

Corporate Sustainability Highlights of the Panama Canal Authority (ACP)

Below are corporate sustainability highlights from the Panama Canal Authority (ACP) Annual Report for Fiscal Year 2008 (FY2008).

Overview

In FY2008, the ACP continued to manage the Panama Canal in a sustainable manner to ensure the well-being of its **employees**, **environment**, the **community** surrounding the Canal, its **customers**, and **suppliers**. The following achievements demonstrate the ACP's success in safeguarding and upholding Panama's most important asset – the Panama Canal – as a safe, reliable and efficient service.

Employees

The ACP recognizes that its employees are the most important resource in achieving service excellence, and continually creates opportunities for its workforce to grow both personally and professionally. In FY2008, the ACP implemented various programs for Canal professionals including:

- **Information Technology Program** – Provides employees instant access to personal data, Panama Canal library services, and information about recreation and other events of interest.
- **Training and Development Program** – Offers several training options for employees in all functions and levels, ranging from advanced marine training programs, leadership, managerial, technical seminars, as well as language courses. In FY2008, 97 percent of the total workforce reported an annual training average of 36 hours per employee.
- **Equal Opportunity Program** – Advocates for the equal treatment of all employees and job applicants and forbids discrimination on the basis of sex, age and race, among others. In FY2008, 12.5 percent of the Canal workforce consisted of women, and there are no differences in salary between genders.
- **Health and Wellness Program** – Motivates employees to care for their health by identifying risk factors for obesity through periodic physical examinations and providing access to physicians, nurses, nutritionists, physical fitness specialists and psychologists. Also, ACP has a Work Hardening Program which treats employees that suffer workplace related injuries. The main objective of this program is to reinstate employees to the productivity force in a short period of time.

Environment

The ACP continues to promote sustainable management of the Canal watershed and heighten environmental awareness in its surrounding community. Three ACP environmental programs include:

- **Reforestation Program** – Through the Reforestation Program, 325 hectares of forest were replanted in Soberania National Park; Ciudad del Arbol in Chilibre; El Cacao in Capiira, and in the community of Agua Salud. Since the program began in 1998, a total of 947 hectares of forest have been replanted. Additionally, as ecological compensation for the forest cover affected by the first two dry excavation projects of expansion, 145 hectares of forest have been reforested in Camino de Cruces National Park and Altos de Campana National Park.
- **Energy Saving Program** – Aims to create in each person a solid commitment to save energy and adopt more effective uses of energy at work, home and in the community. By the end of FY2008, the campaign reached approximately 2,500 employees and the ACP accomplished a 5,255,654 kWh reduction in energy consumption, compared to FY2007. This represents savings of \$761,558.2.
- **Environmental Education Program** – The ACP creates and distributes educational materials to its local community about environmentally responsible behavior through its Environmental Education Program. During FY2008, educational materials were distributed to 150 schools and the ACP tripled its teacher environmental training, in comparison to FY2007.

Community

The ACP is dedicated to enhancing its surrounding community and proudly supports programs that engage and educate Panamanians on the importance of the Canal including:

- **Family Community Center Project** – Provides computer access in many communities with an array of courses, projects and general education alternatives. Expanding from a local technology

project to a country-wide initiative, at the end of FY2008, more than 143,930 users have availed themselves to the 17 community centers in operation throughout Panama.

- **Public Information Program** – Uses the *El Faro* magazine and the *Tu Canal al Día* television show to keep the citizens of Panama informed about Canal operations and administration, as well as the implementation and progress of every component of the Expansion Program.
- **Young Leaders Program** – Motivates students with leadership traits to develop their skills and empowers them to become ACP ambassadors in their communities. The student leaders participate in fairs, exhibitions, and information tours around Panama and instruct the general public about the importance of the Canal.
- **Program for Academic Excellence** – Encourages undergraduate students with an outstanding grade point average to develop their acquired knowledge, leadership skills and work experience by participating in projects related to the Expansion Program. In FY2008, through a competitive selection process, 18 students were chosen to work on projects for six months and focused on a variety of fields, including electrical engineering, electronics and communications, and industrial management.

Customers

As the Canal Expansion advances, the ACP continues to provide quality customer service by listening to clients and adapting its services to meet their changing needs. In FY2008, the ACP met with clients and stakeholders to share information on the progress of expansion and signed Memorandums of Understanding with the Port Authority of New York & New Jersey, Georgia Ports Authority, South Carolina State Ports Authority, Virginia Port Authority, Massport, Port of Miami, Port of Tampa, Port of Houston, and the Port of New Orleans. In February 2009, the ACP signed an MOU with the Curacao Ports Authority. Together, the ACP and these ports will promote the “All-Water Route” from Asia to the U.S. East and Gulf coasts through the Canal as the best alternative for shipping goods to U.S. consumer markets. Additionally, the Canal received visits from thousands of customers and stakeholders, including shipping lines, students, international organizations and government delegations, among others, who viewed Canal operations from the Miraflores Locks. High-level delegations also toured the Canal Expansion works in the Cocoli area.

Suppliers

The ACP corporate management model is based upon the values of honesty, loyalty, transparency, responsibility, competitiveness, and reliability. This extends into the ACP’s relationships with clients, suppliers, and contractors who participate in the day-to-day operations of the Canal. The ACP attracts companies to participate in new business opportunities through an online tender system, certified under ISO 9001:2000 and subject to regular audit. During FY2008, 12,000 contracts were awarded for a total of \$915 million. When compared with the \$318 million in fiscal year 2007, the FY2008 figure represents an increase of 188 percent. It is important to note that 62 percent of ACP procurements were awarded to Panamanian companies, reaffirming its commitment to full and open competition. In FY2008, approximately nine out of every 10 purchases were awarded on the basis of offers received over the Internet, and by the end of FY2008 more than 8,000 companies and individuals had active registrations for the ACP online tender system to receive information about procurements.

Financial Standing

At the closing of FY2008, the ACP’s financial statements show excellent results, especially in total revenues, boosting profit and total contributions to the National Treasury. The ACP reported a net income of \$1,028.5 million, exceeding the results reported in FY2007 by 27.5 percent. From this net income, the ACP retained \$685 million to finance its investment programs and to establish equity reserves according to the law, and \$344 million were paid as dividends to the National Treasury. Payments to the central government resulting from fees per net ton and public services fees reached \$357 million in FY2008, growing at a rate of 18 percent per year. Between FY2000 and FY2008, total contributions to the government show a compounded annual growth rate of 20 percent.

About the Panama Canal Authority (ACP)

The ACP is the autonomous agency of the Government of Panama in charge of managing, operating and maintaining the Panama Canal. The operation of the ACP is based on its organic law and the regulations

approved by its Board of Directors. For more information, please refer to the ACP's Web site:
www.pancanal.com.

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