



秦皇岛港股份有限公司

QINHUANGDAO PORT CO.,LTD.*

(a joint stock limited liability company incorporated in the People's Republic of China)

Stock Code : 3369



2017

CORPORATE SOCIAL RESPONSIBILITY REPORT

* For identification purposes only

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ABOUT THIS REPORT

This is the Corporate Social Responsibility Report (or Sustainability Report) published by Qinhuangdao Port Co., Ltd. for the second consecutive year to communicate with all the stakeholders about the Company's social responsibility concepts, work initiatives and performances, and respond to their needs.

1. Range of Period

From 1 January 2017 to 31 December 2017. The coverage of certain statements and data may go beyond the aforesaid period.

2. Scope of Reporting

The report covers the headquarters, internal departments and all branches and subsidiaries of Qinhuangdao Port Co., Ltd.

3. Source of Data

The financial data in the report are extracted from the 2017 financial report of Qinhuangdao Port Co., Ltd. which is independently audited by Ernst & Young Hua Ming LLP; and other data are derived from relevant systematic statistics of the Company.

4. References of Preparation

The report is prepared in accordance with the Stock Exchange of Hong Kong Limited ("the HKEx") Appendix 27 *Environmental, Social and Governance Reporting Guide* of the Rules Governing the Listing of Securities ("Listing Rules"), the *Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange*, and with reference to the *Sustainability Reporting Guidelines* (G4) of the Global Reporting Initiative (GRI).

5. Description of Specifications

For the convenience of expression, "Qinhuangdao Port Co., Ltd." is also referred to as "we", "QHD Port" and "the Company".

6. Access to the Report

You may browse or download the Chinese version of this report from the website of Shanghai Stock Exchange, or the Chinese and English versions from the website of Hong Kong Stock Exchange.



Dear readers,

It is a harvesting year for QHD Port in 2017, which is also an important milestone in the development history of the century-old port. QHD Port was formally listed on Shanghai Stock Exchange in August 2017, and became the first state-owned enterprise in Hebei Province to realize listing of A+H shares. Under the "1441" strategic leadership of Hebei Port Group Co., Ltd. ("Hebei Port Group"), the Company closely grasped the significant historical opportunities in construction of the "One Belt One Road", Coordinated Development of Beijing-Tianjin-Hebei Region, planning and construction of Xiong'an New Area, development of Bohai Rim, etc., brought into full play the port function as the resource allocation hub, and realized the harmonious win-win of port and city.

"Being port-based, engaged in cross-regional business operation, being open and diversified, and insisting on transformation and upgrade". In 2017, we strategically carried out the cross-regional business operation, and preliminarily achieved structural diversification of cargo categories and synergetic effect of port areas. Under the background of economic recovery in South China and the rising coal price, as well as the Company's effective measures in attracting customers and stabilizing cargo sources, our coal cargo throughput raised greatly, while the throughput of non-coal cargoes such as metal ores and containers increased gradually. Moreover, we focused on service transformation and constructed the intelligent port. In 2017, Qinhuangdao Port Online Service Hall and Freight Charges Collection System was successfully launched and put into use.

Maintaining the green port image in the Asia-Pacific region. Based on the corporate environmental protection philosophy of "building the green hub and sharing the blue sea and clear sky", we continued implementing the four major projects of "blue sky, clean water, green areas, and energy saving & emission reduction" in 2017. For the recent ten years, the Company has totally invested more than RMB1 billion in environmental protection, and has constructed some environmental projects with technology leadership both at home and abroad, including the dry fog dust removal system for dumper shed, the four-season heat tracing system for spray gun station in the port yard. With the efforts for ten years, the coal yard windproof net project of Qinhuangdao Port was fully completed, becoming the largest windproof net in Asia. Meanwhile, we continuously promoted the greening of port areas, and took prevention and control actions against marine pollution.

Constructing the intelligent port demonstration project for bulk Cargoes. In 2017, we implemented the "13th Five-Year" Development Plan for Transportation Informatization, and presented the "'Push-To-Talk' intelligent port logistics demonstration project for dry bulk Cargoes under the Coordinated Development Strategy of Beijing-Tianjin-Hebei Region". Through layered selection of Hebei Province and the Ministry of Transport, the project was successfully chosen as one of the 13 demonstration projects by the Ministry of Transport by virtue of its advantages in clearly-defined implementation plan and innovation direction, prominent design highlights, high integration of intelligent technology and port logistics, and strong demonstration function of engineering construction. This demonstration project will be completed in June 2019 according to the requirements of the Ministry of Transport, symbolizing that the Company takes new steps in the course of guiding informatization, stimulating innovation, and pursuing transformation and upgrade.

Caring for employees and serving the community. We continuously intensified the talent thriving enterprise awareness, optimized the HR structure, improved the recruitment and training system and the incentive mechanism, and endeavored to build a high-quality employee team adapting to market changes and promoting corporate development. Meanwhile, we create a broad career development platform for employees and help them develop and realize their personal values; actively implement the targeted poverty alleviation policy, carry out multiple voluntary services, devote love to people that need care and love, and fulfill our corporate responsibility of returning to the society and promoting community development.

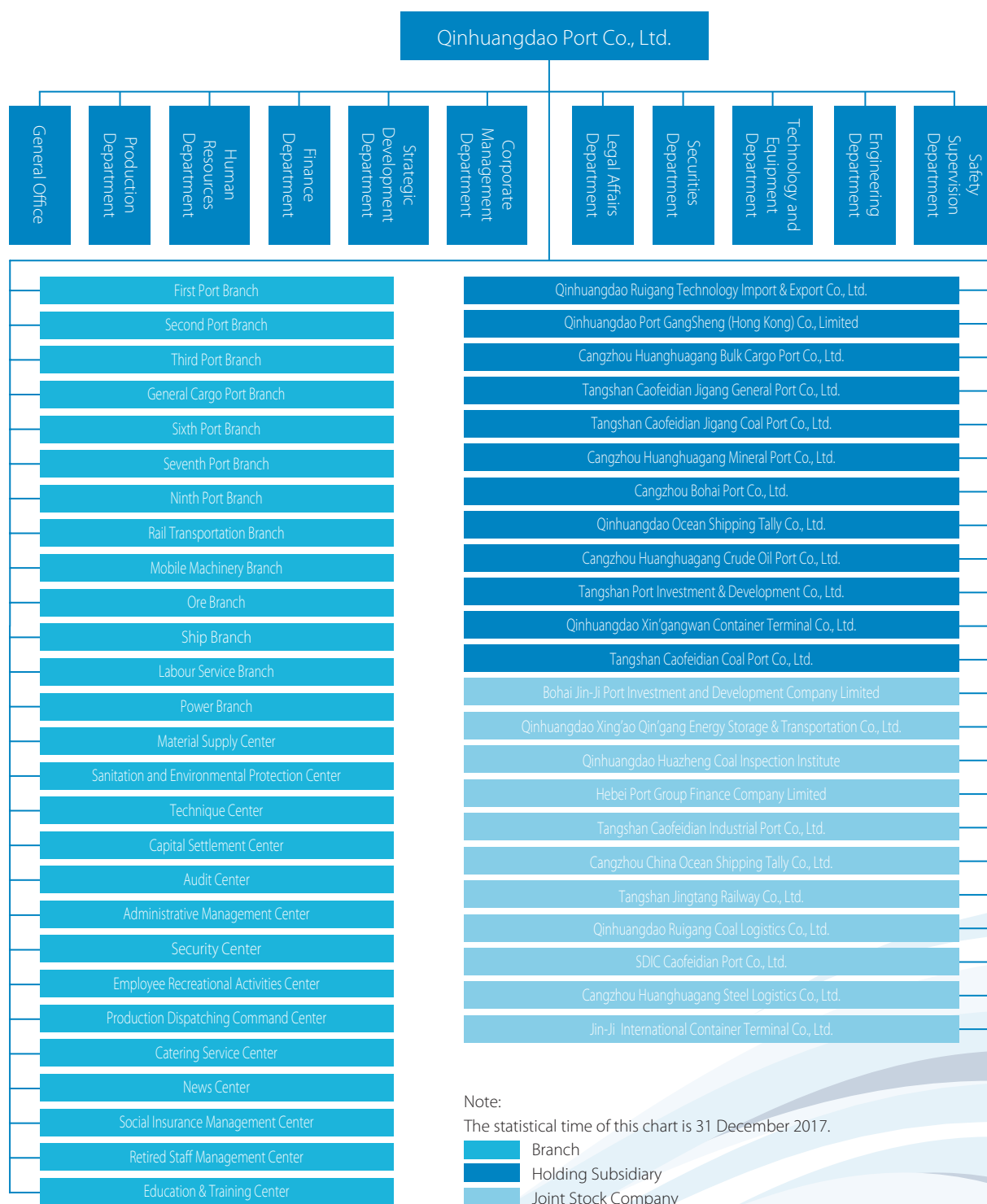
Looking into the future and standing on a brand-new development platform, the century-old QHD Port will face challenges and opportunities in an absolutely new manner, continuously develop the main port business in a stronger and better way, and enhance the capacity to create values for customers. We will also implement the cross-port development strategy, expand the port service functions, and facilitate the port transformation and upgrade. In our development course, we will continue to communicate closely with the stakeholders, enhance our sustainable development performance, and achieve cooperation win-win.

COMPANY PROFILE

As a subsidiary of Hebei Port Group, QHD Port is the world's largest independent port operator for major dry bulk cargo. QHD Port was listed on the Main Board of Hong Kong Stock Exchange and Shanghai Stock Exchange respectively in 2013 and 2017, and became the first state-owned enterprise in Hebei Province to lay out the A+H share dual capital platform. QHD Port mainly operates Qinhuangdao Port, Tangshan Caofeidian Port Zone and Cangzhou Huanghua Port Zone. The Company is mainly engaged in the business of stevedoring, stacking, warehousing, transportation and logistics services, and handles various types of cargoes including coal, metal ores, oil and liquefied chemicals, containers and general cargoes, with the throughput capacity kept above 300 million tonnes in recent years.

