



DALIAN PORT (PDA) COMPANY LIMITED

大連港股份有限公司

(A sino-foreign joint stock limited company incorporated in the People's Republic of China)
(於中華人民共和國註冊成立之外商投資股份有限公司)

(Stock Code 股份代號 : 2880)



2018 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 環境、社會及管治報告



ESG Report

Contents

About This Report	2
ESG Management System	3
ESG Concept and Goals	3
ESG Management Structure	3
Stakeholder Engagement	3
Green Operation.	6
Compliance in Operation	6
Reduction in Emissions	7
Energy Efficiency Improvement	8
Clean Production	11
Key Performances.	12
Health and Safety Protection	13
Production Safety Management.	13
Occupational Health Protection	18
Protection of Employees' Rights and Interests.	19
Employment and Rights and Interests of Employees.	19
Trainings and Development	20
Employee Care	23
Operation Responsibility Management.	25
Product Responsibility.	25
Supply Chain Management	29
Anti-corruption	29
Community Investment	30
Appendix: ESG Reporting Guide	31

ESG Report

About This Report

Dalian Port (PDA) Company Limited (“Dalian Port” or “the Company”) was successfully listed on the main board of the Stock Exchange of Hong Kong in 2006 and on the Shanghai Stock Exchange in December 2010 respectively, becoming the first port company listed in the stock exchanges of both Hong Kong and Shanghai.

Dalian Port always takes “prospering the city through the port development, and serving the nation with industrial development” as its mission. Today, Dalian Port is vigorously marching on diversified paths toward a vision of “building a multi-functional, all-round and modernised international port by 2020 and also a happy, innovative, ecological, highly-efficient and smart enterprise”.

Pursuant to the *Environmental, Social and Governance (ESG) Reporting Guide* (the “ESG Reporting Guide”) set out in Appendix 27 to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, Dalian Port released *Dalian Port (PDA) Company Limited Environmental, Social and Governance Report 2018* (“the Report”). Dalian Port aims to disclose to stakeholders in the Report our achievements in terms of environmental, social and governance practices in 2018. It is advised to read the content pertaining to governance together with the *Corporate Governance Report* in the annual report.

The Report covers ESG-related information on domestic operating activities of Dalian Port and its main subsidiaries unless otherwise stated, and the reporting period is identical to that of the Company’s annual report.

ESG Report

ESG Management System

ESG Concept and Goals

In adherence to the ESG concept of “green and sustainable development”, Dalian Port proactively takes social responsibilities for environment, employees and customers while making profits, constantly operates in an honest, value-producing, safe and environment-friendly fashion, and upholds the corporate culture featuring virtue, honesty and self-improvement. The Company also strives to be resource-saving and environmentally-friendly, gives top priority to people, increases value for customers, reaches out to each stakeholder to understand their concerns, and to achieve mutual development of the Company, the society and the environment.

ESG Management Structure

In order to press forward ESG-related work, Dalian Port further improves the ESG management structure. With the functions and responsibilities clarified, ESG management is promoted on a compliant basis. The Board of Directors leads the Company's overall ESG work, maps working plan for every functional department and supervises the implementation. Subsidiaries are committed to implementing each assignment in the plan. In 2018, the ESG management concept was deeply rooted in everyone's mind and the ESG management was effectively enforced.

Stakeholder Engagement

The Company is grateful for the support and help from stakeholders from all walks of life. With a deep understanding about the significance of stakeholders' expectations on the corporate development, the Company always attaches great importance to their expectations and demands on our ESG performance. In order to effectively identify major stakeholders' key concerns, the Company has established diversified and targeted communication channels to maintain long-term and effective communication with stakeholders.

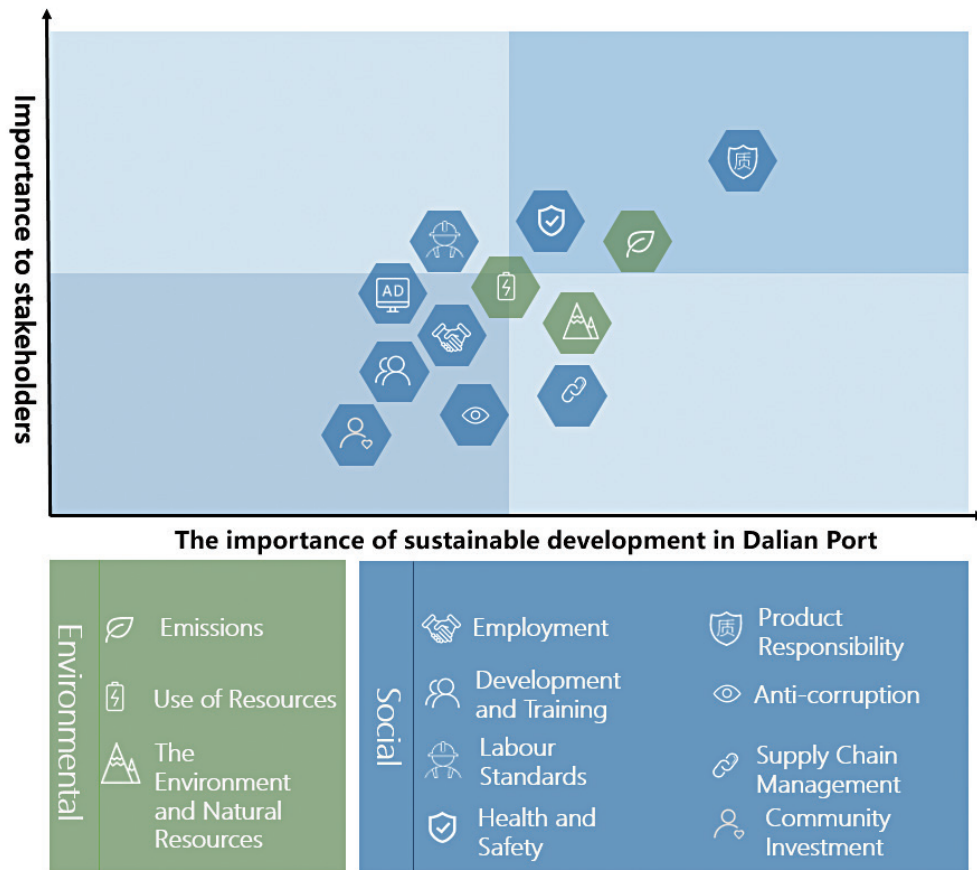
ESG Report

Through the identification and communication mechanism, major stakeholders identified include government and regulators, shareholders and investors, employees, customers, suppliers, media and community, whose top concerns covering compliance in operation, use of resources, emissions, caring for employees, product quality, and occupational health and safety.

Stakeholders	Communication Channels	Topics Concerned
Government & regulators	Important conferences, policy advisory, case reports, inspections, documents exchange, information disclosure, etc.	<ul style="list-style-type: none"> • Compliance in operation • Corporate governance • Energy conservation
Shareholder & investors	Shareholders' general meeting, annual reports	<ul style="list-style-type: none"> • Profitability • Operating strategy • Transparent disclosure
Employees	Employee satisfaction survey, employee activities, workers' congress, employee trainings, staff handbook, internal publications	<ul style="list-style-type: none"> • Salary and welfare • Development and trainings • Occupational health and safety
Media	Interviews on business operation, promotion of company culture, featured special events, media conferences	<ul style="list-style-type: none"> • Compliance in operation • Social influence • Performance of social responsibility
Suppliers	Supplier evaluation, bidding meetings, negotiations on strategic cooperation, exchanges and visits	<ul style="list-style-type: none"> • Fair cooperation • Honest and promise keeping • Coordinated development
Customers	Customer satisfaction survey, customer complaint hotline	<ul style="list-style-type: none"> • Service quality • Information security
Community	Charitable activities, community activities, campus talks, internship	<ul style="list-style-type: none"> • Community welfare • Community relationship • Employment promotion

ESG Report

We collected and organised topics in every aspect of ESG reporting, analysed the materiality level of the significance of each topic to the stakeholders and the Company's sustainable development, and mapped out the matrix of materiality. 3 topics with high materiality and 8 relevant topics were selected as the key research objects of this report based on the requirements of ESG reporting and Dalian Port's industrial characteristics.



ESG Report

Green Operation

The logo of Dalian Port starts with the colour of Chinese green, representing the importance that the Company attaches to ecological civilisation, environmental protection and health and safety. In 2018, the Company attached great importance to energy conservation and emission reduction, strictly abided by national laws and regulations, accelerated the construction of a green low-carbon port in accordance with the green development concept of being resources-saving and environment-friendly, continuously optimised production process and operation method, adopted green equipment and facilities, promoted energy conservation, emission reduction and clean production, improved the energy efficiency and environmental quality in the port, and made efforts in achieving green, low-carbon, recycling, and intelligent development.



