

**Benefits of the program**

- APM Terminals Callao realised a USD 3.8 million net profit from the ideas implemented in 2013;
- Process efficiency gains;
- Good results in projects that might not directly impact the bottom-line but help the employee do their work more consistently, faster and with fewer errors;
- Staff becomes used to continuously change for the better, approve change faster and positive change is recognised;
- Improved employee engagement;
- Mitigation of labour risks such as strikes and slowdowns.
SOCIAL RESPONSIBILITY

Our communities

With facilities all over the world, APM Terminals is an integral part of many communities and vice versa. We are therefore committed to investing in projects that create value for these communities and the company simultaneously. In 2013, we have worked on developing a new Policy for Donations and Community Investments, as well as a Guiding Framework, and a tool for selecting and prioritising appropriate investments. These were released in early 2014. The goal is to streamline and focus our facilities’ investments towards these key themes:

• Socio-economic development;
• Support health & safety in our surrounding communities;
• Protect the natural environment;
• Support education and training.

Investing in education

The More Than Me foundation takes girls off the street and into school in one of the most poverty-stricken townships in Monrovia located in Liberia, West Africa. More Than Me works with community leaders to identify the girls who are at high risk of being sexually exploited to ensure that education and opportunity, rather than exploitation and poverty, defines their lives. According to More Than Me, educating one girl in Monrovia is a key leverage point for social impact. Here is why:

• When a girl in the developing world receives seven or more years of education, she marries four years later and has 2.2 fewer children;
• An extra year of primary school boosts girls’ eventual wages by 10-20%. An extra year of secondary school: 15-25%;
• When women and girls earn income, they reinvest 90% of it into their families.

From the field

In Angola, APM Terminals joint venture Sogester is finalising a two-year school construction project in Dondo, about 150 km southeast of the capital Luanda. The school has capacity for 600 students in 12 classrooms and 24 teachers. The facility is primarily intended as an elementary school but the municipality is also considering usage as a high school.

Engaging our online stakeholders

For the front cover of this sustainability report we ran a photo competition through Facebook and Twitter. The competition was won by Jeffrey van Haagen.

With more than 200,000 followers, APM Terminals closely interacts with stakeholders through Facebook.

The age group of our fanbase is 25-30 years old, equally represented by both genders, from every continent, and mostly consists of employees or their families.

From the field

In Egypt, APM Terminals joint venture SCCT has also set education as a priority for support and provided Port Said schools with new furniture. To date, SCCT has provided 15 schools with various equipment for primary schools including some 200 tables and 1200 chairs. Additionally SCCT supported five elementary schools, seven middle schools and one high school with approximately 1000 desks for their students.

An extra year of primary school boosts girls’ eventual wages by 10-20%.

75,000 approximate population of West Point, a township of Monrovia located approximately 0.5 km from the APM Terminals’ port of Monrovia.

80% of the children in West Point do not attend school.

The population of West Point, a township of Monrovia located approximately 0.5 km from the APM Terminals’ port of Monrovia, is approximately 75,000. There is only one state school in this area. Eighty percent of the children in West Point do not attend school and 70% of this group are girls.

Initially More Than Me worked with a local private school, however the facilities were too small, under-equipped and the building was in state of disrepair. For this reason, APM Terminals Monrovia decided to collaborate with More Than Me and other partners to invest in education through the construction of a new school. An existing ex-government building in disrepair was restored and, in September 2013, the More Than Me Academy opened its doors. The Academy will welcome up to 240 girls.

For more information about the More Than Me foundation please visit: www.MoreThanMe.org.

Cai Mep International Terminal, Vietnam

More Than Me Academy, Monrovia, Liberia.

The Academy will welcome up to 240 girls.

200,000 
10-20%

55,000 
75,000

240 
30
Environmental responsibility

Our sustainability assessment identified that key environmental issues vary depending on where we are in our value creation process.

For example, during the implementation phase impacts to biodiversity were rated as most important, especially where we are developing green field sites. In the operating phase the focus is more on impacts and issues related to operating a facility such as spills and CO₂ emissions. The importance of issues also varies by location, depending on the local context, differing regulatory frameworks, and other local stakeholder requirements.

The environmental issues identified as important are detailed below, with spills and chemicals management standing out as an important issue for APM Terminals as a whole. Beyond these key issues, waste and water management, energy consumption and noise and light pollution are also environmental issues associated with our business that require our attention.