We also actively carry out international communication and cooperation and have entered into friendship port agreements with eleven internationally renowned ports such as the Port of Boston in the United States, the Port of Rotterdam in Netherlands and the Port of Newcastle in Australia, based on which we continuously enhance the strategic influence of Qinhuangdao Port among international ports.

Organizational Chart



SOCIAL RESPONSIBILITY MANAGEMENT

1. Social Responsibility Management

The Company continuously improves the social responsibility management, promotes the integration of social responsibility concept with business operation, gradually enhances the social responsibility management system, and continuously promotes the realization of our sustainable development objectives.

1.1. Social Responsibility Concept

The Company has been adhering to the concept of “regarding social responsibility as our own duty and taking the new green development path”, advances the sustainable development progress, covers environmental protection and social responsibility into our corporate governance, and clearly proposes the initiative of “environmental protection is the Company’s lifeline”. We are absolutely obliged to strengthen environmental protection and perform our corporate social responsibility. The Company will continue vigorously promoting the construction of a green ecological port, firmly building up the awareness of social reasonability, and showing our confidence and determination in the commitment to sustainable development.

1.2. Communication with and Participation of Stakeholders

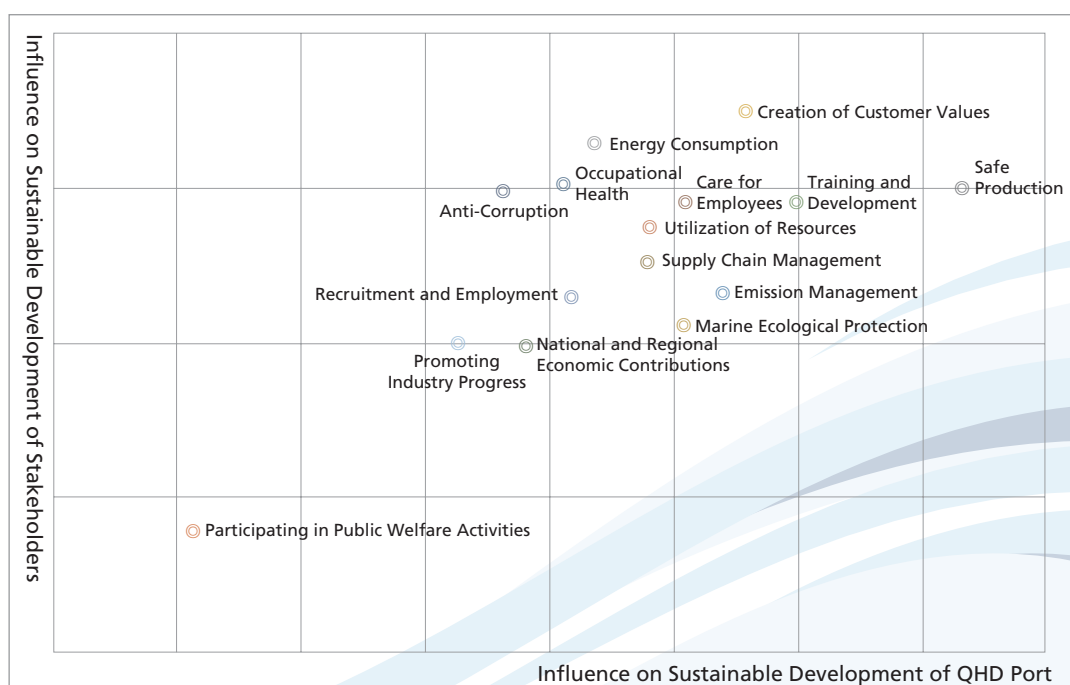
We attach great importance to communicating with the stakeholders. Through all kinds of channels, the Company endeavors to learn about the opinions and suggestions of the internal stakeholders such as employees and senior management, as well as the feedbacks and expectations of external stakeholders such as the government, customers, suppliers, media, etc. on a regular basis.

Stakeholders	Requirements and Expectations	Communication and Response
Government	<ul style="list-style-type: none">• compliance with laws and regulations• payment of taxes according to law• support for economic development	<ul style="list-style-type: none">• conducting business in compliance with relevant laws and regulations• paying taxes according to law
Investors	<ul style="list-style-type: none">• return on investment• growth of business and earnings• risk management• information disclosure	<ul style="list-style-type: none">• regular disclosure of operational information• general shareholders’ meeting• investor summits• roadshows
Customers	<ul style="list-style-type: none">• provision of quality products and services• meeting customers’ diversified needs• creation of value for customers	<ul style="list-style-type: none">• assurance of product quality• protection of customer information• survey of customer satisfaction
Employees	<ul style="list-style-type: none">• protection of employee interests• sound development paths• protection of occupational health• work and life balance	<ul style="list-style-type: none">• provision of good remuneration and welfare• improvement of career development paths• implementation of employee training

Stakeholders	Requirements and Expectations	Communication and Response
Partners	<ul style="list-style-type: none"> open, fair and equitable purchase compliance with contracts 	<ul style="list-style-type: none"> performance of contracts according to law open tendering project cooperation
Environment	<ul style="list-style-type: none"> energy saving and emission reduction protection of ecological environment 	<ul style="list-style-type: none"> managing emissions increasing efficiency of resources and energy used participation in environmental protection welfare
Society and the Public	<ul style="list-style-type: none"> engagement in community development support for public welfare 	<ul style="list-style-type: none"> public welfare charity volunteer services

1.3. Material Issues Assessment

In 2017, we carried out interactions and communications with stakeholders through various ways, rigorously assessed the material issues mostly concerned by the stakeholders in 2017, and strictly complied with the process of determining the reporting content according to the requirements of HKEx Appendix 27, *the Environmental, Social and Governance Reporting Guide*. Eventually, we determined the extent and scope of disclosure in the form of questionnaire, so as to ensure a more accurate and complete disclosure of information related to operation and management. In 2017, we totally gathered 315 questionnaires, including the opinions of internal stakeholders like employees, and the responses of external stakeholders like external customers, suppliers and the public. We finally determined the material issues mostly concerned by the stakeholders as follows:



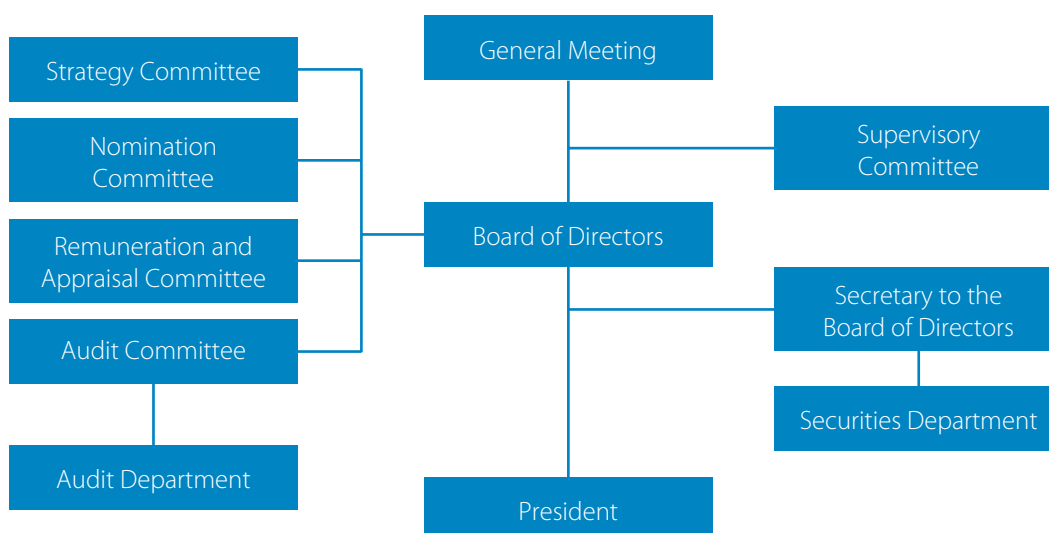
2. Insisting on Compliant Operation and Laying a Solid Foundation for Development

Since the establishment of the Company, we have implemented comprehensive internal control system and measures to ensure sound corporate governance in place for the Company, and we also continuously improved the risk prevention and control system, and strengthened the implementation of combating corruption and upholding integrity in various links, so as to ensure stable and healthy operation of the Company.

2.1. Corporate Governance

In 2017, QHD Port held a total of 7 Board meetings, 3 meetings of the Supervisory Committee, 5 working meetings of the Audit Committee, 1 working meeting of the Nomination Committee and 1 working meeting of the Remuneration and Appraisal Committee; as well as held the annual general meeting for the year 2016, the first general meeting of shareholders of domestic shares in 2017, the first general meeting of shareholders of H shares in 2017, and the first extraordinary general meeting in 2017. The Company strengthened the communication with external directors and shareholders, fully reviewed the advices from relevant parties regarding the resolutions, sought the voting support from the directors and shareholders, and passed all the resolutions by voting.

Corporate Governance Structure



In 2017, we continuously strengthened the communication with institutional investors and analysts in investment banks, and enhanced promotion and introduction by virtue of such good news as business recovery and A share listing to maintain the Company's outstanding image in the capital market and establish better interaction with the investors through communication, thereby increasing the confidence among the investors. Through teleconference, on-the-spot meeting and other approaches, we conducted over one hundred in-depth and detailed communication with domestic and foreign investors, industry analysts and researchers. We strictly implemented the approving procedures for publish of announcements, reports and documents, strengthened the assessment on the compliant operation of corporate governance, and carried out information disclosure and compliant operation in a prudent manner. In 2017, the Company disclosed 55 and 169 announcements respectively on the website of SSE and the HKEx.