Compliance in Operation

Acting upon the basic national policy of environmental protection and resource conservation, Dalian Port, pursuant to series of policies and regulations issued by the General Office of the State Council, the State Oceanic Administration and the Ministry of Environmental Protection (*the Coastal Waters Pollution Prevention and Control Plans, the Regulations for Environmental Protection in Construction Projects, the Water Pollution Prevention and Control Law, etc.*), developed and issued the *Environmental Protection Management Essentials of 2018 of Dalian Port* and other systems as well as *Environment Monitoring Plan* successively, pressing forward with environmental protection on a solid basis and providing scientific and reliable data for the construction of green ecological port; meanwhile, the Company completed a series of environmental protection inspections such as the closure of a complaint case, the re-inspection by the Central Environment Supervision Group, soil examination in port areas and environmental protection taxation training in active cooperation with related authorities to ensure overall compliance in the operation of Dalian Port in 2018.

Closure of Complaint Case No. 3517 for Environmental Protection Supervision

According to the requirements of the Dalian Municipal Working Group for Environmental Protection Supervision and Rectification, Dalian Port improved the report and documentation of the Complaint Case No. 3517, acquired approval from the Working Group and municipal officials in charge, successfully closed the case, and helped the Working Group with relevant work.

Soil Examination in Port Areas

According to the requirements for purchase and reserve of Dalian Environmental Protection Bureau and Ganjingzi port area, Dalian Port carried out soil examination in Donggang business area (former Si'ergou area) and Ganjingzi area. At present, the examination and filing of some land plots in Donggang area has been completed based on the new standards and the monitoring in Ganjingzi area has been completed.

Publicity and Implementation of Environmental Protection Laws and Regulations

As the *Environmental Protection Tax Law of the People's Republic of China* took effective in 2018, Dalian Port and its subordinated units carefully re-analysed applicable laws, regulations, standards and requirements for environmental protection, identified applicable terms, and complemented the Company's list of laws, regulations, standards and requirements for environmental protection. For the new "Environmental Protection Tax Law" effective in 2018, the Railway Company trained its employees on the law by expert lectures and Q&A simultaneously to maximise interaction, acquaint employees of the environmental protection law, call up their passion to learn, learn and understand the laws, and solve questions about some terms of the law and practical problems in the tax declaration.

ESG Report

Reduction in Emissions

In 2018, in response to the national call to protect the environment, Dalian Port developed and issued the *2018 Environmental Protection Management Essentials of Dalian Port Co., Ltd. and Environment Monitoring Plan*, oversaw the implementation based on the Company's policy, and urged the Company and the subordinate units to fulfil their own responsibility by strengthening pollution and emission reduction in new energy exploitation, equipment update, solid waste management, etc. In 2018, the "three-simultaneity" policy for environmental protection in new construction projects was 100% implemented and there was no significant pollution accident.

Progress of Shore-to-ship Power Supply Technology

Compared with traditional generators, shore-to-ship power supply equipment can effectively reduce the production and emission of pollutants such as greenhouse gas and NO_x and plays an important role in the construction of an environmentally-friendly port. Dalian Port has always been promoting the application of shore-to-ship power supply technology and successfully connected the largest ore ship in the world to the shore-to-ship power for the first time. On 20 October 2018, the world largest 40-thousand-tonnage ore sand ship "Minghui" was successfully connected to and received power from the shore-to-ship power facility at the specific berth at the Dayao Bay ore terminal. The 2-hour steady power supply reduced the emission by 0.8 ton of the ship's fuel consumption, 2.6 tons of CO₂, and 0.05 ton of sulphide. This move marked that Dalian Port has possessed the capability of high-voltage frequency conversion shore-based power supply.

Up to now, Dalian Port's all berths for ore, bulk grain, roll-on roll-off passenger ships and work boats as well as more than 50% of specialised container berths at the Dalian Bay have been equipped with shore-based power supply facilities; besides, 2 sets of mobile shore-to-ship power systems have been available for several berths in the general cargo terminal at the Dalian Bay. The installation of shore-to-ship power supply facilities at the berths for container ships, bulk ships and work boats met the indicators and requirements set in the *Arrangement Plan for Shore-to-ship Power Development during the 13th Five-Year Period* of the Ministry of Transportation. At the same time, all the shore-to-ship power supply projects at the terminals for general cargo, passengers and bulk grain at Dalian Port were examined and accepted by the Ministry of Transportation and earned RMB8.15 million of award for the usage of shore-to-ship power supply by ships at anchor.



Shore-to-ship power supply equipment

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Transformation of Sewage Treatment Plant

The Dayao Bay Sewage Treatment Plant is the major treatment facility for domestic wastewater in the Dayao Bay area in Dalian Port. In order to optimise the treatment process and improve treatment efficiency, the Company launched targeted research into and upgrade of the wastewater treatment process in 2018, improved the output water quality by adopting A/O processing method and heat preservation covers, and further reduced pollutant emission in addition to meeting the emission standard, thus build the sound ecological environment at the port. Recently, the transformation of the Dayao Bay Sewage Treatment Plant has been completed and the transformation of Dayao Bay sewage pipeline network is ready to start.



Sewage treatment

Supervision and Inspection for Environmental Protection

In order to urge the Company and its subordinate units to fulfil the integral responsibility for environmental protection on their parts, and therefore discover and eliminate existing hidden issues in time to downgrade risks in environmental management, Dalian Port commenced a special inspection of environmental protection over its subsidiaries in 2018. The inspection mainly covered ten parts, i.e. compliance with laws and regulations for environmental protection, implementation of prevention and control measures against air, water and solid waste pollution, the “three simultaneity” policy for environmental protection in construction projects, etc. The Company requested each entity to rectify the defects in environmental protection, fulfil their supervision responsibility and complete rectification measures.

Energy Efficiency Improvement

In 2018, Dalian Port further consolidated energy management in strict compliance with laws and regulations, developed and issued annual energy management plan, identified annual objectives and tasks, and promoted the construction of the energy management system in application of green equipment, recycle of resources and strengthening of energy consumption management. Additionally, the Company developed plans for Annual Water Conservation Advocating Week and Energy Conservation Advocating Week, raised the employees’ awareness of energy conservation through typical case promotion and technical exchange, and promoted the experience and effectiveness of energy conservation and emission reduction. In 2018, the Company’s energy consumption per unit production decreased to 2.38 tons of standard coal per ten thousand tons of cargo handling capacity, down by 6.3% over the previous year, demonstrating an effective result of the energy conservation efforts.

ESG Report

Photovoltaic Power Supply Project



Photovoltaic Power Supply Project

In order to accelerate the use of clean energy, the Company actively implemented the distributed photovoltaic power supply project in Dayao Bay area. About 38,800 square metres of roofs in the container port area were used for the photovoltaic power generation with the installed power capacity reaching 3.3 megawatts and the expected annual average generation capacity reaching 4 million kWh.

Vigorously Promoting Energy Conservation Equipment

Dalian Port continued to promote the application of green lighting technology and transformed more than 800 green lighting lamps throughout the year. The Company actively improved lighting devices at the port, replacing traditional lamps with LED, high-pole and energy-saving lamps, among which 325 green lights for production were installed and tested in the new area for oil products storage on Changxing Island, saving energy equivalent to over 720 tons of standard coal per year. More than 480 green lights for production were transformed and put in use for container terminals and oil terminals in Dayao Bay area.



Replacement of lighting equipment for gantry cranes

ESG Report

Oil-to-electricity

The Company carried out in-depth “oil-to-electricity” project for container gantry cranes. Furthermore, 8 cranes were equipped with lithium battery system to replace the diesel generators to supply power for moving between yards, which effectively reduced energy consumption and ensured zero emission in the operation of the cranes after abandoning diesel generators.

Stricter On-site Management

In 2018, to continuously intensify oil management, the Bulk Grocers Company implemented full-oil duty shift system to bolster the awareness of oil-saving, increased on-site inspection to prevent idle operation of devices are not in operation, and checked for the reason and solution in time in case of any exception by analysing the oil consumption per person-device; and the external entities were supervised in electricity usage to prevent wire connection without permission. The Company strengthened basic management, established and improved rules and regulations and strictly followed the rules and regulations governing energy usage. The Company also continued to limit the on-site lighting power, strictly implement the *Measures for Lighting Power Control in Dalian Port General Cargo Terminal Company* and determine the responsibility of electricity usage based upon the principle of “those who use electricity manage the usage, and those who manage take responsibilities”.