Our approach

The year 2013 was about focusing on capturing more accurate data and more regular reporting in particular for two of our most material environmental aspects: spills and emissions to air. The intention is to improve our understanding of our impact, inform management decisions, as well as meet the expectations of our stakeholders for better quality transparency.

Specifically, we rolled out a revised spills reporting requirement that describes the spills reporting scope and the spills investigation procedures. To further improve the data quality behind our carbon footprint, we introduced more regular reporting in 2013 as well as a new reporting guidance for energy consumption, waste, water and other air emissions (such as HCFCs).

In terms of our terminals’ performance, the data shows a 6% increase in CO₂ emissions per TEU in 2013 compared to our 2012 performance, suggesting our terminals emitted more CO₂ per move than in 2012. Analysis of the data indicates that this is due to the changes made in 2013 to the scope of reporting (see page 30, Sustainability Accounting Principles) and due to the data quality improvements that resulted in capturing more emissions data per terminal. As this is an important area of focus for APM Terminals, the new reporting process, data and energy efficiency initiatives will be reviewed and monitored in 2014 to ensure we continue to move towards our aim of reduced emissions.

In 2013 we reported:

- 1 significant spill
- 1,220,000 m³ water consumption
- 28,000 tonnes of waste generated
- Goals:
  - Reduce Terminal CO₂ emissions by 25% per TEU by 2020, compared to a 2010 baseline.
  - Zero significant spills

### Spills matrix

<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&gt;10</td>
</tr>
<tr>
<td>2</td>
<td>&gt;1</td>
</tr>
<tr>
<td>3</td>
<td>&lt;0.1</td>
</tr>
<tr>
<td>4</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>5</td>
<td>Oil film</td>
</tr>
</tbody>
</table>

Spills matrix

During 2013 a category 2 oil spill occurred at APM Terminals Algeciras in Spain. 7m³ of oil were spilled into the harbour after a container punctured during loading. The oil spilled through the terminal’s water drainage system and directly from the quay into the harbour’s water. The oil was promptly recovered from the water and the clean-up operation was observed by the local port authority and the port police.

In 2014, APM Terminals will focus on developing additional guidance and requirements regarding spills prevention and response to further equip our facilities to manage this issue.
In our facilities, one of our material risks is spills of hazardous substances. Spills have the potential to pollute water, soil and ground water, and can cause harm to people. Spills of oils or other hazardous substance may occur due to accidents (e.g., collisions, groundings, leaks), equipment failure (e.g., pipelines, hoses, flanges), or improper operating procedures during cargo transfer or fuelling. Additionally, equipment maintenance may involve the use of potentially hazardous materials including solvents and lubricants which can be spilled or leaked.

Many of our projects require an Environmental and Social Impact Assessment (ESIA) in order to get approval for construction and operations. Used well, ESIs are one of the most effective ways to identify, address and mitigate impacts. The ESIA process also helps to streamline the approval and permit process for construction and operations. In this way, there is continued interaction between the environmental and social specialists, the design and engineering specialists, and the project stakeholders. With such a large and varied portfolio of projects we need to have a flexible approach, but we have been working to develop a globally consistent, internationally recognised approach to ESIs so that we meet the needs and expectations of our regulators, lenders and stakeholders. In terms of environment ESIs help us to identify methods to minimise our impact on biodiversity from construction projects.

Climate change may impact our capital expenditures (CAPEX) as it is likely to affect the nature, quality and resilience of the structures we need to build, as well as increase the costs of insurance. Similarly, risks posed by climate change could drive governments to implement more market (dis)incentives that could potentially impact our future operating expenditures. Finally, hurricanes, floods, and other extreme weather can cause operational stoppages, as we experienced previously in Port Elizabeth during hurricane Sandy.

What causes spills at APM Terminals?

Managing our construction’s environmental and social impacts

The risks posed by climate change will be of increasing importance as the facilities we build are generally operated for 30+ years. According to the Intergovernmental Panel on Climate Change’s (IPCC) most recent report, warming of the climate system is unequivocal and each of the last three decades has been successively warmer than any preceding decade since 1850. Climate change could significantly influence our business and the greater shipping industry as a whole.