2.2. Risk and Internal Control

We carefully implemented the relevant requirements of Hebei SASAC on strengthening the risk prevention and control, integrated risk management in the whole process of corporate operation and development, adhered to the guideline of strategic orientation and risk management and control, handled the relationship between business development and risk management in a scientific manner, and actively established the core risk management system covering strategic risk, financial risk, investment risk, safety risk, legal risk and other risks, thereby facilitating the Company in achieving sustainable development through risk management.

2.3. Anti-corruption Management

QHD Port deeply carried forward the spirit of the seventh Plenary Session of the 18th CPC Central Commission for Discipline Inspection, the second Plenary Session of the 9th Provincial Central Commission for Discipline Inspection, and the work conference of the Provincial SASAC on construction of a clean and honest administration and anti-corruption, and integrated the construction of a clean and honest administration with the strengthening of corporate management and control. In 2017, the Company dispatched the discipline inspection group to carry out supervision and inspection in 4 batches, and conduct comprehensive supervision and inspection on 33 units. The Company's discipline inspection commission uniformly carried out multiple specific supervision and inspection, including the inspection of coal handling, production and service quality, cargo safety in the port, materials purchase management, "outsourced project, subcontracted works and expatriate personnel" checking-up, office supplies purchase, welfare supplies purchase and official receptions; the discipline inspection group independently initiated 10 specific supervision and inspection.

In 2017, the Company carried out the "loyal, clean and responsible" warning education activities and arrangements of the Provincial SASAC, with an aim to strengthening the ideological and moral defense line of the Party members and cadres, educate and instruct all the Party members and cadres to build the awareness of Party Constitution, Party rules and Party discipline through the positive typical demonstration education and the negative warning education. In 2017, the Company organized the education of combating corruption and upholding integrity for totally 257 times, in which 13,326 employees were educated; organized 31 special Party lectures, centralized learning for 125 times, and played 405 warning education films. The Company also opened the WeChat account for combating corruption and upholding integrity to release warning cases timely, and publish warning education cases in the port newspaper, the Case Focus Column of the internal discipline inspection and supervision website "Port Breeze (Gangbu Qingfeng)" and the "Port Discipline Inspection and Supervision" Journal, to bring the warning education functions into full play. In 2017, we implemented the conversation-admonition system and conducted integrity conversation for 433 person-times, reminder conversation with 288 people, admonition with 5 people, and interview with 4 people in order to find, report and solve the problems and clues earlier. In 2017, we dealt with 27 cases of complaint letters and visits, of which 4 cases were placed on file and 4 people were punished according to Party disciplines.

In 2017, there was no legal proceeding regarding corrupt practices within the Company.

CONSTRUCTING A COMPREHENSIVE PORT AND OPTIMIZING CUSTOMER SERVICE

3. Constructing a Comprehensive Port and Optimizing Customer Service

QHD Port conducts overall management of the port business of Qinhuangdao Port, Caofeidian Port Zone and Huanghua Port Zone. Rooted in the Bohai Rim Region and based on our rich experience in operation of dry bulk cargo terminal, the Company expanded the market rapidly and developed the business in Tangshan and Cangzhou, gradually enhanced the throughput capacity of metal ores, containers and other Cargoes, and made the Company's cargo structure increasingly diversified; the Company gradually achieved coordinated development among port areas, greatly enhanced our capability in driving and serving regional economic development, effectively guaranteed the safety of national energy transportation and the stable operation of national economy, and demonstrated the power of a state-owned enterprise in leading the prosperity of coastal areas in Hebei.

3.1. Core Advantages Promoting the Development of Diversified Transportation Business

As the world's largest independent port operator for major dry bulk cargo, QHD Port is mainly engaged in the business of stevedoring, stacking, warehousing, transportation and logistics services, and handles various types of cargoes including coal, metal ores, oil and liquefied chemicals, containers and general cargoes. In 2017, the Company recorded the throughput capacity of 380.63 million tonnes.

- **Coal Transportation Business**

Qinhuangdao Port is one of the world's largest coal export ports, and has the four national trunk railways directly through to the port, namely Jingshan, Jingqin, Daqin and Shenshan. The Company governs five coal companies and owns three flow directions of Qindong, Liunan and Caofeidian. Our source of cargoes achieves the interconnection of "two ports and three flow directions", while our production and operation can realize the integration of Qindong and Liunan and the integration of Qinhuangdao and Caofeidian. The port has the buried oil pipelines directly through to the terminal, and owns over 400 advanced handling machinery, 174km port railways and more than 10 port ships. With these powerful equipment and venue advantages, we can unload 20,000 tonnes of coal, and satisfy the customer requirement for separate stockpiling of various coal types, showing high unloading flexibility. In 2017, the Company recorded coal throughput capacity of 233.40 million tonnes.



Busy Operations in Coal Terminal of Qinhuangdao Port

- **Metal Ore Transportation Business**

The Company endeavors to undertake the mineral ore sources and continuously expand the hinterland. As the waterways are further opened, more and more fully-loaded ships arrive at the port, which will further enhance our railway transport and distribution capability of metal ores. The ore blending business in the free trade zone of Tangshan Caofeidian Shiye Port Co., Ltd. reached a new level, and successfully built the Company into an “iron ore supermarket”, which further intensified our competitiveness and ensured the port supply of cargoes. In 2017, the Company recorded metal ores throughput capacity of 119.06 million tonnes.

Case: QHD Port Cooperates with Shougang in Building the High-quality Logistics Channels

On 6 July 2017, QHD Port and Beijing Shougang Co., Ltd. (“Shougang”) signed a business cooperation framework agreement in Qinhuangdao Port. Both parties established the strategic partnership on the principle of equality, mutual benefits and complementary advantages, and formed into a long-term common development alliance by taking advantage of their uniform resource integration on the basis of reciprocity and mutual benefits.

According to the Agreement, Shougang will further increase the transshipment volume of imported mineral ores (powder) in QHD Port, while QHD Port will give priority to providing the port stockpiling and distribution venues for Shougang, arrange the berthing operation timely, handle, transport, store and keep the cargoes in appropriate techniques, and provide quality services for port distribution and unloading of the cargoes on arrival. Both parties will further deepen the comprehensive cooperation, and build the high-quality logistics channels based on the favorable regional advantages and perfect port distribution and transportation system.

• Container Transportation Business

As for the difficulties in less local source of cargoes and underdeveloped export-oriented economy, the Company further developed the market, expanded the source of cargoes subject to “change from bulk transportation to container transportation” and “change from general cargo transportation to container transportation”, attached importance to developing the cargo sources in remote hinterlands, actively developed the sea-railway combined transportation projects, and vigorously promoted the lump coal transportation business by container liner, thereby leading to the steady growth in container throughput. Meanwhile, based on the Qinhuangdao-Inchon shipping route and railway, the business of cross-border container through train has increased remarkably. In 2017, the Company recorded container throughput capacity of 1.21 million TEUs.

In 2017, Qinhuangdao Port successfully opened the shipping line for imported fruits under the great support of the government departments. Based on such shipping line for imported fruits, the Company will develop the return cargo sources towards Southeast Asia and cultivate the cold-chain logistics transportation in future.

Case: QHD Port Opens the “Philippines Davao – Qinhuangdao” Direct Shipping Line for Imported Fruits

At 18:30 on 26 October 2017, 106 TEU bananas were shipped by “SANTIAGO” from the origin country Philippines and arrived at the container terminal of Qinhuangdao Port after seven days, becoming the first batch of imported fruits directly shipped to Qinhuangdao by the “Philippines Davao – Qinhuangdao” Direct Shipping Line. Following Tokyo, Yokohama, Nagoya, Kawasaki and Inchon, “Philippines Davao – Qinhuangdao” Direct Shipping Line is the eighth container liner shipping line of Qinhuangdao Port, as well as the only container shipping line in Hebei Province opening directly through to Southeast Asia. This shipping line opens up a “marine thoroughfare” connecting North China and Northeast China to the outside, and is of great strategic significance for development of export-oriented economy in Qinhuangdao, Hebei and even North China.

In order to ensure the smooth unloading of the imported fruits shipped by “Philippines Davao – Qinhuangdao” Direct Shipping Line, the Company prepared the container venues according to 1.5 times of the container quantity in this shipment, and provided sockets and other devices for refrigerated containers, and achieved the target of “ship available at the port, people in place, and zero demurrage” through superior and precise operation, in an effort to deliver the tropical fruit with higher freshness, better quality and more preferential price to thousands of families.



Inaugural Ceremony of “Philippines Davao – Qinhuangdao” Direct Shipping Line

3.2. Expanding Service Functions and Providing Quality Services

The Company provides customers with ancillary port services such as tugging, tallying, trans-shipping and shipping agency services, and value-added services such as coal blending, tariff-free warehouse and export supervisory warehouse. We also continue optimizing and innovating our business and operating models, and expanding new service functions. At the beginning of 2017, Cangzhou China Ocean Shipping Tally Co., Ltd. successfully obtained the certification (2015 edition) of the ISO9001 quality management system standard, and became the first subsidiary of the Company to pass the certification of 2015 quality management system. In future, the Company will further intensify quality management and upgrade our service quality.

In November 2017, the 39th National QC Team Representatives Meeting, which was jointly organized by China Association for Quality, All-China Federation of Trade Union, All-China Women's Federation and China Association for Science and Technology, was held in Kunming. 7 QC teams of QHD Port won the awards, including Electrical Shift QC Team Project of the Locomotive Depot Maintenance Group I won the national level award, and the other six projects won the provincial level awards.

