



青島港國際股份有限公司

QINGDAO PORT INTERNATIONAL CO., LTD.\*

*(A joint stock company established in the People's Republic of China  
with limited liability)*

**Stock Code: 06198.HK    601298.SH**

2019

# Sustainability Report



\*For identification purpose only

<b>ABOUT THIS REPORT</b>	<b>1</b>
<b>CHAIRMAN'S STATEMENT</b>	<b>2</b>
<b>I. ABOUT US</b>	<b>4</b>
(I) Company Profile	4
(II) Concept for Sustainable Development	6
(III) Communication with Stakeholders	8
(IV) Focus on 2019	11
<b>II. REGULATED GOVERNANCE</b>	<b>15</b>
(I) Governance Structure	15
(II) Internal Control Management	19
(III) Information Disclosure and Investor Relations	20
<b>III. SCIENTIFIC DEVELOPMENT</b>	<b>22</b>
(I) Operational Performance	22
(II) Development Strategies	24
(III) Scientific and Technological Innovation	24
<b>IV. COMPLIANCE OPERATION</b>	<b>26</b>
(I) Incorruptible Employment	26
(II) Fair Competition and Honest Operation	27
(III) Publicity of Factory Affairs and Democratic Management	28
<b>V. GREEN DEVELOPMENT</b>	<b>30</b>
(I) Environmental Protection	30
(II) Resource Conservation	36

<b>VI. SAFETY IN PRODUCTION</b>	<b>38</b>
(I) Production Safety Performance	38
(II) Production Safety Measures	40
(III) Employee Occupational Health	42
<b>VII. CUSTOMER SERVICES</b>	<b>44</b>
(I) Service Assurance	44
(II) Complaint Handling	49
<b>VIII. WIN-WIN COOPERATION</b>	<b>51</b>
(I) Exchange and Cooperation	51
(II) Supplier Relationships	54
(III) Industrial Development	56
<b>IX. PEOPLE-ORIENTED</b>	<b>57</b>
(I) Employee Profile	57
(II) Employee Rights	57
(III) Employee Welfare	60
(IV) Employee Training and Development	70
<b>X. SOCIAL WELFARE</b>	<b>73</b>
(I) Community Engagement	73
(II) Public Charity	75
(III) Precision Poverty Alleviation	78
<b>XI. APPENDIX</b>	<b>80</b>
(I) Corporate Information	80
(II) Environmental, Social and Governance Reporting Guide	81
Content Index	
(III) Global Reporting Initiative(GRI) Content Index	83
(IV) Readers' Feedback	86



# ABOUT THIS REPORT

01

## Report Introduction

This report is the fourth Sustainability Report issued by Qingdao Port International Co., Ltd. ("the Company" or "We"), which mainly outlines the concepts, practices and performance of sustainable development of the Company in environment, society and governance.

02

## Reporting Period

From 1 January to 31 December 2019, certain statements and information have exceeded the above period.

03

## Reporting Coverage

This report covers the Company, its branches, subsidiaries, and certain joint ventures and associates.

04

## Publication Cycle

This report is published annually.

05

## Data Source

The data disclosed in this report comes from internal statistics of the Company or manual sorting. Unless otherwise stated, the amount of currency involved in this report is denominated in Renminbi ("RMB").

06

## Reference Standard

This report refers to *the Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange, the Guidelines for Environmental, Social and Governance Report* on the Stock Exchange of Hong Kong Limited (the "HKEX") and the *Sustainability Report Preparation Guide* of the Global Reporting Initiative, which are based on the industry background, highlighting the characteristics of the enterprise.

07

## Access to the Report

This report is available in electronic form and you can download this report at the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)), the website of the HKEX ([www.hkexnews.hk](http://www.hkexnews.hk)) or the website of the Company ([www.qingdao-port.com](http://www.qingdao-port.com)).

08

## Related Instructions

Unless otherwise stated, the words and terms in this report are the same as those defined in the Annual Report of the Company on A and H shares.

The interpretation right of this report is owned by the general office of board of directors of the Company.



