ASSOCIATED BRITISH PORTS
ANNUAL REVIEW
JULY 2015
Keeping Britain Trading
Immingham is the UK's largest port by tonnage.
ABP’s unique portfolio of 21 ports and Hams Hall Rail Terminal forms a great British transport network capable of handling every type of cargo. We are committed to working with our customers to develop new world-class facilities and services that help their businesses grow. That’s why we are investing more than £800 million across our ports to respond to the needs of our customers, who rely on our business for access to international and domestic markets.

In 2014, ABP and its customers handled over 94.5 million tonnes of cargo, including over 30 million tonnes for export. Together with our customers, we support 84,000 jobs around Britain and contribute £5.6 billion to the UK economy every year. Thanks to our investment this contribution will rise to £7.35 billion.

We are proud both to be the UK’s leading ports operator and of our place in the supply chain of some of the nation’s biggest business success stories.
Welcome to the ABP 2015 Annual Review.

The past 12 months have seen us embark on an ambitious programme of change, ‘Good to Great’. Good to Great will guide much of what we do at ABP over the coming years. It is the foundation of our future; ensuring our ability to deliver the best customer service and win new business in a highly competitive and changing market.

Good to Great is shaped by a number of projects that are now underway and designed to improve every aspect of our business, both behind the scenes and at the sharp end. We are learning what we do well and where we can do better. And we are committed to continuously finding and delivering new ways to improve.

Good to Great will put ABP at the forefront of innovation in the ports sector; using new processes, technology and systems that will enable us to deliver exactly what our customers demand every time, in the most flexible, efficient and sustainable way.

Delivering change of this scale is a major challenge in any business but, by working together, it is a challenge everyone at ABP can meet.

Our strength as a business lies in many areas, including our unique network of 21 ports and ability to invest in new infrastructure and facilities for our customers. Over the past year, we have invested £144 million in projects designed to deliver world-class facilities for our customers. This is part of an ongoing investment programme worth more than £800 million.

Investing in new infrastructure and facilities remains a key driver of growth in our business. Thanks to investment in new vehicle handling facilities, during 2014 our automotive business grew by 6% to around 1.6 million vehicles. Supported by the new SCT 5 berth at Southampton Container Terminal, the group’s container traffic increased by 19% to 1.3 million containers.

The completion of the first phase of Immingham Renewable Fuels Terminal and new facilities in Hull more than tripled the volume of sustainable biomass we handle for new low carbon power generation to 2.4 million tonnes. Our joint investment of £310 million with Siemens in a new offshore wind manufacturing facility at Green Port Hull represents a further diversification of our business into supporting low carbon energy. On 22 January, I was delighted to welcome the former Secretary of State for Energy to Hull for the groundbreaking ceremony on a project that will make an important contribution to our growth in the future.

Over the past year, we have invested £144 million in projects designed to deliver world-class facilities.

More examples of investing for growth over the past year include the new £5 million Travis Perkins distribution facility in Cardiff, which created 100 new jobs and a new £2.2 million warehouse in Ipswich to serve the dry bulks trade in East Anglia. In Southampton we have invested £6 million in upgrading the Mayflower Terminal to improve...
the passenger experience and keep Southampton at the forefront of Europe’s cruise industry. However, as we reported in our financial results earlier this year, our overall trade only grew by 0.6% to 94.5 million tonnes in 2014. One reason for this was disappointing coal volumes which fell 16% to 18.6 million tonnes.

The small rise in our overall trade through 2014 against the backdrop of falling coal volumes in some ways crystallises the critical importance of Good to Great. It demonstrates why, more than ever before, our people are the key to our long-term success.

Throughout our business, the past year has seen our people make great strides in taking our business forward and we are investing in them as never before. Across the group we support more than 50 apprenticeships in everything from engineering to administration and we are looking to continue to increase this number. In April the Chancellor, Rt Hon George Osborne MP, visited the Port of Southampton to hear how we are doubling our intake of marine apprentices this year.

More than ever before our people are the key to our long term success.