Climate change may impact our capital expenditures (CAPEX) as it is likely to affect the nature, quality and resilience of the structures we need to build, as well as increase the costs of insurance. Similarly, risks posed by climate change could drive governments to implement more market (dis)incentives that could potentially impact our future operating expenditures. Finally, hurricanes, floods, and other extreme weather can cause operational stoppages, as we experienced previously in Port Elizabeth during hurricane Sandy.

RESponsible Business

Responsibility procurement

Operating a responsible business means integrating sustainability into our dealings with business partners and suppliers through our compliance and responsible procurement programmes. It also covers how we interact with society through our tax contributions, and our support in humanitarian disaster relief efforts.

In our work with responsible procurement, we focus our efforts primarily on suppliers where high social and environmental risks are prevalent in their operations. Container handling equipment manufacturers, for example, demand the highest attention to personal safety, labour conditions and environmental risk management. It is essential that their workers can carry out their jobs under safe and decent working conditions, and can expect fair and respectful treatment.

In 2013, APM Terminals registered 115 suppliers in the responsible procurement programme, and assessed 15 suppliers against our Third-Party Code of Conduct. Assessing the practices of a supplier may take several weeks and includes engaging the supplier around the specific topics and requirements detailed in our Code of Conduct.

The knock-on effect of high port productivity

The knock-on effect of high port productivity

Port capacity and container terminal productivity support the effective movement of goods and the elimination of congestion and delays. Efficient ports have the knock-on effect of improving vessels’ turnaround time and reducing fuel consumption and emissions in coastal areas. In APM Terminals this helps increase both container throughput and energy efficiency—with knock on effects on our CO2 emissions.

The knock-on effect of high port productivity

Supplier learns and improves through responsible procurement

One of the key suppliers to APM Terminals is ZPMC, a Shanghai-based crane producer employing approximately 25,000 people.

In 2012, ZPMC opened their doors to A.P. Moller-Maersk Group’s responsible procurement programme conducting their first performance assessment against our Third-Party Code of Conduct. A year later, ZPMC had improved on 26 non-compliance items and had begun to implement a system to ensure compliance with social compliance policies including management oversight.

ZPMC has expressed appreciation for the programme and collaborative approach, and reports increased employee satisfaction with safety conditions and the relationship between management and employees.

“Our commitment to programme and collaborative approach, and reports increased employee satisfaction with safety conditions and the relationship between management and employees.

“Since joining the responsible procurement programme, we have seen some positive changes happening. Management has shown a clear commitment to corporate social responsibility and after last year’s improvement project our employees find that their workplace safety has improved,” said Mr Liu Jianbo, Vice President of ZPMC.
In 2013 APM Terminals started with the roll-out of the first year of its three year compliance strategy 2013-2016. The compliance strategy was developed because it was time to step up the existing compliance programme. APM Terminals is committed to 100% compliance with laws and regulations.

APM Terminals has been growing at a significant pace over the recent years, and is expected to continue doing so in the near future. The compliance risks are likely to be an exponential rather than a diminishing consequence of corporate growth. The mission of the compliance strategy is to prevent business cost and eliminate reputational risk. The ambition is to be 100% compliant.

One of the main activities carried out in 2013 was visiting the terminals and inland services companies globally, discussing their compliance risks and translating those risks into a user friendly compliance manual. APM Terminals’ compliance manual covers the following areas: Competition Law, Anti-Corruption Law, Foreign Trade Controls and Data protection.

Taking a systematic approach, the compliance manual consists of three main parts:

1. Compliance Checklists – set out the steps to take from a legal compliance perspective in certain scenarios;
2. Compliance Guidelines – contain do’s and don’ts and refer to the relevant procedures;
3. Compliance Procedures – for some situations, predefined procedures need to be followed to ensure compliance.

The APM Terminals Compliance Programme is supported by an organisation of regional compliance officers, who are responsible for rolling out and implementing the compliance programme in our global facilities. Any suspected violations of laws or the APM Terminals Compliance Programme can be reported by both employees and external stakeholders to a third party operated whistle-blower system. Reports can be made with regard to the following areas: fraud, corruption, foreign trade control violations, insider training, competition law violations, breach of IT security, discrimination and health, safety and the environment.
RESPONSIBLE BUSINESS

Responsible tax

The policy of APM Terminals is to maintain good corporate citizenship by complying with applicable tax regulations, being upright towards public authorities and paying taxes as required by law.