「1」

Qingdao Port  
2019





## CHAIRMAN'S STATEMENT

In 2019, the Company remained true to its original aspiration and kept its mission firmly in mind. Focusing on the goal of improving economic performance, the Company actively served and implemented the national strategies and deeply integrated into the OBOR. We seized the opportunities of the constructions of the demonstration zone for local economic and trade cooperation with SCO and the Shandong Free Trade Zone to achieve the sustained and stable development with a concerted effort.

The Company achieved new results through innovative development. The Company was listed on A shares, and set up capital market platforms in Shanghai and Hong Kong. We broadened our horizons and upgraded our pattern to vigorously expand our business chain, and promoted the business layout in both land and marine direction. In terms of the marine direction, the Company added shipping lines, expanded shipping container capacity, and strengthened transit business; in terms of the land direction, the Company operated railway routes, built inland ports, and expanded sources of cargo. In 2019, the Group completed cargo throughput of 515 million tons and the container throughput reached 21.01 million TEUs. The Company's net profit attributable to shareholders of the Company was RMB 3,790 million, representing an increase of 5.5% as compared to the same period in the prior year. The Company used efficient operations to bring returns to the shareholders and created value for our society.

The Company consolidated the foundation and strengthened compliance operations. The Company continuously improved its governance system and revised the three standard systems of management, technology and operation. We insisted on managing our enterprise according to law, standardized operation, and integrity management. The Company strictly abided by business ethics and was committed to building compliance systems in many fields such as fair trade, anti-commercial bribery, and protection of business secrets. Under the leadership of the Board of Directors and the

supervision of the Supervisory Committee, the Company continued to develop a culture of compliance. Through training, publicity, assessment, accountability and other methods, the Company continuously strengthened the legal awareness of management and employees and improved the Company's internal management level. We also strengthened communication with investors, customers, suppliers and other stakeholders to enhance their understanding and trust in the Company, and consolidated the mutually beneficial and harmonious development relationship with various stakeholders.

The Company adhered to the ecology first and promoted the green development. We adhered to the concept of "Lucid waters and lush mountains are invaluable assets", and promoted high-quality development with green development. The Company formulated and implemented a three-year plan for the construction of green port, and took measures from various aspects such as concept enhancement, energy saving and carbon reduction, optimization of transportation methods, intelligent construction, pollution prevention, and green finance to build world-class smart and green port. The Company continued to increase investment in environmental protection. We built wind-proof and dust suppressing walls, added dust removal equipment, and expanded the area of green plants to build an environmental-friendly port. The Company also strengthened its technological innovation. The fully automated terminal (Phase II) was put into trial operation, and "Hydrogen Energy + 5G" dedicated the "China Plan" of the smart ports. The Company optimized the energy structure, implemented green lighting projects, and built charging facilities for electric vehicles to build a resource-saving port.



The Company insists on putting people first and pursues the principle of joint contribution and shared benefits. Employees are the creators of port development and the sharers of development achievements. The Company attached great importance to the safety and occupational health of employees. With the safety concept of "unification of people and safety", the Company paid great attention to production safety and provided employees with a safe working environment. The Company carried out multi-level learning and training courses to broaden the development channels of employees, stimulated the vitality of human resources, and built a broad stage for employees to grow into talents. The Company protected employees' rights and interests and cared for employees' lives in accordance with law. The Company provided employees with various benefits such as health checkups, birthday cakes, holiday gifts, etc., and organized various forms of sports leisure, cultural and entertainment activities to ensure that employees could get the feeling of acquisition, happiness, and security.

The Company insisted on giving back to society and devoting itself to social welfare. The Company regarded itself as a member of social citizenship, and actively fulfilled its social responsibilities with the lofty positioning of the port as an important national infrastructure, public service platform, and window to connect the world. The Company adhered to the sharing of enterprise development achievements with the society, implemented targeted poverty alleviation, and promoted regional economic development and social progress through poverty alleviation and the employment of surplus rural workers. The Company advocated and encouraged volunteers groups and individuals in the Company to participate in social activities, deliver positive energy, and promote the harmonious development of the Company and society.