Winning Units	Winning Teams	Project Highlights
QHD Port Rail Transportation Branch	Electrical Shift QC Team Project of the Locomotive Depot Maintenance Group I	Shorten the maintenance time of the controller for Dongfeng 5 locomotive
QHD Port Rail Transportation Branch	Signal Maintenance Shift QC Team of the Electrical Service Depot	Reduce the indoor line failure frequency of 3# Building
QHD Port Seventh Port Branch	QC Team of Shipment Department	Reduce the traveling deflection failure of portal scraper reclaimers
Qinhuangdao Fangyuan Harbour Engineering Supervision Co., Ltd.	QC Team of Caoheidian Project Department	Improve the roof waterproof construction quality
QHD Port General Cargo Port Branch	QC Team of Machinery Group I	Reduce the failure frequency of portal crane warping system
QHD Port General Cargo Port Branch	QC Team of Wan Qinsheng Labor Model Innovation Studio of General Cargo Port Branch	Shorten the maintenance downtime for electrical trouble of the portal crane lifting mechanism
Hebei Port Group Water Heating Supply Branch	QC Team of Recycled Water Plant	Lower the failure rate of sewage treatment system

Case: Automatic Coal Blending System

In 2017, QHD Port independently researched and developed the automatic coal blending system, which achieved the seamless convergence of the blended coal types and the proportioned coal blending, realized the automatic and precise coal blending, and greatly enhanced the coal blending quality. After the automatic coal blending system is put into use, the Company will accelerate the construction of the full-process coal blending business system to extend our coal blending services and meet the customer requirements for cost reduction and value increase.

Case: Innovating the Berth Coordination and Linkage Operation Mode

In August 2017, the "Oriental Merchant" cargo vessel carrying 161,000 tonnes of iron ore powder de-loaded on the ore terminal in Huanghua bulk cargo port with a capacity of 200,000 tonnes, and shifted berth to the general bulk cargo terminal in Huanghua Port Comprehensive Port Area of Bohai New Zone for unloading operation, symbolizing that the Company has officially initiated the "2+6" berth coordination and linkage operation mode. The "2+6" Berth coordination and linkage operation mode is based on the 200,000-tonne waterways in Huanghua Port of Bohai New Zone, and makes full use of 2 ore berths and 6 general cargo berths to jointly unload the large tonnage ore vessels, thereby shortening the waiting time of subsequent vessels, and enhancing the comprehensive unloading efficiency.

3.3. Upgrading Service Experience from the Perspective of Customer Benefits

The Company is devoted to bringing better service experience to customers, and carrying out a series of service upgrade actions from the three aspects of enhancing service efficiency and accuracy, maintaining vital interest of customers and improving the attitude of service personnel.

- **Promoting marketing work comprehensively**

In 2017, the Company formulated the *Appraisal, Reward & Punishment Measures for Gridded Marketing of Coal (Trial)* to comprehensively promote the marketing work and achieve the gridded and precision marketing, with an aim to attracting more customers to our port. The major customer manager takes the one-on-one responsibility for closely focusing on customer demands, facilitating the supervision and implementation of the marketing work, and appraising the customer managers.

- **Maintaining vital interest of customers**

In 2017, the Company held the special meeting for coal anti-freezing in advance before winter, and made anti-freezing measures to deploy the coal freezing work in winter from seven aspects of climate forecasting, anti-freeze warning, information delivery, personnel guarantee, equipment guarantee, unload supervision and coal sweeping in Qindong, so as to reduce customer losses and maintain their vital interests.

- **Improving the attitude of service personnel**

The attitude of window service units and personnel directly shows the spiritual outlook of the Company. In 2017, the Company invited major customer representatives to evaluate online the comprehensive capability including service attitude and business level of the window service personnel, and took such evaluation as an approach to improve the attitude of the service personnel, and continuously enhance the service level of our business system.

Case: Online Service Hall and Freight Charges Collection System

On 28 November 2017, Qinhuangdao Port Online Service Hall and Freight Charges Collection System was officially launched. Such Online Service Hall and Freight Charges Collection System is an online extended service for coal unloading business carried out on the basis of the our physical service hall, and it is a revolution to transform the traditional service approach to high-end Internet service. The online system covers such functions as opening accounts for customers, handling commission contracts for single shipping operation, handling transfer of cargo ownership, handling electronic shipping waybill, online payment and customer information inquiry, etc., with an attempt to providing customers with the most efficient and convenient business handling services. The Online Service Hall is an important action for the Company to build the intelligent port, efficient port, safe port, green port and service port, and an effective measure to construct the convenient, efficient, fair and open platform and enhance the port competitiveness and soft strength. It further shows our service philosophy of customer first and greatly improves the convenience in handling business for customers.

Case: Customer Video Service System

The port customer video service system based on mobile internet was officially launched on 21 May 2017. Based on the demands of customers, such system utilizes mobile internet, video compression and encoding, big data exploration and other advanced information technologies to establish a throughput capacity of model integrated with supervision and management of port coal operation. Such system enables various functions such as customer basic information management, access to video and data of stockpiling operation and dumping operation, search of historical video information of stockpiling and dumping, video playback of production operation and access to video and information through mobile devices, which integrates the core concept of "Serving Customers" into the Company's operation and effectively improves the customer service level by providing quality, thoughtful, convenient and differentiated services to the customers, thereby further enhancing core competence of the port.

4. Facilitating the Economic Development Based on National Strategies

The Company closely grasped the strategic development opportunities from the Beijing-Tianjin-Hebei Region integration and the “One Belt One Road” initiative, promoted the development of “port, industry and city integration”, boosted the port transformation and upgrade, and advanced the industry progress; we also stimulated the local economic development and achieved harmonious win-win of the port and city.

4.1. Taking Responsibility for Guaranteeing Supply and Stabilizing Price with Great Ambitions

As an important hub for coal transportation from north to south, Qinhuangdao Port takes significant responsibility for guaranteeing the supply and stabilizing the price of coal. We’ve been always doing our best in thermal coal unloading and distribution, and ensuring to achieve the target of “unloading coal as much as shipped” and “distribution and transportation as much as shipped”, so as to guarantee the safety, efficiency and smoothness of the major national coal energy transportation channel, and fully play the role of major port hub for “coal transportation from north to south”.

The Company absolutely fights against the actions of hoarding and profiteering, or bidding up the coal price. We integrated the small and medium-sized cargo sources in a scientific manner, enhanced the space utilization ratio and port operation efficiency, and made full efforts to guarantee the unloading and shipment of the coal with long-term benchmarking price. Meanwhile, we’ve guaranteed the maximum of the port production efficiency, concentrate on production management, made every endeavor to enhance efficiency, comprehensively promoted the port standardization operation projects, and carried out production practices. The Company attached great importance to emergency notices of the power plant, fully coordinated with the vessels for emergency power plant to berth and load first, guaranteeing the supply of thermal coal.

4.2. Making Practical Efforts to Promote Local Economic Development

In 2017, QHD Port faced unprecedented development opportunities along with the deepening of the “One Belt One Road” initiative and the gradually implementation of the Coordinated Development Strategy of Beijing-Tianjin-Hebei Region. We attached great importance to planning and arranging the port projects within the region, and strived to develop the three ports of Hebei into a major logistic hub for port trade, the largest port cluster of Bohai Rim as well as a major estuary area for the “New Silk Road” between Europe and Asia, with a view to integrating with economic globalization in wider scope and in more areas at a higher level, and responding to the national “One Belt One Road” initiative. In April 2017, the Central Party Committee and the State Council declared the establishment of Xiong’an New Area, which becomes an important support for further deepening the Coordinated Development of Beijing-Tianjin-Hebei Region. This will rapidly promote the construction of railway and highway network in surrounding areas, stimulate the demand increase of port hinterland, and provide momentum for the Company to improve the port collection and transportation system and reinforce the industry position. Based on this deployment, the Company will proactively build a port industrial cluster area, promote the transformation and upgrade of port structure, foster the integrative development of port, industry and city, and achieve shared prosperity between port and city.

4.3. Focusing on Innovation and Taking the Lead to Support Industry Progress

We emphasize on innovation of the results, and gained many industry honors in 2017. The Innovation Results Accreditation Committee for Enterprise Management Modernization of Hebei Province awarded the first prize to the Establishment and Application of Enterprise Technology Innovation Management System, the third prize to the Establishment of the Comprehensive Management System for Port Enterprises, and the third prize to the Green Port Management Model for Innovation-Driven Ports; the Research into Port Logistics Information Sharing Platform in the Beijing-Tianjin-Hebei Region won the third prize as the annual excellent subject of the China Society of Logistics.

In 2017, QHD Port has taken the leading position in energy-saving operation and management of the control process and its auxiliary facilities for large-scale belt port conveyor system. Two industry standards – the *Technical Specifications for Repair of the Port Dumper System* and the *Energy-Saving Operational Procedures for Process Control of Belt Port Conveyor System*, which were compiled by the Company, have been submitted to the Ministry of Transport. At present, the transportation standard – the *Energy-Saving Operational Procedures for Process Control of Belt Port Conveyor System* (JT/T1162-2017) has been officially published by the Ministry of Transport and implemented formally as of 1 February 2018; the Company independently researched the roller specifications of belt conveyor, and prepared the enterprise standard – *Roller Type Selection for Belt Conveyor* (Q/QGGF.JSS.208.001-2017), so as to standardize the type selection of rollers for newly-built and transformed belt conveyors; in addition, many of the Company's technologies have won the science and technology awards of China Ports Association. We'll continuously reinforce the development and application in technological innovation, lead the port industry, and endeavor to enhance the overall industry progress and development.