Scientific Planning and Recycling

Dalian Port attaches great importance to energy consumption analysis and regards it as an important theoretical basis for energy conservation work. Giving consideration to actual business situation and historical data analysis, it timely adjusts the resource use plan, so as to achieve reasonable planning and recycling of resources. In summer, the production demand is reduced. The Oil Company achieved centralised heat supply after integrating heat demands. Boilers were operated discontinuously, with a remarkable energy-saving effect. In 2018, the Company has seen a decrease in the cumulative time of boiler reduced by 16% from last year. Oil supply machines are scattered in the cargo terminal to reduce unnecessary oil loss in transportation. Meanwhile operators shall refill the machine before shift change, so as to get an understanding of the oil consumption of different operations and make sure operations are in line with the standard. The Company invested RMB150,000 to introduce the “power acquisition system for gantry cranes” which helped to strengthen the energy management through analysis of energy consumption of gantry cranes. In addition, the recycling of water resources was also a focus of Dalian Port’s energy conservation work. It took great efforts in recycling groundwater and rainwater in the oil terminal, with 9,217 tonnes of groundwater recycled throughout the year. It also established a water resource recycling system in the cargo terminal, using recycled water to deal with flying dusts and strengthening the recycling of condensed water in winter.

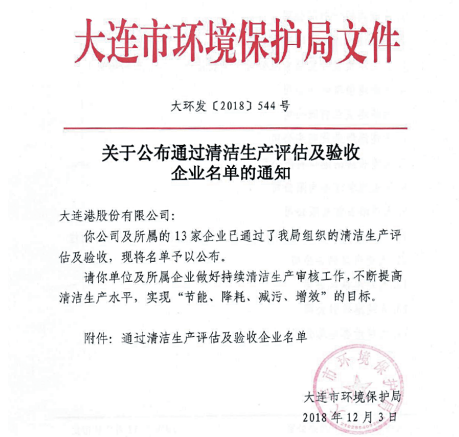
Energy Conservation Publicity

The Company developed an annual plan for the week of water and energy conservation, which supported by all the departments and subsidiaries in varied forms to improve the energy conservation awareness of staff and urge all staff to form a good habit of conscious conservation. Experience and effectiveness of energy conservation and emission reduction were shared through typical case demonstration and technical exchange. The Bulk Grocers Company conducted a comprehensive survey on its own equipment during the activity period to avoid leakage.

ESG Report

Clean Production

In order to further explore the potential of the Company and subsidiaries at all levels to protect clean production, in 2018, 13 subordinate enterprises of Dalian Port completed the review, assessment and acceptance of clean production. Through the review of clean production, all enterprises realised the relative reduction of COD, SO₂, NO_x, smoke and dust, hydrocarbons emissions, domestic garbage, battery as well as electricity, water, oil, coal and steam consumption, achieving the goal of “energy conservation, consumption reduction, pollution reduction and efficiency improvement”. At the same time, all the subsidiaries developed plans for continuous clean production, and continued to promote the clean production management system and incentive system, laying the foundation for further advancement of clean production.



Clean Production Acceptance Approval



Wall of dust prevention

ESG Report

Key Performances

Dalian Port's environmental Key Performance Indicators (KPI) statistics of 2018 covered major domestic operations and the subsidiaries (the Bulk Grain Company, the Railway Company, the Bulk Grocers Company, the Container Company, the Oil Company, the Wheel s Company and the Passenger Transport Company), unless otherwise stated. Due to their negligible impact on the environment, operations of offices had not yet been included in the statistical scope, which would be disclosed as the case may be.

Environmental KPI

1. EMISSIONS⁽¹⁾

Total greenhouse ⁽²⁾ gas emissions (scope 1 and 2) ⁽³⁾ (tonnes)	311,424.9946
Greenhouse gas emissions per 10,000 tonne throughputs (scope 1 and 2) (tonnes/10,000 tonne throughput)	8.3916
Total SO ₂ emissions (tonnes)	46.4
Total NO _x emissions (tonnes)	141.72
Total hazardous waste (tonnes)	276.37
Hazardous waste per 10,000 tonne throughputs (tonnes/10,000 tonne throughput)	0.0074
Compliance rate of hazardous waste disposal (%)	100
Total non-hazardous waste (tonnes)	25.62
Non-hazardous waste per 10,000 tonne throughputs (tonnes/10,000 tonne throughput)	0.6904

2. Energy consumption⁽⁴⁾

Total comprehensive energy consumption (mwh)	718,970.4654
Comprehensive energy consumption per 10,000 tonne throughputs (mwh/10,000 tonne throughput)	19.3732

3. Water consumption⁽⁵⁾

Total water consumption (m ³)	2,399,014
Comprehensive water consumption per 10,000 tonne throughputs (m ³ /10,000 tonne throughput)	64.64

- (1) Owing to the nature of business, the Dalian Port's major gas emissions are greenhouse gases, sulphur dioxide and dust arising from the use of electricity and fuels converted from fossil fuels.
- (2) What is calculated for greenhouse gas emissions mainly includes carbon dioxide, methane and nitrous oxide. Greenhouse gas emissions are calculated in accordance with the *2015 China Regional Grid Baseline Emission Factors* published by the National Development and Reform Commission and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* published by the Intergovernmental Panel on Climate Change (IPCC).
- (3) Category 1 greenhouse gas emissions refer to those from operations of the Company, while Category 2 are those arising from internal consumption of indirect energy (purchased or acquired) – electricity, thermal energy and steam.
- (4) The comprehensive energy consumption figures are based on the direct and indirect energy consumption as well as the conversion factors in Chinese Standard *General Principles for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2008).
- (5) In view of the nature of operations, the Dalian Port's major water consumption results from production and office operations.

ESG Report

Health and Safety Protection

Dalian Port adheres to the values of “being people, customer and responsibility-oriented” and the development concept of “safety first”, and always regards health and safety as premises of sustainable development. It successively revised and issued the *Regulations of Dalian Port on Safety Management of Labour Service Outsourcing Teams*, the *Responsibility System for Production safety of Dalian Port*, and the “Three Simultaneity” *Management System of Occupational Disease Protection Facilities for Construction Projects of Dalian Port* and established a sound occupational health and safety management system; it comprehensively promoted the “four mechanisms that established the” all-member responsibility system for production safety, safety commitment announcement system, reporting system on the reliability of risk prevention and control, and system of daily inspection, weekly reporting, monthly scheduling, quarterly briefing and annual summarisation” to ensure the implementation of each safety work. In 2018, the Company achieved zero incidence in minor injuries, serious injuries, fatality and occupational diseases.



On-site research meeting of four mechanisms

Production Safety Management

In 2018, Dalian Port implemented the national, provincial and municipal production safety work arrangement. It focused on the main line of “putting a curb on major and extra serious accidents and eliminating general accidents and put emphasis on “labour service outsourcing teams, high-risk operations, obsolete equipment and facilities, and management of safety responsibility areas”, to change management methods, innovate inspection methods, achieve source prevention, system management and comprehensive policy implementation, and adhere to the basic principles of “no safety, no production”, thereby continuously improving the overall enterprise safety management level. Again, the Company clarified and revised the all-member responsibility system of production safety in strict accordance with the *Production safety Regulations* and the *Notice of Implementing Opinions on Carrying out the All-member Responsibility System of Production safety* as issued by the province and municipality to ensure that responsibilities are individual specific (“one position, one responsibility”) and those who fail to uphold safety standard are held responsible (“one position, dual responsibilities”), achieving sustainability and stability of production safety.

ESG Report

Safety Commitment Announcement System

In order to further implement relevant requirements for promoting the safety commitment announcement system, major departments of the Company improve the judgement escalation and the assessment mechanism on a daily basis and make commitment announcement to the public by setting up LED bulletin screens at conspicuous locations, or through the Dalian Port information platform and municipal government websites to ensure "safety first, no production in the absence of a safety announcement", and strengthen the implementation of level-by-level responsibility system. Based on the combination of professional division of labour and regional management, the daily inspection, weekly report, monthly scheduling and quarterly briefing system is strictly implemented to ensure that every inch of land in the port area is under the charge of a person and each equipment is managed by a person.