Looking forward to 2020, the Company will focus on the vision of building a world-class marine port, and pay attention to the development of its main business. The Company will promote the business lay-out in both land and marine direction, seize policy opportunities, vigorously develop emerging formats, and accelerate the construction of a world-class logistics hub port, financial trading port, and green and smart port. The Company will insist on the new development concepts of "innovation, coordination, green, openness and sharing". The Company will be responsible for its actions, pay close attention to implementation, promote the construction of key projects, improve the modern corporate governance system, and continue to promote the high-quality development of the port. We will insist on the concept of "people are the foundation of a strong port", inherit the cultural genes and good traditions of Qingdao Port, continue to broaden the career development channels of employees, provide a broad stage for employees, and build a harmonious family.

The goal of accelerating the construction of a world-class marine port embodies the sweat, wisdom, longing and dreams of generations of Qingdao Porters. The Company will use the opportunities to help itself succeed; and it is the right time for us to vigorously develop our business. The Company will continue to communicate closely with stakeholders and work together to fulfill corporate economic, environmental and social responsibilities. And the Company will still work together with all parties to address the challenges of environmental and social issues in a more open and frank way, and achieve harmonious development of the Company, the environment and the society.

**LI Fengli**

Chairman

March 2020







## (I) Company profile

The Port of Qingdao commenced operations in 1892. Located between the Bohai Rim port region and the Yangtze River Delta port region in the PRC and occupying a central position among ports in Northeast Asia, it is an important hub of international trade in the West Pacific and one of the world's largest comprehensive ports.

The Company, established on 15 November 2013, was listed on the main board of the Hong Kong Stock Exchange on 6 June 2014 and was listed on

the main board of the Shanghai Stock Exchange on 21 January 2019. The Company is a primary operator of the Port of Qingdao and operates four port areas in Qingdao, including Qianwan Port Area, Huangdao Oil Port Area, Dongjiakou Port Area and Dagang Port Area. It is mainly engaged in the provision of stevedoring of various cargoes such as containers, metal ore, coal, crude oil and the ancillary services, logistics and port value-added services, port ancillary services and financial services.





As of 31 December 2019, the Group operated 86 berths at the Port of Qingdao, which included 56 berths dedicated to handling a single type of cargo and 30 universal berths capable of handling metal ore, coal and other general cargo. Leveraging natural deep-water advantage and industry-leading facilities and equipment, the Group can accommodate the

world's largest container vessels, iron ore vessels and oil tankers. The Group took full advantages of its port resources, reasonably planned its investment portfolio, and established a diversified enterprise group covering terminal, logistics and financial businesses.

## Company Results in 2019



**RMB3.790 billion**  
Net profit attributable to  
shareholders of the Company



**86 berths**  
Number of operating berths



**RMB12.164 billion**  
Revenue



**8,738 employees**  
Total number (including  
major subsidiaries)



**RMB42.488 billion**  
Market capitalization



**515 million tons**  
Annual cargo throughput

Statistics stated above are as of 31 December 2019



## (II) Concept for sustainable development

### 1. The Company's value concept

#### Core Values

Unite and work as one      Devoted and faithful  
Innovation and development      Strive for excellence

#### Development Vision

Building a world-class marine port with “connecting the world by sea and land, and gaining a worldwide reputation”

#### Development Missions

Serve the national development strategies  
Serve the economic transformation of Shandong Province  
Serve shareholders, customers and employees

#### Development Paths

“Two-way opening up with links running eastward and westward over land and sea”  
The marine direction, add shipping lines, expand shipping container capacity, and strengthen transit business;  
The land direction, operate railway routes, build inland ports, and expand sources of cargo.