Project Name	Awards Won
Electrical System Transformation for Belt Conveyor of Phase II Reserved Coal Yard of Qinhuangdao Port	Third Prize of the Science and Technology Award of China Ports Association in 2016
Technical Research and Application of Water Cable Type Dust Removal and Water Supply System	Third Prize of the Science and Technology Award of China Ports Association in 2016
Optimization and Upgrade of Electrical Control System for Phase IV Coal Loading Line of Qinhuangdao Port	Third Prize of the Science and Technology Award of China Ports Association in 2017
Key Technology and Application of Full Process Control over Materials Conveying in Bulk Terminal	Third Prize of the Science and Technology Award of China Ports Association in 2017
Port Customer Service Video Service System Based on Mobile Internet	First Prize of the Science and Technology Award of Qinhuangdao City in 2017

Case: “Push-To-Talk” Intelligent Port Logistics Demonstration Project for Bulk Cargoes

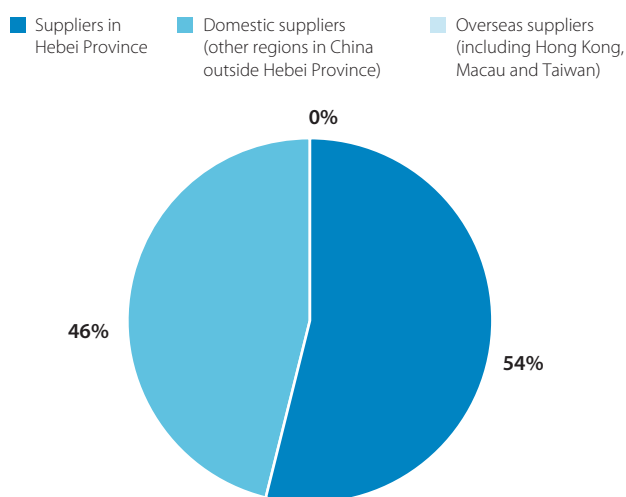
On 8 June 2017, our “Push-To-Talk” Intelligent Port Logistics Demonstration Project for Bulk Cargoes was formally covered in the construction plan for intelligent port demonstration projects of the Ministry of Transport. The construction content of this demonstration project can be summarized as “311”, namely “[PAIM] Bulk Cargo Logistics & Public Information Service Cloud Platform”, “[KVM] Bulk Cargo Intelligent Terminal Platform” and “[Everything Available on Terminal (Mashangyou)] Bulk Cargo Intelligent Port Customer Service Platform, a cloud computing data center, and a package of bulk cargo port logistics standards and specifications. Upon completion, this project will achieve the “one waybill system” service model for the whole process of port logistics and the port operation information coordination, thereby enhancing the operating efficiency of port logistics, greatly improving the information transparency of port logistics, and realizing the gathering and sharing of information in various links of the bulk cargo port logistics. Meanwhile, this will improve the intelligent perception and real-time acquisition of port logistics data, comprehensively enhance the intelligence level of terminal, promote energy conservation and emission reduction of the port, innovate the customer service model, enable the customers to handle the port business, inquire about the operation process and master the circulation of cargoes at anytime and anywhere via the intelligent terminal, and fully promote the development of the “coal logistics information hub port” integrating logistics services and information services.

4.4. Concentrating on Business Development to Promote Industry Win-Win

Port economy is an industrial economy taking port transportation and relevant industry as the core. The Company's suppliers of major materials required for our business development are distributed in various fields such as petrochemicals, materials handling equipment manufacturing, machining and other industries. Cooperation with suppliers in these fields promotes the development of their respective industries, enhance the overall economic value of industry chain, intensify innovation and creativity of relevant industries, promote local employment, and facilitate industrial win-win and development.

The Company attaches great importance to management of materials suppliers, strictly sorts out and evaluates the suppliers, formulates well-organized rules and systems such as the supplier assessment & evaluation system, the *Administrative Measures for Materials Suppliers*, etc., and covers the environment and safety performance of the suppliers into the assessment system, to ensure the purchased materials having satisfactory quality, reasonable price and timely services. We strictly abide by the national rules and systems, and for the materials to be purchased by public bidding, we always evaluate suppliers in accordance with the *Law of the People's Republic of China on Tenders and Bids* and relevant systems of the Company. In 2017, the Company had 380 suppliers within Hebei Province and 325 ones in other municipalities and provinces.

**Regions and Distribution of
QHD Port Suppliers in 2017**



5. Facilitating Ecological Civilization and Constructing a Green Port

As a large state-owned enterprise being fully responsible for the society, the Company has always been maintaining the consciousness of general situation in environmental protection and green development, and actively promoting the construction of a green and ecological port. In order to respond to the new concept proposed by General Secretary Xi Jinping in the work report of the CPC 19th National Congress for ecological and environmental protection and ecological civilization construction, the Company has laid a solid foundation in four aspects of promoting green development, focusing on solving environmental issues, strengthening protection of the ecological system and improving the environmental management mechanism as well as given prominence to prevention and control of air pollution and improvement of environmental appearance in 2017.

5.1. A Sound Environmental Management System

In 2017, the Company continued to implement the *Administrative Measures on Environmental Protection* and a special management system covering prevention and treatment of dust pollution, oil pollution and hazardous waste management. The Company adopts the three-tier environmental protection management and establishes a specific environmental protection department to take full charge of organizing the environmental protection work and formulating environmental protection measures. Moreover, we break down the environmental protection objectives, assign the responsibility to individuals, and constitute the environmental protection responsibility network horizontally extending to department and division personnel, and vertically extending to the shift and team personnel. Meanwhile, the Company has continuously launched the *Administrative Measures for Environmental Information Disclosure (Trial)* and the *Administrative Measures for Access, Identification and Update of Environmental Protection Laws and Other Requirements*, providing system guarantee for standardizing the disclosure of the Company's environmental information, the access, identification and update of environmental protection laws and regulations, and the environmental management work; besides, the Company revised the *Rules on Field Inspection and Assessment of Environmental Protection (Trial)* by combining the actual circumstances and actual problems found in field inspection and assessment, so as to achieve the further standardized, fair and reasonable field inspection and assessment. In order to intensify the response capability to emergency environmental incidents, the Company implemented the *Emergency Response to Field Disposal of Environmental Incidents* among the grass-roots units in 2017, and established the two-level response system for the emergency environmental incidents; meanwhile, we completed the revision of the *Operation Scheme for Emergency Response to Heavily Polluted Weather*, so as to enhance the Company's emergency response capability.

The Company strictly executed the environmental impact assessment system and the "Three-Simultaneity" environmental protection system, deeply implemented the "Four-in-One" environmental management mechanism and the "Ten Mechanisms" for environmental appearance, innovated the environmental management mode in port areas according to the "Annual, Daily and Gridded" requirements and advanced construction of the long-term management mechanism.

5.2. Safeguarding the Clean Water and Blue Sky by Sewage Management

As an important sector of environmental protection, the Company attaches great importance to environmental management and gives prominence to carrying out dust prevention and control, waste disposal and sewage treatment.

- **Dust Treatment**

In order to do well in prevention and control of air pollution, the Company formulated the *Implementation Plan for Prevention and Control of Air Pollution* according to the spirit of the General Meeting on Comprehensive Control of Air Pollution in Qinhuangdao City and Hebei Province as well as the key environmental protection actions of local government and the actual situation of the port, refined and deployed key work points and reinforced the implementation of various dust control measures. For the working requirements in different seasons and periods, the Company formulated and issued the *Notice on Strengthening Dust Prevention and Control in Spring*, *Work Plan for Sanitation and Environmental Protection during Summer Vacation in 2017*, *Work Plan for Prevention and Control of Air Pollution during Autumn and Winter in 2017-2018* and the ancillary *Special Plan for Field Supervision and Inspection*, made corresponding measures, and intensified field supervision and assessment, so as to keep the atmospheric environment in good quality.

Case: Full Completion of the Coal Yard Windproof Net Project of Qinhuangdao Port

As the windproof net project in Phase II Reserved Coal Yard of Qinhuangdao Port was completed and accepted in September 2017, the total length of windproof nets in Qinhuangdao Port Area was increased to 7,968m. Such windproof nets can reduce the wind speed and wind turbulence velocity in the yard, improve the wind flow field, highly reduce the coal dust rate and dust diffusion, enhance the dust control and reduction efficiency, effectively improve the environment of the port and surrounding areas, thereby providing a powerful support for green and low-carbon development of the port.

Case: Innovation of Dust Suppression Technology

The Company carried out dust treatment of bulk grains. With respect to the large amount of dust generated in conveyance and loading operation of bulk cargoes and materials, we organized and completed the research of dust suppression technology for bulk cargoes and materials transfer equipment in March 2017. Such technology adopted the power-free dust suppression hopper technology and designed the power-free dust suppression unloading hopper by using analog simulation, which effectively reduced the loss of materials, improve the operation environment, and enhanced the field production safety, with the dust suppression rate in excess of 80%.

In 2017, our sulphur dioxide emission was 1.025 tonnes, our nitrogen oxide emission was 4.178 tonnes and our total soot emission was 2.86 tonnes.



Spotless Coal Terminal of Qinhuangdao Port

- **Waste Management**

The Company formulated the *Administrative Measures on Environmental Appearance* according to the relevant national and provincial laws and regulations, stipulating that the wastes must be stored and transported in an enclosed way, discharged at designated locations, and delivered to the municipal administration authorities for centralized processing; hazardous wastes shall be collected, transported and disposed separately; and construction wastes shall be disposed in the areas designated by the government.

The Company distinctly established the *Administrative Measures on Hazardous Wastes* to strictly manage the hazardous wastes in the aspects of storage, process control, transfer and disposal. Precautions against storm and leakage shall be taken and strictly observed in the venues for storing hazardous wastes. The Company stores hazardous wastes in different zones to prevent the occurrence of pollution incidents and entrusts qualified agencies to dispose such hazardous wastes. In 2017, the Company conducted specific inspection on waste management and rectify problems to ensure the environmental safety.

In 2017, the total discharge of hazardous wastes by QHD Port was 123 tonnes and the discharge per RMB10,000 output value was 0.17kg/10,000 Yuan; the total generation of general industrial solid wastes was 22,600 tonnes and the generation per RMB10,000 output value was 32.13kg/10,000 Yuan.

- **Sewage Treatment**

The Company made active planning for construction and use of water pollution prevention and control facilities, endeavored to enhance the sewage collection and treatment capability in port areas and ensured the satisfactorily discharge of sewage. Moreover, we monitored the water quality and sediments in surrounding sea areas, which laid a solid foundation for continuously improving the water quality of sea areas.