Safety remains paramount and in addition to providing extensive training, we have improved reporting processes and we are introducing industry-leading personal protective equipment to help make sure all of our people go home safely every day. Our new commercial strategy, underpinning our determination to deliver the best solutions for customers, is gathering momentum as we harness our people’s wealth of knowledge and expertise for the benefit of our customers, helping to grow their businesses.

The highest standards of customer service are the best way to drive growth. From Ayr to Swansea our efforts are being recognised with new business, often at a lower cost. Our new operations best practice team is already helping to come up with fresh ways to drive performance in every one of our 21 ports and, again, deliver our powerful commitment to customer service.

Our resolve to minimise the impact of port operations and development on the environment continues with the introduction of solar arrays around our ports and other renewable energy projects to power businesses and the national grid. Resource efficiency has seen significant improvements, thanks to the delivery of a range of new initiatives, including a large scale programme of lighting upgrades at our East Anglian ports utilising LED technology, which will save an estimated 84 tonnes of CO2 every year.

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We are taking a new approach to managing our property portfolio and positioning our business to realise exciting new development opportunities. Our strategic development land around Britain can play a key role in attracting investment that will benefit ABP and the wider economy. In many places, we have land that can be the ideal location for the creation of new manufacturing businesses; not just in the marine energy sector but for every type of manufacturing.

Working with government is also critical for our business in the widest sense. Government policy and decisions shape the world in which we operate, the markets we serve and how we are able to serve them. It is not just important for ABP itself to work with government, it is important for the nation. We should never lose sight of the fact that, together with our customers, our ports support 84,000 jobs across Britain and contribute £5.6 billion to the UK economy every year; a contribution set to rise to £7.35 billion thanks to our ongoing investment. That is why over the past year we have intensified our engagement with government, parliamentarians and others, to support the whole UK ports industry in making sure its voice is heard.

In 2014 ABP led the development of the industry manifesto, Ports for Prosperity, which sets out ways in which government can help the industry better support the economy. This includes making sure that road and rail links to ports are as effective as they can be, reflecting ports’ critical role in the supply chain of businesses across the nation.
These businesses include manufacturing companies such as Jaguar Land Rover and JCB. Making sure these companies can efficiently access our ports for exports to global markets is essential. Last October I was proud to present the Ports for Prosperity manifesto to the then Shipping Minister, Rt Hon John Hayes MP.

It is important work that we will continue to build on.

The importance of our ports in helping support jobs and economic growth further highlights their wider role in supporting the community. In ABP we are committed to being good neighbours. Over the past year we have taken our engagement with our communities to unprecedented levels - whether it is delivering the ABP Southampton Half Marathon for 6,000 runners and 30,000 spectators or providing free sailing lessons for schoolchildren on the Solent and the Humber.

Perhaps one of the foremost testimonies to the skill and professionalism of our team at ABP over the past 12 months was dealing with the MV Hoegh Osaka which ran aground off the Isle of Wight on 3 January. Such incidents are mercifully rare but, working with the salvors and other agencies, our colleagues working in marine at the Port of Southampton, supported by marine experts elsewhere in the group, did an outstanding job to safely refloat the vessel and ensure the port could continue operating. Their efforts rightly received universal praise, including from the Secretary of State for Transport, Rt Hon Patrick McLoughlin MP.

Yet again, the past 12 months has shown the dedication of everyone at ABP to our business and to our customers. That dedication will help us continue to drive growth and take our business from Good to Great in the years ahead. That dedication means we will continue to fulfil our mission: Keeping Britain Trading.

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Trade is up

KEEPING BRITAIN TRADING
In 2014 the volume of cargo passing through ABP’s ports increased by 0.6% to 94.5 million tonnes year on year.

Southampton Container Terminal can handle the largest container vessels in the world.
19% Containers 1.3m 2014
16% Coal 18.6mt 2014
325% Biomass 2.4mt 2014
6% Cruise Passengers 1.6m 2014
3% Iron Ore 10.4mt 2014
TRADE IS UP

- **4%** Liquid Bulks 22.4mt 2014
- **6%** Vehicles 1.6m 2014
- **1%** RoRo 591k units 2014
- **5%** Agribulks 4.6mt 2014
- **2%** Ferry Passengers 1.3m 2014
They are telling us that we are on the right track with Good to Great. We are determined to deliver.