#### Development Strategies

Close to the port main business to develop efficiently  
Rely on the advantages of the port to expand the scale of development  
Get rid of stereotypes and develop innovatively

#### Development Orientations

First-class logistics hub port  
First-class financial trading port  
First-class industry and urban integration port  
First-class smart and green port  
First-class talent gathering port  
First-class governance innovation port

#### Development Concepts

Innovation, coordination, green tech,  
open-minded and mutual-share

#### Corporate Spirit

Each generation should make  
their respective achievements,  
contributions and sacrifices

#### Work Concept

Striving for first class

#### Industry Spirit

Workers are great, labor is glorious

#### Talent Concept

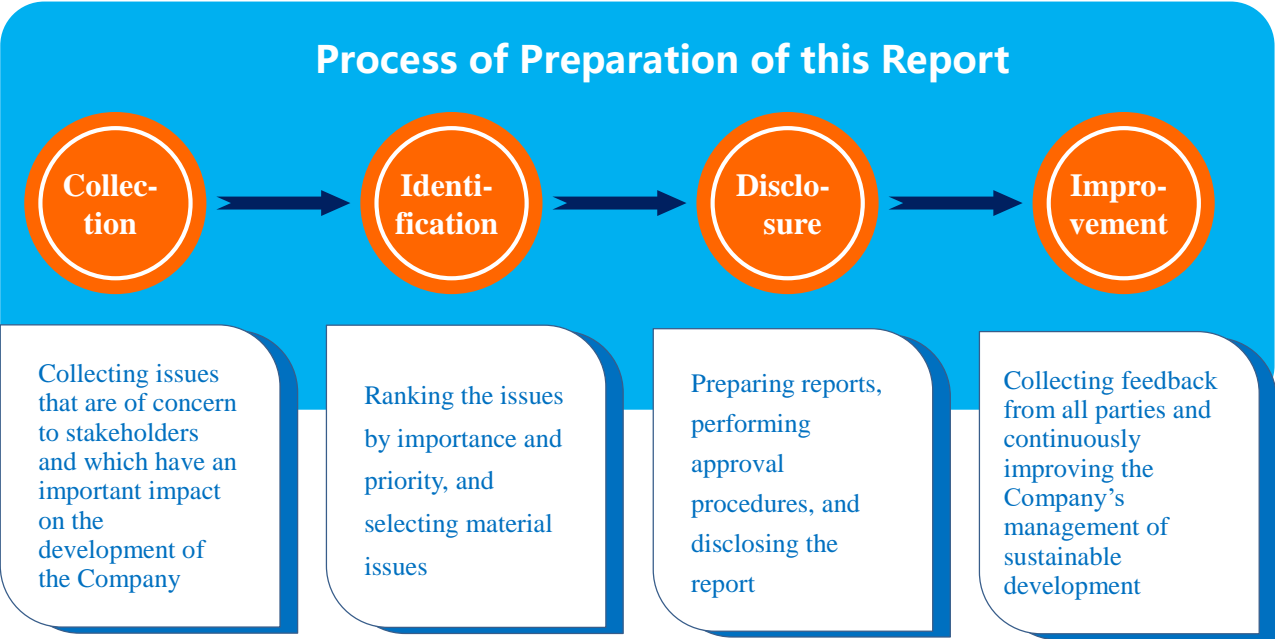
Everyone can become a talent, everyone can  
show their talents

2. Management in respect of sustainable development

The Company’s philosophy of sustainable development lies in working with various stakeholders to achieve stable and sustainable development of the Company under the premise of protecting the ecological environment and fulfilling our social responsibilities. Our philosophy of sustainable development is in line with the Company’s culture and values. The Company's development philosophy and development positioning reflect the unremitting pursuit of the Company in promoting the coordinated development of economy, environment and the society.

The board of directors of the Company makes decisions on and manages the sustainable development of the Company. The management and various functional departments are responsible for the specific implementation of all aspects of the sustainable development of the Company, such as security, production, external cooperation, employees, environment and society. The general office of the board of directors is responsible for integrating the Group’s environmental, social, and governance initiatives and preparing this report for disclosure. We have put in place a linkage mechanism between headquarter of the Company and each of its branches, holding subsidiaries and joint ventures to fully coordinate the sustainable development of all units. The Company has established a sustainable development management framework, and has gradually established an indicator system in line with the characteristics of the industry and unique features of the Company under the guidance of existing international and domestic indicators and management systems.

In order to improve the pertinence and responsiveness of this report, we have learned about stakeholder’s expectations and expectations through exchange visits, questionnaire surveys, and benchmarking with the industry, and continued to arrange stakeholders to systematically participate in the preparation of the report.