Safety commitment announcement

Hierarchical Control of Safety Risks

The Company strictly implements the safety risk prevention and control reliability report system for hazardous chemicals enterprises, sorts out and improves the supporting systems of each unit, records and establishes working files, guides the implementation of hierarchical control of safety risks and implements the operation safety risk process confirmation, to effectively apply risk identification, evaluation and grading to the determination of production safety through specific measures such as "morning meeting and pre-shipment meeting of all levels before operation" and perform the hierarchical control of safety risks with "standards, measures and implementation". Based on results of hierarchical control of safety risks, each dangerous cargo operation unit monthly makes a judgement and forms a reliability report to submit to the municipal port authority timely. At present, all major production units throughout the port have completed the preparation of the "four-colour image".

ESG Report

Division of Safety Responsibility Areas

In accordance with the principle of coordination and integration of goal orientation and problem orientation, Dalian Port studied and formulated the *Assessment Standards of Dalian Port for the Management of Production Safety Targets* in 2018, which set out specific indicators in five aspects, to implement the system that one enterprise has its own assessment standard, thereby making the goal orientation clearer. It organised the signing of annual production safety target responsibility letters and statements of “one position, dual responsibilities” throughout the port. Based on the principle of “localised management and graded responsibility”, Dalian Port clarified the requirements for division of safety responsibility areas, and prepared the *Schematic Book for Management of Safety Responsibility Areas of Dalian Port*, to further improve the management system for safety responsibility areas through the management method of “specific responsibilities to specific persons in a specified area”.

Safety Inspections

In 2018, Dalian Port focused on “six inspections” and extensively carried out special rectification actions to fight against illegal activities. By “checking human factors, checking preciseness, reasonableness and feasibility of rules and regulations, checking technical conditions of production process equipment and fire fighting equipment, checking the appropriateness of training and study, checking the implementation of information equivalence and checking the management of construction and outsourcing teams”, it carried out special inspections on the compliance of operations under dangerous cargo and major hazardous sources, the maintenance of flood and typhoon prevention equipment and facilities, hidden hazards in construction site and crowded places and the management of special equipment.

In addition, the Company further standardised the management of inspection checklist, potential hazards checklist, rectification checklist and review and acceptance checklist”, and clarified standards for these “four checklists” to fully cover hidden hazards in the inspections. At the same time, it carried out “snapshot” activities of hidden dangers and encouraged all staff to participate in hidden danger investigations.

Safety Training

In order to improve staff’s safety awareness and production safety skills and ensure the implementation of safety management systems such as “one position, one responsibility” and “one position, dual responsibilities”, Dalian Port established a comprehensive staff training system for production safety. In 2018, the Company carry out various forms of safety publicity and education, implement precise training, and extensively publicise the production safety knowledge, accident cases and on-site work, organise the staff safety training and safety education before holidays according to training programmes and training systems. It focused on the training of safety rules and regulations and operating skills for key staff, enabling staff to actively accept and absorb the training content through video watching, case combination, expert face-to-face training; meanwhile, the Company strengthened the training for new staff, and the Railway Company, the Bulk Grain Company and the Oil Terminal Company successively conducted three-level safety training activities for new staff to improve their safe operating capacities. In addition to the internal staff of the Dalian Port, the Company incorporated the labour service outsourcing teams into the company’s unified management, and conducted the re-education training of safety for members of labour service outsourcing teams in accordance with the training plans. Those who fail to pass the training examination are excluded from participating in the operation.

ESG Report



Safety Promotion

In accordance with the requirements of Dalian Port, the subsidiaries actively carried out theme activities such as “production safety month”, “Winter Protection Cup”, “Fire Control Publicity Month” and “Occupational Disease Prevention and Awareness Week”. It publicised activities by means of making hanging banners, display boards and hanging charts, organised various activities such as the opening day of fire station, fun games and centralised publicity and exhibition and actively promoted activities by using the media such as intranet and WeChat platforms, making various theme activities impressive and enhancing staff’s safety awareness. Among them, the Oil Terminal Company, the Bulk Grain Terminal Company and the Railway Company were selected as the demonstration enterprises of safety culture construction in Dalian in 2018.

Management of Labour Service Outsourcing Teams

In order to further strengthen the company’s safety management of labour service outsourcing teams, effectively prevent and contain the occurrence of production safety accidents in labour service outsourcing teams and promote the Company’s stable production safety situation, the Company establishes and continuously improves the entry requirements of labour service outsourcing team, and strictly reviews the safety management capabilities of labour service outsourcing teams. Standardised production safety, safety training and education, key staff qualification and safety management performance assessment are regarded as important indicators for the production safety capacity of labour service outsourcing team. The Company implements the record management system for production safety, and the labour service outsourcing team without qualification review and filing is prohibited from engaging in any operations within the Company. In accordance with the safety management principle of “the one introduces the team is responsible for it”, the Company clarifies the responsible departments and persons for the introduced labour service outsourcing teams one by one, guides and supervises their safety management.

ESG Report

Production safety Management Actively Conducted by Subsidiaries

Bulk Grocers	The Company strengthens on-site management and strictly implements the post responsibility system. The operating personnel fill in the safety confirmation form before construction and adhere to the working principle of “no production is made under unsafe conditions”. The company intensifies the punishment on safety issues. For any safety issue found, operating personnel and management personnel should take responsibility.
Railway	The Company promotes the management of entry requirements of key positions. In addition to the existing positions for licenses, the switcher is included in such management, and the corresponding management process is explored and established. In addition, a “new staff safety development record” is established for new staff, “three levels of simultaneous prevention and control” for station sections, workshops and teams is implemented to prevent new staff from the risk of the winter season. In 2018, the Company was awarded the Production safety Standardisation Level 3 Enterprise Certificate in Dalian and was selected as the safety culture demonstration enterprise in Dalian.
Oil	The Company strictly implemented the management requirements of “safety first, no production in the absence of a safety commitment”. It prepared and issued the <i>Production safety Objective Management and Assessment Rules for the Oil Terminal Company in 2018</i> , the <i>Regulations on Management of Safety Inspections</i> and the <i>Regulations on Management of Hidden Hazard Investigation and Control</i> , revised the management system of “eight special operations”. For special operations, the Company strictly prepared and reviewed the scheme, strictly performed the risk identification and operation approval procedures and strictly fulfil the on-site supervision and protection responsibilities in accordance with requirements of the management system, to ensure the safe and orderly completion of special operations.
Passenger Transportation	The Company formulated and issued the <i>Construction Scheme of the Dalian Port Passenger Transportation Company for Safety Commitment Announcement</i> and the supporting management system, and continuously improved the intrinsic safety management level through hidden danger control in the form of “four lists” and “safety risk reliability report”. In terms of facilities, the company built a new overhead bridge to ensure the safety of boarding, readjusted the traffic markings of new and old stations, and open a separate security check passage to ensure traffic safety in the port area.
Bulk Grain	The Company formulated the <i>Quarterly Assessment & Evaluation Methods on Evaluation of Production safety Month for the Bulk Grain Terminal Company</i> . According to the principle of refine the responsibility of production safety in accordance with the principle of “wherever there is division of labour, position and operation, there is safety responsibility”, it refined the integral responsibility of production safety to each staff and each position to promote the implementation of the safety responsibility system.

ESG Report

Barge

The production safety system and various regulations were continuously revised and improved. In the whole year, 6 management systems and safe operating procedures and 14 safety management documents were revised and improved. The company's management at different levels signed production safety responsibility letters and "one post and one responsibility" commitment letters, and implemented the assessment rules into the monthly performance inspection, thereby achieving supervision at any time and comprehensively implementing the production safety responsibility.

Container

The Company completed the revision of the production safety responsibility system, formulated and issued the *production safety Scheme of "Winter Protection Cup" and "This Winter and Next Spring" for the Dalian Port Container Company*; and it innovatively proposed effective measures of "overall planning of containers, special division of labour, responsibility of designated person, regular supervision, experience sharing, replication and promotion" to ensure the implementation of "four focuses" of the Dalian Port.

Occupational Health Protection

The Company attaches great importance to the occupational health and safety of employees. In 2018, Dalian Port issued *2018 Protection Management Essentials of Dalian Port Co., Ltd.*, based on which the Company further improved the occupational health protection system to protect the occupational health of employees.

Occupational Disease Hazard Management

Bulk grain terminals, container terminals and other facilities have engaged occupational health technical service agencies to evaluate their status quo of occupational disease hazards and rectify the existing problems. All the rectification have passed the expert review. The Company conducted regular self-examination, maintenance and management for various signs such as warning signs, bulletin boards and Chinese warning instructions, and compiled and printed in June the *Standard Management Manual for the Occupational Disease Hazardous Workplaces* as a supplement to previous port-wide norms on occupational disease checking point distribution, hazard warning signs and emergency supply management, so as to instruct all the unit's standard management of occupational hazard warning and emergency rescue facilities.