APM Terminals is committed to living up to this policy in all countries where we operate. Our policy implies identifying applicable tax laws and regulations, ensuring compliance with local requirements and practices, disclosing all relevant facts to the authorities and adopting a justifiable tax position where tax regulations allow for different interpretations or choices. The APM Terminals Tax Control Framework is built to ensure that the tax policy is adhered to through five internal controls, ten building blocks and more than twenty tax tools. All of these combine into one tax control framework and form the backbone of the APM Terminals tax function.

Tax control framework

The five internal controls are already implemented through the APMT Control Manual and effectuated through quarterly self-assessments. The full tax control framework blueprint is close to completion and ready to be fully rolled out into the organization in the course of 2014.

Support in humanitarian crises

As a member of the Logistics Emergency Teams (LET), a disaster relief support network formed under the World Economic Forum, APM Terminals works with the UN’s World Food Programme to deliver humanitarian aid when a large-scale natural disaster strikes. The LET is an industry partnership that combines the logistics expertise of Agility, A.P. Moller-Maersk, TNT Express, and UPS.

In November 2013, typhoon Haiyan left a trail of devastation in the Philippines. Survivors, many homeless and bereaved, lacked access to food, water, telecommunications and power. With roads destroyed or covered in debris, getting help to these areas was near impossible. A major logistics crisis. As a member of the LET partnership, APM Terminals deployed a trained LET health and safety expert who assessed the safety situation, provided recommendations on how to improve it and conducted a train-the-trainer workshop on health and safety management for 24 employees of UN agencies, NGOs and governmental institutions.

Typhoon Haiyan struck Tacloban City, Philippines
Sustainability accounting principles

**Reporting framework**
This report was prepared using the Global Reporting Initiative’s (GRI) G4 Sustainability Reporting Principles as guidance to determine report content and quality. APM Terminals has not applied GRI-specific disclosures.

**Reporting period**
Our reporting covers the period from 1 January to 31 December 2013.

**Controls**
The consolidated reporting tool used by our businesses to report performance data is validated via IT audit, with manuals and online training in place. A set of generally accepted accounting principles for sustainability is established, which defines the reporting rules, processes and responsibilities. All business units are obliged to provide explanation sheets on significant data developments.

**Scope**
Operational scope is only applied for safety and spills data when a business unit has the governing authority and responsibility for the people, processes and facility – either directly or indirectly via third-party contractual arrangements. This approach excludes data from assets which are partly owned by the business unit but owned by another company (i.e. a non-operated joint venture). Financial scope is applied for all other company (i.e. a non-operated joint venture) data from assets which are partly owned by third-party contractual arrangements. This approach excludes directly or indirectly via third-party contractual arrangements. This approach excludes data from assets which are partly owned by the business unit but operated by another company (i.e. a non-operated joint venture).

Financial scope is applied for all other sustainability data, and is defined as follows:
- Owned assets and leased in assets which APM Terminals uses: APM Terminals is liable for consumption, emissions and other environmental elements;
- Owned assets which are leased out: APM Terminals is not liable for consumption, emissions and other environmental elements – the lessee is.

Technical management of an asset on behalf of third parties does not change the responsibility. Thus, consumption and emissions still belong to the asset owner/lessee who uses the asset. In regard to greenhouse gases, the reporting must be compatible with the Greenhouse Gas (GHG) protocol: direct emissions from own assets (Scope 1), indirect emissions from purchased electricity and district heating (Scope 2).

APM Terminals reports on scope 1 and 2 GHG emissions.

**Consolidation**
For operational control, 100% of the data from the operated assets is included irrespective of percentage ownership. Financial scope uses our financial consolidation methodology: data is collected per legal entity per activity, and the figures are consolidated line-by-line. Subsidiaries, in which the APM Terminals has full control, are included 100%. Joint operations are included by proportional consolidation. Joint ventures and associated companies and other companies, in which APM Terminals does not have control, are excluded. Using financial consolidation principles helps us establish the sustainability indicators, which can be compared directly with financial data, thereby providing context for our performance.

**Emission conversions**
Our GHG emissions are calculated indirectly via default conversion factors for energy consumption and other GHG gases. The converters for 2013 have been updated, and so too have some of the 2012 and 2011 figures to maintain comparability.