In August 2019, in order to enhance the management's awareness of the concept of sustainable development and improve their ability to perform their duties in social responsibility, the Company invited experts from professional consulting agencies to conduct special training for the management level on the "Guidelines for Environmental Information Disclosure of Listed Companies" of the Shanghai Stock Exchange and the *Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange*.



### (III) Communication with stakeholders

The Company's stakeholders are all individuals, groups, or organizations that affect the Company's operations or are affected by the Company's operations. Our stakeholders include the government and regulators, shareholders/investors, clients, employees, suppliers, communities, port industry, the public, etc. We regard stakeholder management as an important part of sustainable development and actively seek the trust and support of stakeholders.

The Company attaches importance to the contact and communication with stakeholders and actively builds the relationship of mutual respect and win-win cooperation. We listen to the voices coming from the society without delay, respond to social concerns and pass our corporate concept through website of the Company, official Microblog, official WeChat account, president's email and customer service hotline.

In order to further unblock the employees and the public information channels, the Company launched the "Sound Voice Hotline Service Platform". Stakeholders such as the employees and the public can directly report questions and make comments and suggestions to the Company through the online service platform. Relevant departments of the Company will handle and response to such issues in a timely manner.

#### The Company's stakeholders and the Communication channels



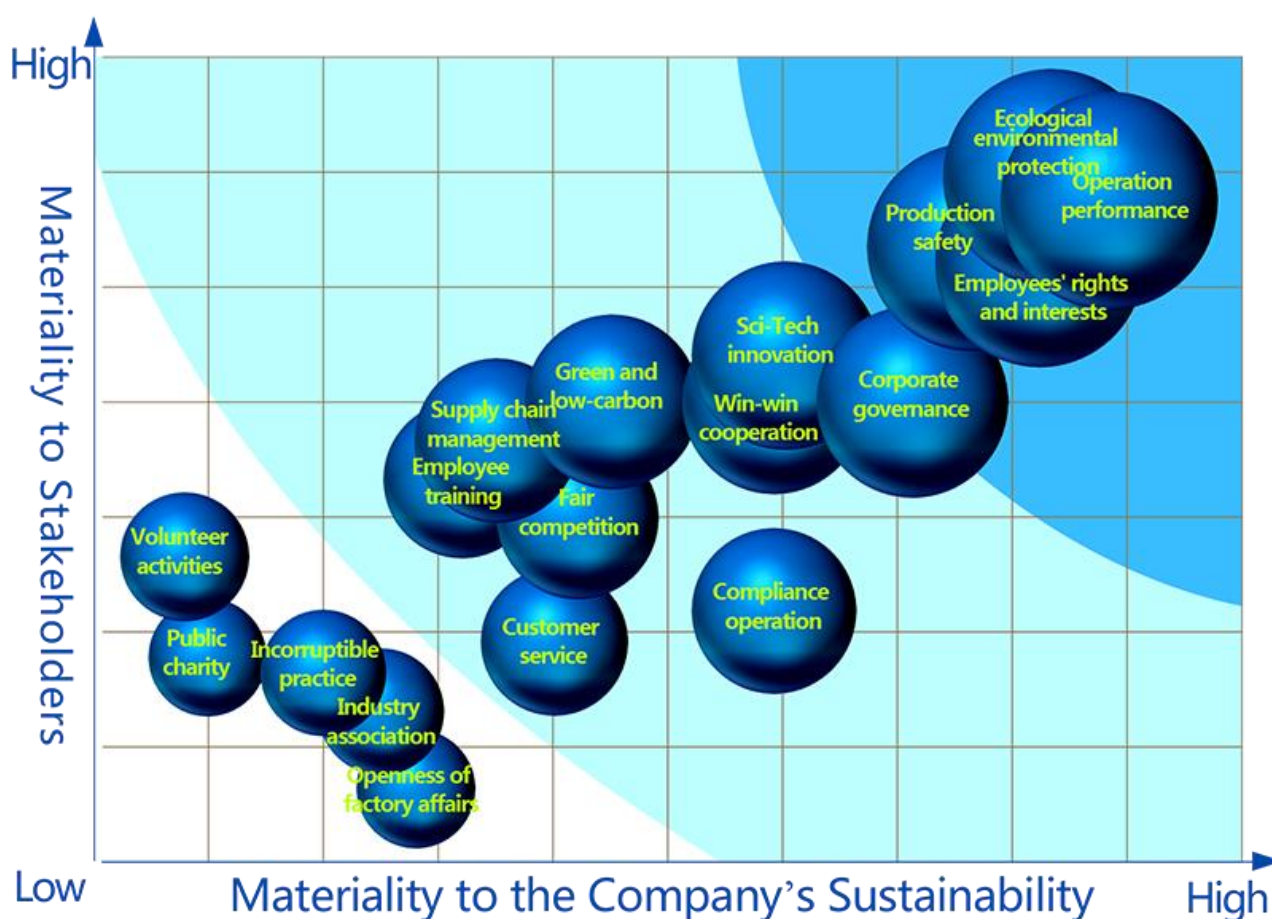
During the cooperation and communication with stakeholders, we had established a long-term mechanism for coordination and communication in respect of common concerns. In addition to the communication during the preparation of this report, extensive communication between the Company and its stakeholders was also carried out in the Company's day-to-day management and decision-making for operations.