Jens Skibsted Nielsen, ABP Commercial Director

“We are listening to our customers. They are telling us that we are on the right track with Good to Great. We are determined to deliver.”
We are working 365 days a year to facilitate our customers’ trade and to help their businesses grow. Over the past year we’ve started to implement a new commercial strategy that is reinforcing our ability to offer the highest standards of service. Across our 21 ports our people have huge knowledge and experience, and we’re building on this to ensure we lead the way in adding value and delivering innovative solutions to meet our customers’ changing needs.
From JCB and Jaguar Land Rover to Carr’s Water Biscuits, our ports are an essential part of the supply chain for businesses up and down Britain.

Jaguar Land Rover is a major British export success story. The Port of Southampton offers JLR and other UK automotive manufacturers access to global markets.

Our ports facilitate the import of raw materials and components as well as the export of finished products, helping to drive trade and economic growth. They also help supply fuel to major power stations to generate electricity and oil to refineries, vital for ensuring national energy security.

We are at the heart of the supply chain.
A substantial portion of these exports pass through Southampton which remains one of the major UK RoRo ports. We have been served well over the years with a large number of services calling at Southampton. It is good to see that further investments are being made in increasing the capacity further.

Joannes Van Osta, JCB General Manager Group Transport & Global Machine Distribution

“JCB is a leading exporter, with over 75% of our UK production being sold to overseas markets.”
For over 180 years, ABP’s Port of Silloth has been an essential part of the supply chain for the efficient delivery of UK and imported wheat for Carr’s Flour Mills, supplying, amongst many others, flour for United Biscuits’ Carr’s Table Water Biscuits.

Julius Deane, Wheat Director, Carr’s Flour Mills
ABP has invested £15 million in continuous ship unloaders at the Port of Immingham.

ABP is investing over £800 million in state-of-the-art facilities and infrastructure. This investment is helping our customers’ businesses to grow and creating jobs. As well as promoting trade and exports by improving access to global markets, our investment is also protecting national energy security and supporting the development of new renewable energy.

From the new £2.2 million Orwell Bulk Terminal in Ipswich, opened in June, to our £130 million investment in new biomass handling facilities across the Humber, we are delivering essential national infrastructure to keep Britain trading.
Creating jobs
Our £5 million investment in the new Travis Perkins distribution facility in Cardiff, which opened in December, has helped to create 100 new jobs.

Promoting exports
The Port of Southampton is the UK’s leading port for vehicle exports. In April we announced a further £12 million investment to extend our vehicle handling facilities in the port, to support continued growth in the trade.
Supporting renewables

Across ABP we are backing new renewable energy. ABP has ports near all the key offshore wind zones and we are involved in major new renewable energy projects around the UK coast. With ports like Barrow, Grimsby and Lowestoft being significant bases for operations and maintenance teams, we’re also playing a vital role in ensuring those facilities already in place keep on generating clean energy.

On the Humber, ABP is working with Siemens on the £310 million Green Port Hull development. Due to open in 2017, it will be a world-class facility for the manufacture, assembly and servicing of wind turbines.

Protecting energy security

Drax Power supplies between 7% and 8% of the nation’s electricity. Over the past year we have invested in new facilities to allow Drax to import biomass for sustainable electricity generation.

In December we opened the Port of Hull’s dedicated biomass terminal, a £16 million facility capable of loading 25 rail wagons in 35 minutes. This is part of a £130 million investment in biomass handling on the Humber.

On the south bank, at the Port of Immingham, we have invested in Immingham Renewable Fuels Terminal, the world’s largest, most technically advanced biomass handling facility.
Our commitment to making ABP a great place to work has underpinned a series of investments designed to help our employees be the best they can be.

Central to this is the launch of a new tool to help all employees develop their careers within the business. The Learning Management System is a significant shift in the way ABP handles training, introducing a structure designed to ensure everyone can develop a wide range of skills including technical and people skills.