In 2017, the total discharge of wastewater by QHD Port was 5,432 tonnes and the COD was 0.255 tonnes.

5.3. Reducing Energy Consumption and Enhancing Utilization Ratio of Resources

The Company actively carried out and gradually promoted relevant green port work in strict accordance with the *Administrative Measures on the Conservation of Energy (Water)*, *Assessment Guideline of Energy Conservation* and other management system of energy and water resources. In 2017, the Company formulated the “13th Five-Year” *Plan for Energy Conservation and Emission Reduction*, and invested RMB4 million to implement the specific energy conservation and emission reduction projects. We made effort in multiple aspects such as eliminating high energy-consuming equipment, transforming the green lighting system, renovating the air-conditioning and temperature control system, etc., strengthened water use management, rectified the water supply pipe network, and carried out preparatory work for construction of the automatic energy management system, in an effort to building the automatic energy management system covering oil, electricity, water and thermal consumption, and achieving the revolutionary breakthrough in digital and intelligent energy saving management. In 2017, our greenhouse gas emission was 55,807.77 tonnes of CO₂ equivalent.

Energy Consumption of the Company in 2017

Energy Type	Absolute Energy Consumption	Energy Consumption per RMB10,000 Output Value
Raw coal	377.84 tonnes	0.54 kg/10,000 Yuan
Gasoline	116.36 tonnes	0.17 kg/10,000 Yuan
Diesel	7,198.55 tonnes	10.24 kg/10,000 Yuan
Electricity	323.7935 million kWh	0.05 kWh/10,000 Yuan
Steam	50,477 tonnes	71.77 kg/10,000 Yuan
Closed-circuit supply of hot water	155,821GJ	0.22 GJ/10,000 Yuan

In June 2017, the Company transformed the field lighting of production units, and installed 2,480 energy-saving lamps, with the coverage ratio of energy-saving lamps up to 30.2%. The Second Port Branch changed the traditional light sources used in various places, equipment, road lamps and office lighting into LED light source, which can save energy by approximately 22.33 tonnes of standard coal every year.

Case: The Ninth Port Branch Adopted the Permanent Magnet Eddy-current Flexible-Transmission Speed Regulating Device

The Ninth Port Branch installed the permanent magnet eddy-current flexible-transmission speed regulating device -ASD in a reclaimer, and replaced the connection between motor and load with air gap. Such air gap can eliminate harmful vibration, reduce wear and tear to the maximum, and enhance energy efficiency, which can save energy by 3 tonnes of standard coal every year.



Permanent Magnet Eddy-current Flexible-Transmission Speed Regulating Device

In 2017, the Company made multiple measures to effectively carry out water saving activity. Based on the assessment of conventional water saving indexes, we first cover the water cost into the scope of business management assessment for the branches and connects with the performance of supervisors of the branches; check the old and used water pipes for leakage, repair and rectify any leaking pipes; organize the water saving training class, carry out the publicity activities of “World Water Day”, “China Water Week” and “Energy Saving Publicity Week” to enhance the water saving awareness of employees. Meanwhile, IC card bathing device was installed in many bathing pools to reduce wasting of water for bathing. In 2017, the Company’s total tap water consumption was 1,436,608 tonnes, representing a decrease of 18.2% compared to last year.

5.4. Strengthening Environmental Protection and Ecological Construction

- **Sea Area Salvaging of Harbour Basins**

In May 2017, we comprehensively carried out sea area salvaging of all harbour basins in the east and west port areas. We cooperated closely with the salvaging units and operation units to uniformly manage and dispatch the salvaging force, and we also strengthened salvaging of emergency materials and supplies, and attached importance to improving the quality water environment. During the reporting period, the Company's salvaging units dispatched 551 salvaging vessels and salvaged 128.08 tonnes of floats, with the salvaging frequency increasing by 20% compared to last year.

- **Attaching Importance to Promoting Greening of Port Areas**

The Company revised the *Administrative Measures for Greening* and continued considering the greening of port areas as the top priority of ecological construction. In 2017, we completed inspection and disposal of the trees with hidden troubles within the areas under our jurisdiction, surveyed the tall and dying trees within the public range of the port areas and reported to the superior for disposal and totally completed trimming and cleaning more than 690 tall and dying trees.

The prevention and control of diseases and insect pests in the port areas has always been a systematic project. In 2017, we formulated technical schemes, conducted monitoring and survey based on occurrence regularity, harmful hosts and degree of tree diseases and insect pests such as fall webworm, *Phenacoccus fraxinus* Tang, long-horned beetle, orange spotted shoot moth, etc. and published 22 sessions of information about tree diseases and insect pests timely by using trap lamp, gyplure and other tools; meanwhile, we adopted the physical, chemical and biological pest control methods and strengthened routine management, released more than 9 million rodent wasps and promoted new technologies to control long-horned beetles and guarantee the greening beautification effect of port areas.

STICKING TO SAFETY BOTTOM LINE AND LAYING THE SOLID SAFETY FOUNDATION

6. Sticking to Safety Bottom Line and Laying the Solid Safety Foundation

QHD Port adheres to the policy of “Safety First, Prevention Priority and Comprehensive Treatment” in business operation and management, firmly builds up the awareness of safety bottom line, fully implements the main body responsibility for safe production, always gives priority to value preservation and increase of state-owned assets and employee health and safety, profoundly carries out major safe production inspection, continues to conduct double preventive measures, including the classified management and control of risks and the inspection and rectification of potential safety hazard, builds up the essentially safety-oriented enterprise, comprehensively prevents the production safety accidents above various levels and ensures to keep the Company’s safe production situations sustainable and steady.

6.1. Improving the Safety Management System and Establishment of Rules and Systems

QHD Port considered “the Party and government sharing the same responsibility, one post with two responsibilities, joint control and management and ascertaining the responsibility in case of duty negligence” as the core of our safe production responsibility mechanism, formulated the “Horizontally and Vertically Accessible” safe production responsibility system, further improved 23 safe production rules and systems and safe operation specifications, covering the whole process of production, operation and management; in accordance with the *Administrative Measures for “the Party and Government Sharing Responsibility and One Post with Two Responsibilities of Safe Production”* and the *Implementation Plan for Gridded Management of Safe Production*, we established the layered, classified and fully covered safe production management network, directly extends safe production management into the grassroots and terminals, thereby gradually improving the gridded management system for safe production featured by “Fixed Standard, Fixed Personnel and Fixed Responsibility”. In early 2017, we organized the comprehensive signing of the letter of commitment for safe production, so as to further guarantee the effective implementation of our safe production responsibility system.

6.2. Safe Production Originating from Details

The Company deeply knows that details are the essence of safe production. In 2017, we carried out a series of activities including safety risk control, safety inspection, potential risk identification, emergency rescue drilling, etc., so as to timely find out, treat and eliminate potential risks in advance. With the efforts of all employees, no production safety accidents of the general level and above happened in the year.

In the second half of 2017, the State Council continued carrying out safe production inspection, grand inspection and supervision and “Inspection Review” activities. The Company carefully implemented the requirements of the management authority, carried out grand safe production checks. We’ve totally organized 116 specific inspections, 656 conventional inspections and 536 regular inspections, in which totally 3,191 potential accidents were found and rectified.

The Company innovated upon the safety work ideas and insisted on the work mode of “Being Problem Oriented, Making Precision Efforts and Conducting Specific Treatment”. From the beginning of the year, we’ve developed more than ten specific rectifications to facilitate safe production, including coal cleaning operation, electrical safety, ship ladder management, safety management of related parties, road traffic safety, etc..



Fire Emergency Drill

6.3. Safety Awareness Going First

Based on the principle of “Focusing on Efficiency and Training on Demand”, we continuously and effectively carried out the occupational safety education, in an effort to enhance the staff’s safety awareness, working skills and good safety practices. In April 2017, we organized a special training about electrical overhaul and cleaning by combining the electrical overhaul and cleaning activity in spring. In August and September 2017, a special training about safety management knowledge was organized, in which more than 1,400 section, team and shift leaders participated. In November 2017, we organized leaders of the safety supervision department to carry out specific trainings. Moreover, special trainings about comprehensive emergency response management of production safety accidents, safety risk identification, occupational health management, etc., were organized by combining the specific safety rectification activity. Totally 36 sessions of safety education and training were organized in the year, in which over 9,000 employees received such education and training.

The Company made full use of the WeChat group, department website, port newspaper and other channels to play excellent animation videos about safety, public welfare ads and safety lectures to popularize the safe production knowledge. We also carried out a series of activities including safety skills competition, voluntary services, *Production safety Law* Publicity Week, demonstration of safety-related cultural works, etc. In 2017, the Company’s voluntary service team for safe production and service project was honored as the excellent voluntary service organization and project for safe production. In September 2017, the excellent safety-related cultural works submitted by the Company was recommended by Qinhuangdao Administration of Work Safety to Safe Production Publicity and Education Center of Hebei Province and the State.

6.4. Occupational Health and Safety

In 2017, the Company formulated and distributed many institutional documents including the *Administrative Measures for Supervising Occupational Health in Work Places*, the *Administrative Measures for Monitoring Occupational Health*, the *Administrative Measures for Three-Simultaneity of Occupational Hygiene*, etc., which further improved the institutional system for occupational health management.

The Company has fulfilled our obligation to inform all the operators in contact with occupational disease of the hazard factors. In accordance with the *Law on Prevention and Control of Occupational Disease* and the requirements of the General Administration of Safety Supervision in Decree No. 47, the Company entrusted an evaluation agency with Class A qualifications to complete the evaluation on hazard situations of occupational diseases and announced the evaluation results. During the reporting period, no occupational disease or suspected occupational disease was found and no acute occupational disease occurred. In the second half of 2017, the Company organized 1,041 employees exposed to noise, dust, welding smog, benzene, gasoline, etc. to attend the pre-job and in-job physical examination, with health check rate of 100%. In 2017, the Company had no work-related fatalities.