At the same time, Dalian Port and all the units conducted the emergency rescue plans for occupational disease hazard incidents such as dangerous chemical leakage and the on-site disposal schemes for incidents such as personnel poisoning and asphyxia. Through the drills, employees have acquired better understanding of coping process and improved their response ability for emergency occupational hazards. In addition, the Company has prepared first-aid kits and emergency supply cabinets at the workplaces vulnerable to occupational disease hazards, and established check records and usage records for the emergency supply inventory. For workplaces vulnerable to chemical leakage and poisoning, warning signs and emergency facilities have been set in position as required and special person assigned for inspection and maintenance.

Moreover, Dalian Port entrusted qualified occupational health technical service agencies to inspect the occupational disease hazard factors. As of August 2018, the inspection work of all the units has been completed, with a pass rate of 100%.

ESG Report

Publicity and Training on Occupational Disease Prevention

In 2018, Dalian Port revised and issued the *Education and Training Rules for Occupational Disease Prevention and Control in Dalian Port*, and carried out activities for the 16th publicity week of *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* underlining “Healthy China with Occupational Health as the Premise”. These activities strongly addressed the importance and raised the awareness attached by all units to the prevention and treatment of occupational diseases. The publicity campaign helped to continuously improve employees' self-protection awareness and ability against occupational disease hazards and achieved good results.

Moreover, in order to act upon the *Law on Prevention and Control of Occupational Diseases*, Dalian Port successively carried out occupational health training for labourers and managers. The occupational health training for labourers was certificate-oriented and all the participants passed the examination and assessment. The occupational health training for managers, mainly focusing on the factors, sources and prevention and control measures of common occupational diseases hazards in the Port, the *Design Rules for Occupational Safety & Health of Ports Engineering*, occupational health management and accident cases, etc., continuously improved the professionalism of occupational disease prevention among employees.

Protection of Employees' Rights and Interests

Based on the corporate values of “being people, customer and responsibility-oriented”, Dalian Port regards every employee as the most valuable resource to propel the Company forward and is committed to creating a fair recruitment and employee promotion mechanism. Furthermore, centring on employees' development, the Company keeps perfecting the training system to improve the professional skills and expertise of employees, further secures the various employee benefits and carries out a number of employee care activities to let employees develop together with the Company happily. Strictly abiding by the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and other laws and regulations, the Company has signed labour contracts according to law and never engaged child labour or forced labour.

Employment and Rights and Interests of Employees

Strictly abiding by the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and other laws and regulations, the Company has formulated and revised the *Dalian Port (PDA) Company Limited Labour Contract Management Regulations*, the *Dalian Port (PDA) Company Limited Collective Contract*, and the *Dalian Port (PDA) Company Limited Employee Rewards and Punishments Regulation*, further improved the labour employment management system and established corresponding supervision and management mechanisms to ensure the functional work of labour system. The Company follows the principle of “legality, fairness, equality and voluntarism, consensus, honesty and credibility” and have signed labour contracts with all employees. It also complies with national policies for labour contract and fulfils the obligations. In accordance with the *Social Insurance Law of the People's Republic of China*, Dalian Port pays adequate contribution to social insurances for employees in a timely fashion, including pension, medical insurance, work injury insurance, unemployment insurance, maternity insurance and housing funds, to protect the legitimate rights and interests of employees.

ESG Report

In order to ensure the fairness of the distribution system, Dalian Port has continuously improved rules such as *Dalian Port (PDA) Company Limited Detailed Regulations for Remuneration Management* and *Dalian Port (PDA) Company Limited Detailed Regulations for Position Performance Management* and established a completed employee performance assessment system. Highlighting the distribution principle of being value-and-performance-oriented and the distribution philosophy of “putting strives first”, the Company views the realisation of human being’s value as the primary distribution principle, comprehensively introduces the employee performance assessment system, and keeps implementing the performance assessment management for all employees. Remuneration and performance management is mainly for adjusting and improving the salary level, salary standard and performance portion of the three major posts of manager, professional technician and operator. Closely linked with the improvement of individual performance and the realisation of value, remuneration and performance management realises the value orientation of the remuneration system, takes into account both the competitiveness and the fairness, makes the remuneration distribution more scientific and rational, and motivates employees to study willingly, work hard and improve their job skills and comprehensive quality.

The Dalian Port strictly implements the national work hour system, and has formulated the *Dalian Port (PDA) Company Limited Attendance and Leave Management Regulations* and the *Dalian Port (PDA) Company Limited Paid Annual Leave Regulations*, which stipulate that employees enjoy rights of legal holidays, annual leave, marriage leave, home leave, bereavement leave, maternity leave, sick leave, work injury leave and so on.

In addition, the Dalian Port puts a premium on interests of employees and employee care, providing favourable supplementary benefits for them, such as supplementary medical insurance, birthday allowance, wedding allowance, holiday benefits, rental subsidy as well as infant rooms.

The Dalian Port provides fair and reasonable job opportunities. Recruitment, remuneration, training opportunities, promotion, demotion, retirement and other workforce affairs are based on occupational competence and job demands, with no discrimination on the grounds of race, social status, nationality, religion, physical disability, sexual orientation, trade union membership and governmental connections.

Upholding the principle of equality and voluntarism, the Dalian Port fully understands employees’ choices, supports employee development, and coordinates necessary procedures, e.g. personnel files and social security transfer for employees who voluntarily terminate labour contracts. In accordance with relevant laws and regulations, labour contracts can be terminated if employees fail to fulfill the contractual obligations or pass qualification assessment upon expiry of contract.

Trainings and Development

Dalian Port always upholds the idea of “People Oriented and Talents Foremost”. The Company attaches importance to exploring the value of talents and adheres to the employee training idea of “lifelong learning in position”, making everyone ready to learn and everywhere good for learning. The Company provides fair opportunities for employees to grow and develop constantly, simulates their learning enthusiasm and initiative. Let them achieve common progress with the Company.

ESG Report

Improvement of Skills and Accomplishments of All Employees

The Company has formulated and issued *2018 Corporate-level Employee Training Plan* that requires the Company to focus closely on the corporate culture, safe production, business skills, training resource development and other key contents, and comprehensively carry out educational training for talents at all levels in the form of centralised training under common organisation and decentralised training with distinctive features. In the work, the Company intensifies follow-up inspection on the training completed and effect achieved by each unit and strengthens supervision and guidance, so as to ensure the employee training is standardised, the training courses are designed reasonable, the training funds are used in compliance with rules, the management system is sound and perfect, the training is well organised and the plans are well implemented. In this way, the employee training are carried out in a solid and effective manner.

Dalian Port not only highlights the diversity of training content, but also keeps pace with the latest training methods. In 2018, the Company launched the “Dalian Port Employee Occupational Skill Online Learning Platform” that covers 4 types of work, 5 majors, 3 levels, 171 network training courseware and examination databases, enabling employees to study online through mobile apps. The Company increased the collections of books in the grassroots employee libraries on the one hand and used network technology to extend the mobile end of the online employee library on the other hand, so as to provide employees access to more good books, stimulate their reading enthusiasm and improve their cultural accomplishment.



Dalian Port employee occupational skill online learning platform

In order to stimulate the learning enthusiasm in employees and build studious work atmosphere in the Company, Dalian Port have carried out a number of employee practices and contests. The Company promoted work through competition and tested the effect of competition in work, viewed the job position as a platform, followed the idea of “practising and contesting for what you do”, matched the content of practice with the ability required by the job obligations, organised various practices and contests according to the actual characteristics of different job positions and work types and fully activated employees’ enthusiasm and initiative of learning skills, mastering job skills and enhancing creativity, competitiveness and prospects of their own work. Meanwhile, the results of the contests were combined with the performance assessment of the unit for not only rewarding the advanced, but also restricting employees with poor performance, so as to constantly mobilise the enthusiasm and initiative of employees.