Called My Learning, it’s a one-stop shop for ABP’s training courses, a wide variety of e-learning content, reading materials and access to hundreds of online courses.

We have also moved to invest in developing the leaders within our workforce with the launch of a pilot programme in Hull. We aim to grow the skills of our leaders to help them inspire their teams and drive the business forward.

Our continued investment in graduate recruitment has seen another successful intake introduced to the business with talented young people securing roles in Immingham and Teignmouth after experiencing a variety of positions across the group.

Finally, we have redesigned our Performance Development Review system from the ground up to provide more opportunity to fully recognise the huge contribution our employees make to the success of the business.

It’s a highly skilled job. I love it. I like driving the big machines and there’s plenty of opportunity to learn new skills.

Don-Phillip Young, Reach Stacker Operator, ABP Hams Hall Rail Terminal

Building a great place to work
Investing in apprenticeships

ABP is continuing to invest in young people and that commitment is growing. Across the group we support more than 50 apprenticeship positions. As well as marine operations, ABP has apprentices specialising in areas covering key port operations, including engineering, electrical and administration.

We currently employ nine apprentices on our unique Marine Operations Apprenticeship scheme and we have moved to double that number in 2015. The Marine Operations Apprenticeship scheme, which is the only one of its kind in the country, is based around the National Occupational Standards for Port Operations. It is designed to give those interested in working in a marine environment the opportunity to learn about shipping and port operations, while working for the UK’s leading port operator.

“I couldn’t think of a better job or company to work for. It’s a fantastic opportunity with the chance to gain new experiences and a great career.”

Niall Robson, Year 1 Marine Apprentice
ABP maintains an extensive programme of safety training. This is on top of our commitment to delivering job-specific safety training and specialist assistance in areas such as risk assessment, working at height and manual handling.

We have a uniform risk assessment system across safety, environment and security, with regular, in-depth safety audits at each of our locations to identify and eliminate potential hazards. All employees are expected to undertake risk assessments before starting any new project to ensure it is done in the safest possible manner.

At ABP we practice a mandatory five-point personal protection equipment policy. This means the minimum standard is five pieces of safety equipment: safety helmet, high visibility coat or vest, safety footwear, hand protection and eye protection.

The past 12 months have seen the implementation of a number of new and improved reporting systems and campaigns to minimise accidents in all of the workplaces across the group, such as the Stop4Safety campaign, which we launched in June.

Ensuring all of our people go home safely every day is at the heart of our values. We are working hard to make sure our workplaces exceed industry safety standards.
Nineteen days later, under the watchful gaze of the world’s media, she was towed back into port. The entire operation was completed without serious injury, pollution or interruption to port operations.

The successful resolution was a testament to the skill, tenacity and professionalism of our marine team.

On 3 January 2015, at 9.30pm, the 50,000 tonne car carrier Hoegh Osaka developed a severe list as she sailed from the Port of Southampton and was safely grounded away from the shipping lane.

I congratulate all those who have worked tirelessly day and night to bring this ship back to port.

They battled exceptionally difficult weather conditions with extraordinary dedication and courage.

Rt Hon Patrick McLoughlin MP
Secretary of State for Transport
Our 21 ports are home to a diverse range of environments and we play an active role in caring for each of them.

In the past 12 months we have created a fish pass on the River Freshney, which flows into ABP’s Port of Grimsby, so eels, sea trout and, in time, salmon can make their way up the river as part of their migratory passage.

At Paull on the Humber, in 2014, we created a 36 hectare wet grassland habitat for overwintering birds such as golden plover, curlew and lapwing.

Around Green Port Hull, where we are building a new offshore wind manufacturing facility with Siemens, more than 90 trees and around 26,000 plants have been used in the landscaping of a new 62 million footpath and cycleway.

We are working on a number of resource efficiency projects around our ports, including a series of lighting upgrades. One scheme in our East Anglian ports involved upgrading warehouse and canopy lighting, utilising the latest LED technologies. This will save an estimated 84 tonnes of CO₂ each year.