**Definitions:**
- **Number of employees** measures average number of full-time equivalents (FTEs). FTEs are calculated based on the total number of compensable hours (days) in a work year compared to the number of hours (days) in a ‘norm’ work year. Excluded are employees on unpaid leave, contractors and temporary staff.
- **Headcounts** are defined as regular employees not on leave, on paid leave and on unpaid leave. Excluded are contractors and temporary staff.
- **Employee engagement scores** reflect the percentage of satisfaction of employees, who participated in the annual engagement survey. Participants consist of operations staff (blue collar) and office staff (white collar). Engagement is measured on four factors, namely satisfaction, advocacy, loyalty and pride. The percentage is based on headcounts.
- **LTI (Lost-Time Injury)** is defined as an injury from a work-related incident that resulted in an individual being unfit for his/her work for any subsequent scheduled work day or shift that could potentially have resulted in a severe injury as per APM Terminals risk matrix, per million exposure hours.
- **Energy consumption** is based on fuel oil, diesel, gas and electricity consumption.
- **Direct GHG** is the sum of all six Kyoto gasses converted to CO2 equivalents. Kyoto gasses comprise: CO2, CH4, and N2O, which are calculated based on fuel consumption/combustion, and HFC, SF6 and HCFC, which are based on direct consumption.
- **Indirect GHG** is the CO2 equivalents’ converted sum of CO2, CH4 and N2O, calculated on consumed electricity and district heating bought from a third party. See also principles for emission conversions.
- **Amount of waste** is the sum of all waste types generated.
- **Amount of water** is the sum of all water consumed in our facilities.

APM Terminals Sustainability Report 2013 APM Terminals Sustainability Report 2013
## Company performance overview

### Economic Performance

<table>
<thead>
<tr>
<th>Unit of measure</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue USD million</td>
<td>4,682</td>
<td>4,206</td>
<td>4,332</td>
</tr>
<tr>
<td>Profit for the year USD million</td>
<td>648</td>
<td>701</td>
<td>770</td>
</tr>
<tr>
<td>ROIC, segment %</td>
<td>12.9</td>
<td>13.6</td>
<td>13.5</td>
</tr>
</tbody>
</table>

### Social Performance

<table>
<thead>
<tr>
<th>Unit of measure</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees FTEs</td>
<td>20,110</td>
<td>20,685</td>
<td>20,270</td>
</tr>
<tr>
<td>Employee engagement % (Office staff - white collar)</td>
<td>76</td>
<td>79</td>
<td>77</td>
</tr>
<tr>
<td>Employee engagement % (Operational staff – blue collar)</td>
<td>61</td>
<td>67</td>
<td>72</td>
</tr>
<tr>
<td>Lost Time Injury Frequency Based on Exposure hours</td>
<td>3.61</td>
<td>2.53</td>
<td>1.81</td>
</tr>
</tbody>
</table>

### Environmental Performance

<table>
<thead>
<tr>
<th>Unit of measure</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy consumption</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel Oil 1,000 tonnes</td>
<td>0</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Diesel 1,000 tonnes</td>
<td>94</td>
<td>97</td>
<td>102</td>
</tr>
<tr>
<td>Gas 1,000 tonnes</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Electricity 1,000MWh</td>
<td>404</td>
<td>425</td>
<td>418</td>
</tr>
<tr>
<td>Energy consumption (total) GJ</td>
<td>5,555,904</td>
<td>5,843,158</td>
<td>6,178,151</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Greenhouse gas (GHG emissions)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct GHG emissions (Scope 1) CO₂ eq</td>
<td>526</td>
<td>563</td>
<td>604</td>
</tr>
<tr>
<td>Indirect GHG emissions (Scope 2) CO₂ eq</td>
<td>328</td>
<td>367</td>
<td>417</td>
</tr>
<tr>
<td>SO₂ 1,000 tonnes</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>NOₓ 1,000 tonnes</td>
<td>6</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Waste 1,000 tonnes</td>
<td>23</td>
<td>21</td>
<td>28</td>
</tr>
<tr>
<td>Water 1,000 m3</td>
<td>972</td>
<td>1,183</td>
<td>1,220</td>
</tr>
<tr>
<td>Spills Category 1 &amp; 2 m3</td>
<td>2</td>
<td>0</td>
<td>7</td>
</tr>
</tbody>
</table>
We welcome any questions, comments or suggestions you might have for this report and our performance.

Please send your feedback to the Sustainability department at the World headquarters.

You can also send an email directly to:

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