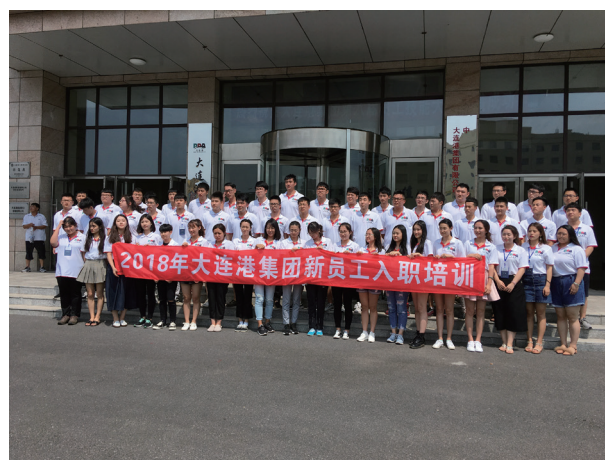
ESG Report

In 2018, the Company held the 8th employee skill contest the form of technical contest subsequent to systematic training, improving the occupational skills of employees and the overall quality of the technical team, further inspiring employees to learn and compete for skills, and accelerating the pace to form a highly professional talent team with knowledge, skills and innovation facing the new era. Meanwhile, Dalian Port won the third place as a team in the national final of 2018 China Skill Contest, namely the 10th Vocational Skill Contest of Transportation Industry – Waterway Dangerous Goods Driver Program. Li Yunlong from the Oil Terminal Company won the first place and gained the title of “National Technical Expert”.



Employee Skill Contest

The Company implements the job rotation system for new employees and regularly organises young employees in job rotation to take centralised training, of which the courses centre on the five aspects which are learning the rules of Dalian Port, improving general ability, enhancing professionalism, promoting corporate culture and communicating on an in-depth basis. In this way, the Company gradually established an initial training course system for young employees featuring intensified system management and increased sense of belonging to ensure new employees master the occupational skills rapidly and accurately.



New employee training

ESG Report

Employee Care

Dalian Port adheres to the philosophy of “development for employees and development benefiting the employee” and has established a comprehensive employee care system to let the majority of employees to enjoy the development of the Port.

Focus on Targeted Poverty Alleviation and Inclusive Services

Dalian Port has further improved the poverty alleviation mechanisms such as basic living security, children’s school subsidies, holiday salutation and visits, temporary assistance and poor employee assistance as well as inclusive service mechanisms such as medical mutual-aid funds, warm-hearted care and psychological assistance, forming a unique “5+5” employee service system. At the same time, Dalian Port has raised the qualifying standard for employees living in poverty, established files for them, visited them, and provided charity fund relief for a number of employees living in temporary poverty, so as to knit a network securing employees’ living standard from top to bottom vertically and from centre to edge horizontally.



Salutation and visits



Cafeteria for female employees



Heatstroke prevention and cooling



Employee activities



Employee communication

ESG Report

The Company also cares much about employees' mental health. For many years, Dalian Port have insisted in building a professional psychological support team consisting of the Port's employees. In 2018, the centre provided personalised services for the grass-roots, such as the "time management" and "self-recognition" team training for the Oil Terminal Company, and the psychological health popular science lectures for the Railway Company. During the National skill contest, the psychological counsellors accompanied the contestants throughout the process to fully play the psychological service centre's role of serving employees in an all-around way, and helped the centre to won the honorary title of "Advanced Organisation" for psychological counselling work in Dalian from 2014 to 2018.

Colourful Cultural and Sports Activities

In order to further enrich employees' spare time and improve their cultural literacy, Dalian Port has used the idle warehouse of the old port as an activity centre for the employee sports association, and carried out a variety of cultural and sports activities, creating favourable conditions for the healthy living of employees. In 2018, Dalian Port held the employee walking activities and a series of the "8 March" activities. Meanwhile, the Company organised employees to actively participate in the "2018 employee mobile phone photography contest", "Liaogong Revitalization Cup", employee football match and other cultural and sports activities and achieved excellent results. The Port has at least secured one employee sport game every month, enriching the work and life of employees and inspiring their sense of responsibility and mission to love job and fulfil duties.



Rich cultural and sports activities

Heatstroke Prevention and Cooling

In view of the fact that the summer temperature has remained high in recent years and the heatstroke accident is likely to occur frequently, Dalian Port and its subsidiaries carried out special work to prevent and cool down the summer heat, ensuring employees' health in hot weather. Dalian Port Passenger Transportation Company adheres to the people-oriented concept of caring employees' life and health, resolutely implements the policy of "putting safety and prevention first in the comprehensive treatment", and attaches great importance to summer labour protection, heatstroke prevention and cooling. In order to effectively prevent and control the occurrence of heatstroke and production safety accidents, the Company actively implemented heatstroke prevention and cooling work, revised and improved the measures and emergency schemes for labour protection, heatstroke prevention and cooling to ensure the heatstroke prevention and cooling work were carried out in an effective way. By strengthening the heatstroke prevention guidance and supervision, the overall coordination and cross-department cooperation, the Company secured safe summers in its specific work practices. Meanwhile, the Company made full use of conferences, WeChat, bulletin boards, pre-course meetings, broadcasting, etc. to promote the heatstroke prevention and heatstroke first-aid knowledge, improve the safety awareness of all employees, ensure the health of employees, maintain the normal production of the Company, and avoid heatstroke incidents.

ESG Report

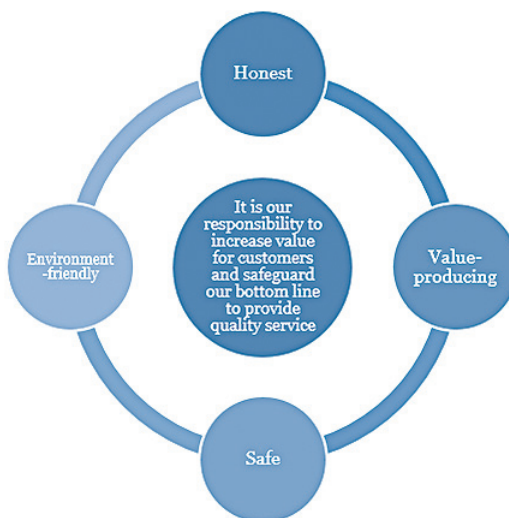


Heatstroke prevention and cooling

Operation Responsibility Management

Product Responsibility

With a history of 119 years since its inception in 1899, Dalian Port lies at the south of Liaodong Peninsula and the heart of Bohai Rim and Northeast Asia economic circle. Vast and deep, ice-free and silt-free, it plays as an indispensable natural port in China. At Dalian Port, we always uphold that it is our responsibility to increase value for customers and our standards to provide high-quality services, and operate in an honest, value-added, safe and environment-friendly fashion. Specifically, we offer tailor-made replicable standard services to meet needs of different customers, and, focusing on expansion of supply chain service features and innovation of customised services, gather resources elements to provide high-quality services and build up soft brand power.



Operation and service concept of Dalian Port

ESG Report

Expansion of Business Scope

Dalian Port always keeps the working principle in mind that “It is our bottom line to provide quality service”, continuously expands its business scope, and strives to provide customers with the most comprehensive services. In 2018, a new station of Dalian Port Passenger Transport Company was established and put into service. The new station covers an area of about 37,000 square meters, with a dedicated passenger boarding bridge, to ensure the safety of passengers. At the same time, in response to different tourists’ needs, Passenger Transport Company adheres to the concept of “Service with heart and soul” to provide diversified services such as mobile WIFI rental, intelligent inquiry machines, cruise culture wall and donated books, for the purposes of rendering more intelligent and culturally valued services to tourists and elevating their cruise experience. In October, the Company received the 103,000 tonne-weighted “Fortuna” Cruise and entered into a strategic cooperation agreement. Cooperation with such global luxury cruise marks the beginning of the “Giant Vessel Era” for the cruise business of Dalian Port as the cruise is the heaviest with the largest volume of departing passengers in a one-way trip ever since the operation of Dalian Port.



The “Fortune” Cruise

Optimisation of Business Mode

For the sake of rendering high-efficiency and high-quality services to customers, Dalian Port always attaches great importance to technology development and process improvement. As a wholly-owned subsidiary of Dalian Port, Dalian Port Railway Company has control over two stations, Dayao Bay Station and Dalian Bay Station, which, respectively, are connected to Jingang Station and Jinzhou Station of Shenyang Railway Bureau. The Company’s management has paid great attention and provided vigorous support upon the receipt of the *Letter from the China Railway Shenyang Group Co., Ltd. Jinzhou Station on Supporting the Construction of a New Mode of Highway and Port Transportation Organisation* since 2017. From December 2017 to January 2018, Jinzhou Station assigned trains for Dayao Bay Port based on the unloading locations and operation areas, as a result the inbound marshalling is more optimised than before, and the in-port transferring and shunting operations are significantly reduced.

Meanwhile, Jinzhou Station always organises ahead of time in dispatching heavy vehicles, providing convenience for the Railway Company to prepare fuel in advance and reducing the time of in-port lingering in an effective manner. Along with the enhancement of in-port operation efficiency, satisfied economic benefits have been generated. Dalian Port Railway Company is expected to achieve a year-on-year decrease of more than RMB315,000 in cost in 2018.