We are also completing energy surveys at all of our 21 ports that will allow us to identify opportunities and deliver further energy savings as we work to meet the International Standard for Energy Management (ISO 50001).

ABP is continually working to increase the amount of green and renewable energy we generate and procure for our own operations, as well as for our customers.

We have continued our programme of installing roof-top solar panels, with new arrays in Plymouth, Ipswich, Southampton, Newport, Swansea and Immingham.

In the Port of Barry, construction of a 4.47MW solar array is well advanced. Ultimately it could generate enough green energy to power up to 2,000 homes. Along the coast in Swansea, we have seen the installation of our first biomass boiler that will heat our offices and provide sustainable energy.

Thanks to these and other initiatives, we now generate 7% of the electricity we use for our operations from renewable sources and this is on course to double next year.

We recycled 80% of our waste in 2014 and we are continuously striving to increase that proportion.

We generate 7% of the electricity we use from renewable sources and are on course to double that next year.

We created 36 hectares of wet grassland on the Humber, perfect habitat for waders, shorebirds and waterbirds.
The half marathon was a fantastic thing that ABP delivered for the city of Southampton and its people.

Councillor Sue Blatchford,Mayor of Southampton

Working for the community

Each of our ports plays an active role in the community

Over the last year, we’ve continued to work hard to support communities around our ports and our people have raised money for good causes up and down Britain.

The many highlights include the ABP Southampton Half Marathon and 10k, which took place in April. In its inaugural year, 6,000 runners ran over 70,000 miles, all supported by more than 500 community volunteers, the ABP Milemakers.

Schoolchildren from across the Humber have been given the opportunity to learn about global trade and the importance of the Humber Estuary, as well as Hull’s proud maritime history, with a series of river cruises organised by ABP and the Hull Children’s University throughout the year.
In March, the Port of Lowestoft arranged for students from Warren School, a local school for children with severe learning difficulties, to attend a football match at Lowestoft Town FC. The students had the chance to meet the players and were presented with a treasured LTFC shirt.

The ABP Southampton Sailing Academy has seen pupils from across the city get a taste of life on the water. The academy, which has been operating for a little over a year, has seen dozens of students, aged between 8 and 16, take part in free sailing lessons. We are also rolling out sailing lessons for children on the Humber.

In Grimsby, we have donated £5,000 to a community enterprise which has saved the town’s Humberstone Library from closure.

Engineers at the Port of Newport built a ship-shaped float for the port’s entry into the 2014 Pillgwenlly Carnival in August. The port sponsored the community event, which had a maritime theme in honour of the centenary of the completion of the building of Newport’s historic South Dock.
In March, ABP helped Immingham’s 2015 East Midlands In Bloom campaign to blossom. As well as providing financial support for the campaign, we also helped the town’s In Bloom committee transform wasteland into a conservation area.

In May, a team from ABP’s Head Office in London took part in Business in the Community’s Give and Gain Day, creating a community garden for the people of Hackney.

Across the country our employees are continuing to raise money for causes close to their hearts. On the Humber they raised £70,000 to help build a new classroom for Marfleet Primary School, which was founded in 1892 to educate the children of port workers. In Southampton, employees raised £30,000 for their charity of the year, the Countess of Mountbatten Hospice.

A team drawn from across ABP entered the 29th annual Macmillan Cancer Support House of Lords vs House of Commons Tug of War fundraising event at Westminster in June. ABP also sponsored the House of Commons ladies team at the event, which raised £116,000 for the charity’s work.

Engineers at the Port of Newport built a ship-shaped float for the port’s entry into the 2014 Pillgwenlly Carnival.

Celebrating the centenary of South Lock
Last year ABP launched a manifesto for the nation’s ports on behalf of the United Kingdom Major Ports Group. Launched at the Labour and Conservative party conferences, the Ports for Prosperity manifesto outlines what government can do to help ports better serve the nation. ABP Chief Executive James Cooper handed over the manifesto to the then Shipping Minister, Rt Hon John Hayes MP and Shadow Shipping Minister, Gordon Marsden MP.
The Humber is the UK’s busiest trading estuary.