6.5. Safety Informatization

In order to strengthen safe production management and establish the information-based safe production management system, we launched the safe production management information system on 8 September 2017. The system consists of the basic and mobile management, support of laws, regulations, standards and specifications database and 20 relevant subsystem modules related to safe production. It has a series of safe production management functions including related parties management, dangerous work permit, safety education and training, major hazards management, occupational health management, potential risk identification and treatment, safe production standardization assessment, personal protection equipment management, fire safety management and emergency response to safe production accidents, which can meet the Company's requirements for safe production information management. The safe production management information system directly extends safe production management into the grassroots and terminals, helps establish the information-base safe production management system for the Company, and achieve the informatization, standardization and normalization of Company's internal safe production management work.

WORKING TOGETHER WITH EMPLOYEES TO CREATE A HARMONIOUS COMMUNITY

7. Working Together with Employees to Create a Harmonious Community

QHD Port regards our employees as the driving force of corporate development, protects the legitimate rights and benefits of employees, and gradually improves our employee incentive and reward mechanism. We care about our employees, provide them with sound working environment and facilitate their work-life balance.

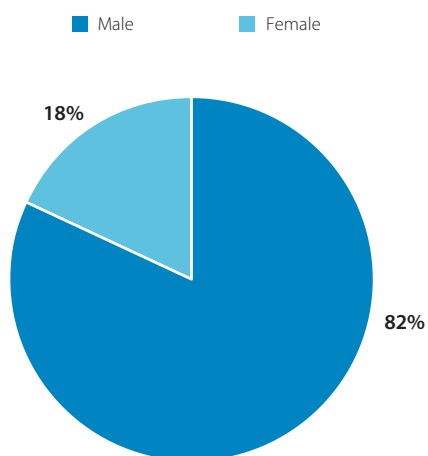
7.1. Abiding by Employment and Labor Standards, and Safeguarding Rights & Interest of the Employees

The Company signs labor contracts with the employees in strict compliance with relevant requirements of the *Labor Law*, the *Labor Contract Law*, the *Trade Union Law* and other state laws and regulations and eradicates all forms of discrimination based on gender, nationality, religion, age and other aspects regarding recruitment, remuneration, training and promotion. Hiring of child labor and forced labor is prohibited, so as to ensure that all employees have access to fair, just and open job opportunities. In 2017, 100% of employees were employed under labor contracts.

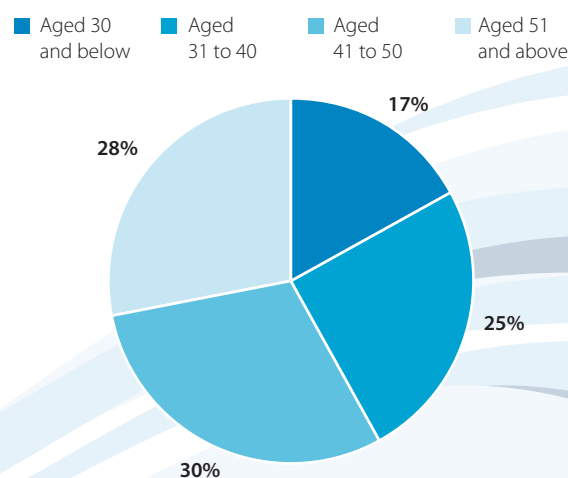
The Company has formulated and enforced the *Administrative Measures for Employee Recruitment (Trial)* so as to regulate employee recruitment management, facilitate reasonable employee allocation and create a favorable atmosphere in which all the staff and the enterprise work together to create, share and pursue collaborative development. According to different scope of recruitment, we categorized recruitment into internal recruitment and external recruitment. Therein, internal recruitment refers to selecting candidates from existing employees of the Company while external recruitment refers to public recruitment from the society.

As at the end of 2017, there were 12,658 employees enrolled, 2,316 of whom were female.

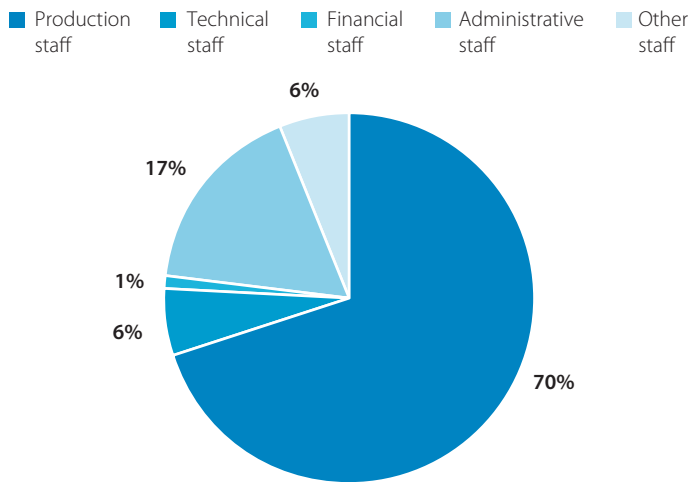
Employee percentage by gender



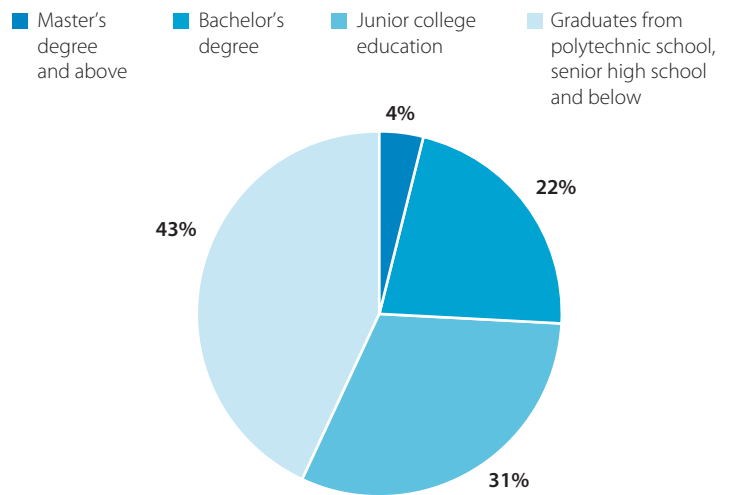
Employee percentage by age



Employee composition by speciality competition



Employee composition by education level



7.2. Smoothing Employee Development Channels and Establishing Management Training System

We emphasize on employee training and enhance employee skills to smooth employee development and promotion channels. The Company implements the spirit of the CPC 19th National Congress and carries forward the “Craftsmanship Spirit” in the enterprise. In 2017, we organized ten types of trainings to create a favorable atmosphere of working with due diligence and digging into skills.

- **Enhancing vocational skills of employees**

The Company focuses on operation and development and attaches importance to internal resource advantages. We formulated the all-round, multi-form and accurate training programs and established the *Administrative Measures for Funding of Employee Education and Training*. The Company closely combined training with work performance and effectively enhanced the overall quality of talent teams via training. In 2017, totally 21,416 employees received training, with each employee being trained for 28 hours, which provided solid intellectual support and talent guarantee for the Company’s development.

As for different employment types, the Company has provided 10 types of trainings including the training for the middle management or above level, party affair officers, backup cadres, department heads and team cadres, industrial workers, professional technicians, shift or group leaders and specialized training for young workers, qualification training as well as academic education etc. As for the problem of uneven field operation level of technical workers, the Company held the “Training Class for Improving Technical Skills of the Operators for Main Types of Port Work”, with the first training covering 50% of the operators. As for the marketing team, the Company set the “Training Class for Improving Business Capability of Marketing Team”, which offered training to all the staff of production business system helping the marketing staff adapt to the market and effectively changed the way they work. Moreover, the Company also held the “Training Class for Corporate Risk Management and Internal Control” for the management staff, which invited leaders of the finance and legal departments of Hebei Port Group to give lectures and help the Company’s management staff, financial staff and legal staff enhance their risk awareness and professional level. In addition, the Company carried out multiple labor skills competition and urged the employees to enhance their work skills.



Rope Mooring Workers Contest of the Employee Skills Competition



Electrical Handling Machinery Drivers Contest of the Employee Skills Competition

- **Career development path and management policy**

The Company pursues the excellent performance management concept, intensifies the goal orientation and sense of responsibility, smooths the development and promotion channels of employees and facilitates fair and equitable assessment on performance of employees. In 2017, the Company continuously improved employee performance appraisal and promotion policies, implemented the *Administrative Measures for Employee Performance (Trial)*. The Company adheres to the concept of “Performance First, Efficiency Preferred, More Pay for More Work and Better Payment for Better Performance”, and tries to reward the good and punish the bad by objectively evaluating the performance of duties and accomplishment of work objectives and by fully using the employee performance assessment results, thereby continuing to enhance the employee performance. In addition, the Company increased quarterly assessment, implemented the quarterly performance review program, adopted performance assessment in a scientific manner, strengthened dynamic management and control, gave prominence to process management and stimulated the HR vitality.

7.3. Enriching Recreational Activities and Caring for Health and Life of Employees

- **Democratic management and communication with employees**

We insist on democratic management and communication, establish and improve the employee representative congress system and formulate the *Implementation Rules of Employee Representative Congress*, the *Administrative Measures for Employee Representative Congress* and other rules and systems to ensure the democratic management rights of employees. On 10 March 2017, the 9th meeting of the first session of the Employee Representative Congress was held to listen to the employees’ proposals and know about their feedback suggestions and opinions. At the meeting, all the representatives considered and adopted 11 work reports and 4 collective contracts in written form and signed the 2017 *Collective Contract*, *Collective Contract for Employee Salaries*, *Collective Contract for Labor Safety and Hygiene*, and *Collective Contract for Protection of Rights and Interests of Female Employees*, which fully showed the effects of encouraging employees to offer advices & suggestions and carrying out democratic management.