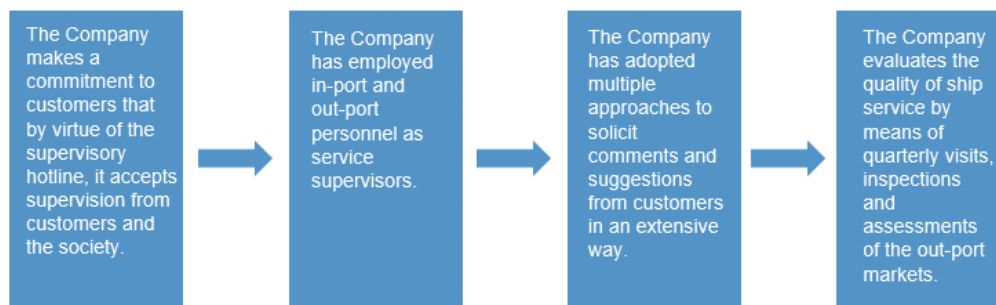
ESG Report

In addition, Dalian Port sent two staffs to the scheduling command hall of Jinzhou Station as the representatives of the Company, responsible for coordinating and communicating the railway-related businesses with the railway authorities, which has changed the outmoded pattern under which railway businesses were carried out through coordination of national railway dispatching and port railway dispatching, and established a new mode of “front shop, back factory” to shorten the distance between the dispatching in Jinzhou Station and the operation in the port, enabling more smooth and efficient lengthways communication between railway and the port.

With respect to the shunting operation process, the Railway Company substituted the traditional method with the adoption of the monitoring system to assist in the preparation of operation plans and the adoption of printing terminals to distribute the plans. In this way, it eliminates the interference of misinformation, and achieves real-time distribution of the plans between the dispatching and signalling building and the scheduling team. In addition, the Railway Company has been putting efforts in rationalising the charge process of small and medium cargo owners in the container sector, facilitating sharing of information between railways and ports and constructing a new mode of railway and port transportation organisation, which not only greatly optimised the organisation of transportation and operation, but achieved alignment between commands and plans and operations.

To Build Brand Strategy

Dalian Port has been always practising the concept that “Service presents the first brand” and has established a sound brand management system. For the purpose to ensure the execution of brand strategy, Dalian Port Barge Co., Ltd. has adopted a series of measures to win trust and praise of customers, and has achieved zero complaints from customers in the domestic and overseas markets, with a satisfaction degree of 100%.



In addition, as a tug company satisfying the Port's safe production demands, the Barge Branch also shoulders the social responsibility of rescue within its jurisdiction. In the past year, the Branch participated in 23 rescue operations, dispatched tugs and pilot launches 35 times, and successfully rescued 8 crew members and 3 ships. It also participated in several maritime emergency drills organised by the maritime department, fully demonstrating a high sense of social responsibility and the humanism spirit, winning recognition and compliments from the rescued ship-owners, crews and the search and rescue command centre.

ESG Report

Information Security

At Dalian Port, we always uphold the principle that “It is our standard to provide high-quality services” and we protect customer privacy in provision of high-quality services. Dalian Port Passenger Transport Co., Ltd. strictly abides by Article 9 of the *Provisions on the Real-Name System Administration of Waterway Passenger Transport* (No. 77) promulgated by the Ministry of Transport in 2016, which sets out that “Water transport operators or their commissioned ticket distributors, port operators and their staff are obliged to protect confidential information including passenger’s identity and boarding information acquired through the real-name system administration. In case any entity or staff steals or discloses passenger’s identity information, public security organs shall be entitled to investigate and impose penalties in accordance with laws and regulations; any act that constitutes a crime shall be subject to prosecution for criminal responsibility.

Compliance Management

In terms of compliance management, the Company strives to identify risks and follow relevant laws and regulations for product liability, in an attempt to set the pace in legal compliance. In 2018, Dalian Port did not violate any laws or regulations for product liability.

Dalian Port set up series of management regulations for service quality, information publicity, data protection, etc., which is a strong evidence that the Company attaches great importance to standards and safety when rendering services. This facilitates the effective integration of corporate culture building with production and operation management. In operation and service concept of Dalian Port addition to that, subsidiaries are stimulated to apply for “three-system certification” and refine service quality, and are required to reject false publicity and brand information plagiarism. They also strictly abide by intellectual property laws and regulations so as to keep a positive brand image.

The laws and regulations that Dalian Port (PDA) Company Limited complies with for service quality management

Internal Systems	External Laws and Regulations
<ul style="list-style-type: none">✓ Dalian Port (PDA) Company Limited Regulations for Special Materials Transportation Management✓ Dalian Port (PDA) Company Limited Regulations for Freight Service Quality✓ Dalian Port (PDA) Company Limited Regulations for Customer Satisfaction Evaluation Management✓ Dalian Port (PDA) Company Limited Regulations for Informationalised Safety Management✓ ISO9001 Management System✓ ISO14001 Management System✓ OHSAS18001 Management System	<ul style="list-style-type: none">✓ Law of the People’s Republic of China on Protection of Consumer Rights and Interests✓ Advertisement Law of the People’s Republic of China✓ Railway Law of the People’s Republic of China✓ Road Transport Regulations of the People’s Republic of China✓ ...

Considering that feedback from customers is essential to the healthy development of a company, Dalian Port, in the course of rendering service, communicates efficiently with customers and carries out customer satisfaction surveys with the help of customer call service system, mobile apps, micro port service, and other information service platforms. The Company, facing up to customers’ feedback, keeps improving services and management based on deliberate analysis of their opinions and suggestions.

ESG Report

Supply Chain Management

The Company is committed to establishing standardised and effective supplier management system, which aims to take the interests of suppliers into consideration while ensuring our own interests and achieve coordinative development together.

In combination with our actual situation, the Company revised the Guidelines of Dalian Port on the Authorisation and Approval of Financial Activities, in a view to establish a scientific and effective supplier management system, standardise supplier management, and bring the advantages of centralised purchasing into full play, thus improving procurement quality, reducing procurement costs and preventing procurement risks. The guidelines cover both product suppliers and service providers contracted with the Company. In accordance with the guidelines, we strictly implement the supplier review and approval process, give full consideration of access conditions of different types of suppliers, and carefully review their qualifications. At the beginning of each month, the material supply centre publishes the list of newly-introduced suppliers. Meanwhile, complaint hotline was set up to promote transparent and effective competition among the suppliers.

At the same time, the Company actively publicises and enhances the concept of environmental and risk management among suppliers and pays close attention to their performance in the field of environmental and social risk management, expecting to join hands with suppliers in improving the CSR performance of the industrial chain.

Anti-corruption

Dalian Port has a policy of zero tolerance for corruption. With the corporate culture featuring self-improvement, virtue and honesty, the Port insists that every cases must be investigated and any corruption must be penalised. It incessantly enhances its anti-corruption construction and further defines political disciplines and rules by upholding non-forbidden zone, full coverage and zero tolerance and by adhering to serious restrictions, high pressure and prolonged awe, so as to in a strict manner, control disciplines with respect to the organisation, the integrity, the mass, the work and the life and in a comprehensive way purify and create a satisfied political ecosystem throughout the port.

In 2018, the Company conducted public assessment for and questionnaire survey on integrity at the grassroots and senior management level. The assessment results have been sent to each unit one by one to urge and supervise leaders to continue to improve their style of work.

Special Supervision on System Construction and Implementation

The Company organises self-inspection and rectification for legitimate compliance of management systems as well as arranges special examinations on tendering. It details the work requirements, supervises all departments and units to complete self-inspection and rectification for the systems, and collaborates the functional departments to carry out special examinations in all units. The Company summarises the self-inspection and rectification for management systems and the special examinations on tendering, analyses the major existing problems and proposes sustainable recommendations. The Company earnestly implements the rules of supervision and discipline execution by means of conducting self-inspection and self-correction for safety review pursuant to requirements of the Municipal Commission for Discipline Inspection and based on laws and disciplines, and rectifying such non-compliance one by one as failure to establish a temporary party branch for individual review and investigation team and irregular secondment procedures, so as to ensure that review and investigation are conducted in accordance with laws and disciplines. In addition, the Company, in an earnest way, has organised and carried out special work on major decisions and arrangements such as special examinations on corruption and work style in poverty alleviation. In line with requirements of the higher authorities, a great number of work with significant achievements have been accomplished in cooperation with evidence collection, communication, correspondence, trial and settlement.