Employee Representative Congress

Furthermore, the Company strengthens digital construction and attaches importance to developing internet culture. The official website of the Trade Union -- "Home of the Staff" has shown good results in 2017. "Home of the Staff" released regularly the information about work progress and activities carried out by related functional departments and published more than a hundred articles to facilitate the staff's clear and convenient understanding of the work conducted by various departments under the Trade Union. For the convenience of employee communication, the Company also developed the "Home of the Staff at Fingertips" and set the WeChat account "Port Benefits (Gangkou Hui)", so as to serve the staff in a better, faster and more convenient manner, and bring more benefits to the staff, thereby effectively strengthening the relationship between the Company and the staff. The "Port Benefits (Gangkou Hui)" attaches great importance to interaction and communication with the staff fans, and interacts with the staff by various activities such as "Soliciting Micro Suggestions" and "Talking about Book Reviews", from which more than 200 suggestions and book reviews have been received.

- **Caring for female employees**

The Company profoundly implements the spirit of General Secretary Xi Jinping's series of important speeches, particularly the important instructions about trade union and female employees, and effectively safeguards the legitimate rights and interests of our female employees in accordance with the *Special Provisions on Labor Protection of Female Employees in Hebei Province*.

In 2017, the Company renewed the safety and health insurance for all the registered female employees and continuously promoted the "Caring Mother House" activity to effectively protect the legitimate interest and special rights of our female employees as well as care for the pregnant or breast-feeding female employees. In addition, on the "International Women's Day" on 8 March 2017, the Company carried out the monthly rights safeguarding activity for female employees and organized female employees to participate in Q&A contest about knowledge of laws and regulations related to rights and interests of female employees. We held the "March 8" Commendation Conference and the Seventh Meeting of the First Session of Female Employees Committee, commending a number of advanced collectives and individuals among female employees and issuing certificates, cups and awards.

- **Helping employees in difficulties**

The Company deeply implements the decision and arrangement of “Exerting Great Effort in Precise Poverty Alleviation” of CPC Central Committee and CPC Hebei Provincial Committee, effectively provides help and assistance for employees in difficulties and formulates the administrative measures for help and assistance of the employees in difficulties. In 2017, the Company gave the subsidies of RMB1.007 million to employees in difficulties in accordance with the *Provisions for Subsidies Given to Employees in Livelihood Difficulties*. In addition to supporting the employees in difficulties, we also help children of the employees in difficulties to pursue their education dreams. In 2017, the Company continued carrying out the activity of “Student Assistance in Golden Autumn”, which helped 60 children of the employees in difficulties, with the support subsidies totaling to RMB69,000.



Condolence of the Employees in Difficulties

- **Caring for employees' health**

In 2017, the Company continuously promoted human care and psychological counseling. The Company established the “Heart Station” in the Home of the Staff, and invited experts to give corporate trainings about function transformation of the Company and to special worker groups engaged in high-risk operations; organized and held the human care and psychological counseling seminar, to deliver warmth of the Company by care and respond to heart appeals by counseling.

In order to strengthen and improve safe production and labor protection in high temperature season, and implement the heatstroke prevention measures during the summer vacation in 2017, the Company initiated the “Coolness Giving” activity for the staff working at the frontline of production and services under summer heat, and sent heatstroke prevention goods such as tea and mineral water for employees and workers engaged in outdoor operations, with the funds for “Coolness Giving” activity totaling to RMB830,000.

- **Enriching recreational activities for employees**

The Company organized a series of recreational activities to enrich the spare-time life of employees, encourage the employees to increase exercise and keep fit and satisfy their spiritual and cultural needs. In 2017, the Company organized the employees to attend the Seventh Qinhuangdao Sports Meeting, for which totally 68 employees took part in the sports competition. We provided more than 10 training classes, such as literature writing, badminton, painting, etc., held the badminton invitational tournament for cooperative organizations of the port and teamed up to attend the 2017 Badminton Tournament for Amateur Clubs in Hebei Province; organized the photography competition title with "Old Wharf • Grand Port Affections" and encouraged the employees to develop hobbies and interests; promoted the construction of "Reading Room for Employees", and carried out the reading activity themed with "Group • Employee • Chasing Dreams".



*Employees Attending
the 2017 Qinhuangdao Sports Meeting*



Table Tennis Competition of Employees



Reading Sharing Session



*10,000 People Brisk Walking Activity in
the Beautiful Port City of Hebei*



"Three to Three" Basketball Match



"Reading Room for Employees" Activity

CONTRIBUTING TO CHARITY AND DELIVERING POSITIVE ENERGY TO THE SOCIETY

8. Contributing Social Value and Delivering Love by Public Welfare Activities

In our development course, we are always remembering to shoulder our social responsibility, devote ourselves to the social welfare undertaking, and give back to the society. Meanwhile, the Company encourages the employees to contribute their love by organizing volunteer activities and makes positive contributions to social construction.

8.1. Strengthening Community Communication

In 2017, the youth volunteers of QHD Port mainly focused on two priority areas of work: building Qinhuangdao into a national civilized city and sponsoring Hebei Provincial Tourism Industry Development Conference. With the concept of "Based on the Port Areas to Serve the Society", the Company took full advantage of the exemplary and leading role of youth volunteers and organized such activities as wharf cleaning, dust removal by water spraying, landscaping by planting trees, picking up white trashes, wiping the bus stop board, cleaning up the community, etc. We've also participated in the voluntary tree planting activity of Qinhuangdao, themed with "Volunteer Support of Ecological Civilization", with the number of trees voluntarily planed totaling to 300, which has made significant contributions to building Qinhuangdao into a national civilized city. During the reporting period, the Company provided the volunteer activities and services for totally 40,161 hours and input totally RMB450,000 in public welfare.

In 2017, QHD Port carried out five condolence and donation activities for nursing homes, hope primary schools and underprivileged children, totally donated materials worth of RMB10,000.

Case: Hebei Provincial Tourism Industry Development Conference Held Smoothly under the Support of Volunteers of the Youth League Committee of QHD Port

During the period when Hebei Provincial Tourism Industry Development Conference was held, the Company selected and recommended 25 youth volunteers to take charge of guest reception, route guidance, tour guide commentary and other tasks. During the tourism season, we set up the Youth Volunteer Tourism Service Station in Qinhuangdao Railway Station and the highway exit, providing drinking water, road guidance and other services for tourist, citizens and sanitation workers.



Volunteers Carrying out Volunteer Activities for Civilized Guidance and Civilized Traffic at Qinhuangdao Railway Station

Case: Carrying out Centralized Cleaning Activity to Enhance the Environmental Appearance of Port Areas

On 10 November 2017, the Company organized the centralized cleaning activity, in which 2050 employees cleaned up the hygienic dead angles, wiped handrails and signs, and pick up various rubbishes, with tools. In this activity, we've cleaned up the roads of 667,000 m², the rubbishes of 243.6 m³ and weeds of 19,975.8 m²; wiped more than 1,034 facilities including various signs, reflectors, dustbins, road barriers, etc., flushed walls of 7,375 m² and removed more than 110 small ads. This has effectively helped clean up the environment in port areas and further enhanced the environmental quality.



Cleaning up White Trashes on Coastal Roads



Port Cleaning Activity after Rain

8.2. Supporting Poverty Alleviation

With the goal of meeting the basic poverty alleviation conditions in 2017 and in strict accordance with the exit criteria of poverty-stricken villages and households, the Working Group of QHD Port stationed in Shimenzi Village, Qinglong County, Qinhuangdao City actively raised money from various channels, took multiple measures to carry out the poverty alleviation work and made remarkable achievements in 2017, thereby obviously improving the living standard of villagers.



Condoling the Poverty-stricken Elderly

Case: "Spreading Warmth and Walking with Love" Poverty Alleviation Activity

On 20 June 2017, 25 party members of the First Port Branch came to Shimenzi Village of Guanchang Town, the Company's targeted anti-poverty village as the volunteer representatives, to carry out the voluntary activity of "Spreading Warmth and Walking with Love". In Shimenzi Village Hope Primary School, the party member volunteers handed to the children more than 100 adolescence literatures, stationery and fruits voluntarily donated by the employees, cared about their learning condition and played inspirational animated movies for children. The Company also sent foodstuff and materials to poverty-stricken military families and households and condoled the poverty-stricken elderly.



Donating Stationery to Students

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FEEDBACK QUESTIONNAIRE

Dear readers,

Thank you very much for taking time out of your busy schedule to read the 2017 Corporate Social Responsibility Report of Qinhuangdao Port Co., Ltd.. We sincerely expect your opinions and suggestions about this report and our work. You may send by post, e-mail a scanned copy or fax the completed feedback questionnaire to us, or you can directly call us to put forward your precious opinions. Thank you!

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1. What kind of stakeholders of Qinhuangdao Port Co., Ltd. does your employer belong to?
☐ Shareholder ☐ Employee ☐ Supplier ☐ Customer ☐ Government ☐ Community
☐ Academic Institution ☐ Others (Please specify)
2. Have you ever read the Corporate Social Responsibility Report or Sustainability Report of Qinhuangdao Port Co., Ltd. (If your answer is No, please skip Questions 3, 4 and 5):
☐ Yes ☐ No
3. If yes, have you read a paper version or electronic version?
☐ Paper version ☐ Electronic version
4. Do you expect to read a paper version or electronic version?
☐ Paper version ☐ Electronic version
5. Your comprehensive evaluation on 2017 Corporate Social Responsibility Report:
 - Readability (Popular and easily understood expression, beautiful design, attractive content, and easy to find the desired information)
☐ 3 (Good) ☐ 2 (Average) ☐ 1 (Poor)
 - Creditability (The reporting information is authentic and reliable)
☐ 3 (Good) ☐ 2 (Average) ☐ 1 (Poor)
 - Information Integrity (Both the positive and negative information is considered, and your need for information can be satisfied)
☐ 3 (Good) ☐ 2 (Average) ☐ 1 (Poor)

Apart from the information already disclosed in the report, what else information do you expect more to read?

May 2018