ESG Report

Integrity Education

In combination with the education themed “*Remain true to our original aspiration and keep our mission firmly in mind*” and the Company’s practical conditions, Dalian Port carries out education on the Party disciplines and rules and on anti-corruption warnings for all the Party members and cadres, “new employees, transferees and promotes” as well as employees in major fields, with an effective assistance of the port journals, the office system and the WeChat platform. The Company arranges such activities for all subordinate units as watching warning education films, visiting the Dalian Anti-corruption Warning Education Base, conducting calligraphy exhibition and knowledge contest with respect to integrity construction, inviting experts to teach, carrying out symposiums, and expressing feelings and experiences, for the purposes of elevating business capabilities and levels of the discipline inspection and supervision team and further enhancing employee’s awareness of corruption issues.

Community Investment

Dalian Port has proactively implemented poverty alleviation work by thoroughly carrying out the General Secretary Xi Jinping’s important exposition on the work and well implementing the spirits of the 19th CPC National Congress and the second and third plenary sessions of the Central Committee. Under the support by the CPC Dalian Municipal Committee and Dalian Municipal Government, centring on promoting steady poverty alleviation of the impoverished and long-term development in underdeveloped areas, Dalian Port makes full use of its own advantages to carefully organise and coordinate the work of targeted assistance. We visit from door to door in poor villages and conduct thorough investigations to understand their economic development status, the channels to increase peasants’ income, their advantages in resources and potentials for development, and make joint efforts with cadres of poor villages on developing countermeasures, for the purposes of figuring out the right way to achieve prosperity and vigorously dedicating to practicing the strategy of rural vitalisation.

In response to the *Notice on Further Strengthening Targeted Poverty Alleviation Province-wide Jointly Issued by the General Office of CPC Liaoning Provincial Committee and the General Office of the People’s Government Liaoning Province*, Dalian Port has been responsible for the poverty alleviation work in Guangsheng Village, Lijia Town, Heishan County, and Jinzhou City since the beginning of 2016. In order to accomplish the long-term development in Guangsheng Village, Dalian Port conducted in-depth investigation on and analysis for local natural conditions as well as economic and industrial development. In 2018, we carried out poverty alleviation work from the root causes to assist in the local construction of donkey breeding bases and in the procurement of the animals, for the sake of promoting industrial construction and economic development of the Village.

Setting up a target of comprehensive poverty alleviation by 2020, Dalian Port increased its investment in the targeted villages for assistance at Lejia Township in Pulandian District in 2018, namely, Shahe Village, Lejia Village, Miaoling Village, Duifeng Village and Lufeng Village. Impact by the “820 Heavy Downpour”, production facilities in Lejia Village were terribly damaged. Dalian Port has invested special funds for repairing such damaged facilities and assisting in the infrastructure construction in low-income villages. In addition, Dalian Port’s poverty alleviation leading group sent sympathy to the underprivileged families and provided them with such daily necessities as rice and noodles before the New Year’s Day to continuously improve the life quality of villagers.

In 2018, Ajia Town of Shuicheng County, Liupanshui City, Guizhou Province was a new target for Dalian Port’s assistance. Pursuant to the indicators of the Dalian State-owned Assets Supervision and Administration Commission, Dalian Port was required to assist 10 local residents to shake off poverty. For this purpose, Dalian Port has paid an in-depth visit to poverty alleviation areas and energetically formulated poverty alleviation strategies from the improvement on life conditions and the enhancement on capabilities for achieving prosperity. It has backed the development of local cattle husbandry by means of investing funds to assist villagers to repair their houses and purchase calves.

ESG Report

Appendix: ESG Reporting Guide

Index	Description of Issues	Corresponding ESG report chapters and pages
Area 1 Environmental		
Aspect A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operation P6-P12
KPI A1.1	The types of emissions and respective emissions data	Key Performances P12
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performances P12
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performances P12
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performances P12
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Green Operation P6-P11
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Green Operation P6-P11
Aspect A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation P10-P11
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. Electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Key Performances P12

ESG Report

Index	Description of Issues	Corresponding ESG report chapters and pages
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Performances P12
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Green Operation P10-P11
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Green Operation P10-P11
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable; during the reporting period, this index was inapplicable to our operations.
Aspect A3 The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Green Operation P6-P11
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation P6-P11
Area 2 Social		
Employment and Labour Standards		
Aspect B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Protection of Employees' Rights and Interests P13-P18
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	–
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	–

ESG Report

Index	Description of Issues	Corresponding ESG report chapters and pages
Aspect B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety Protection P13-P20
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety Protection P13
KPI B2.2	Lost days due to work injury	–
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety Protection P13-P20
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Protection of Employees' Rights and Interests P21-P25
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	–
KPI B3.2	The average training hours completed per employee by gender and employee category	–
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Protection of Employees' Rights and Interests P19
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Protection of Employees' Rights and Interests P19

ESG Report

Index	Description of Issues	Corresponding ESG report chapters and pages
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Operation Responsibility Management P28-P29
KPI B5.1	Number of suppliers by geographical region.	–
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Operation Responsibility Management P28-P29
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operation Responsibility Management P25-P28
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operation Responsibility Management P28
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operation Responsibility Management P28
KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operation Responsibility Management P28

ESG Report

Index	Description of Issues	Corresponding ESG report chapters and pages
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operation Responsibility Management P29-P30
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	–
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operation Responsibility Management P29-P30
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Operation Responsibility Management P30
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Operation Responsibility Management P30
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Operation Responsibility Management P30

ESG Report

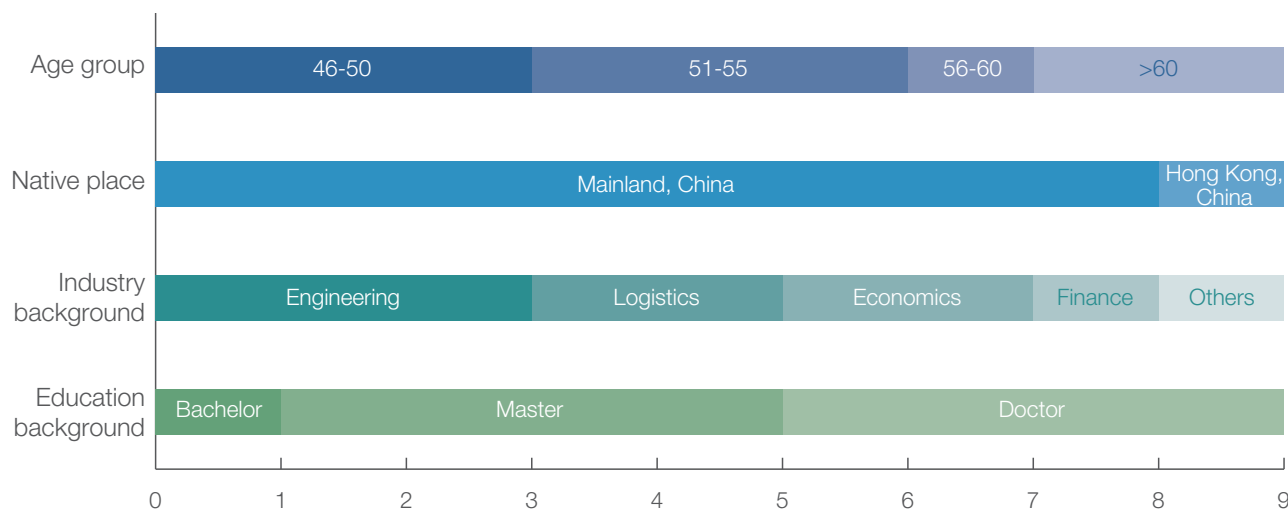
Summary of the Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the overall quality of its performance. The Board adopted the board diversity policy which sets out the method to diversify the composition of the Company's Board in March 2019. In determining the composition of the Board, a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service are taken into account in respect of the diversity of the Board. All Board appointments will be based on meritocracy and candidates will be selected based on objective criteria, having due regard for the benefits of diversity of the Board.

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time. The ultimate decision will be based on merits of selected candidates and the contribution that they will bring to the Board, with due regard for the benefits of diversity of the Board.

During 2018, the Board comprised nine directors. The table below shows the diversity of the Board during 2018:





DALIAN PORT (PDA) COMPANY LIMITED
大連港股份有限公司

(A sino-foreign joint stock limited company incorporated in the People's Republic of China)
(於中華人民共和國註冊成立之外商投資股份有限公司)

(Stock Code 股份代號 : 2880)