Communication between the Company and stakeholders mainly includes the following:

Stake-holders	Concerns	Communication mechanism	Performance of communication
The government and regulators	Execution and implementation of the laws, regulations and policies Give momentum to regional economic development Corporate governance and compliance operation	Issuance of laws, regulations and policies Daily communication and report Meetings and special researches	Comply with the laws, regulations and <i>the Listing Rules</i> Operate in accordance with the laws and in good faith and accept to be supervised and administered Creating jobs; paying taxes, etc.
Shareholders /investors	The safety, preservation and appreciation of assets Protect shareholder interests Earnings and returns Information disclosure in a timely and accurate manner	Information disclosure including regular reports Shareholders' meetings Investor conferences Results presentation, roadshows, etc.	Carry out standard corporate governance to guarantee asset safety Intensify risk management and internal control Timely and accurate information disclosure Good development prospects and profitability
Customers	High-quality products and effective services Legal rights and interest of clients Be treated in a just and fair manner Complaints to be dealt with without delay	Customer service hotline Website, Official Microblog, WeChat, etc. President's mailbox	Continue to improve service quality Safeguard the legal rights of clients Ensure just and fair treatment Handle client complaints without delay
Employees	Legal rights and interests of employees Remuneration incentive and welfare Sound working environment Opportunities for training and development Safe production	Employee Representative Conference Website, Microblog, WeChat, etc. Incentive mechanism for employee evaluation Regular trainings President's mailbox	Protect employees' legal rights and interests Stick to the openness of factory affairs and democratic management Create a safe and harmonious working environment Offer good training opportunities Provide a solid platform for development
Suppliers	Honesty and credibility Payment in time Transparency in information Equal opportunities	Sunlight procurement website Bidding activities Centralized purchasing President's mailbox	Honest, credible, justify and clean Mutual beneficial and win-win cooperation Open and transparent, fair competition and equal opportunities Adhere to contracts and act faithfully
Communities	Community development Community charity	Community activities Mass media Website, Microblog, WeChat, etc.	Maintain a close relationship with the communities Support community development Organize activities for community charity
Port industry	Industry development Win-win cooperation Fair competition	Participation in industry associations Learn from and exchange with other companies Synergy and contact mechanism	Strengthen exchanges and achieve win-win cooperation Respect business ethics and compete fairly Push forward with the development and progress of the industry together
The public	Performance of social responsibilities Resources conservation Ecological protection	Website, Microblog, WeChat, etc. Press media President's mailbox	Provide high-quality products and services Support activities for social welfare Preserve resources and protect the ecological environment

We collected and organized issues on sustainable development in environmental, social, and governance areas, analyzed and compared the importance of different issues to stakeholders and the Company's sustainable development, and identified 5 high substantial subjects, 8 medium substantial subjects and 5 low substantial subjects. Key issues under research in this report are determined accordingly.

High substantial subjects	Medium substantial subjects	Low substantial subjects
<ul style="list-style-type: none"> <li>① Operation performance</li> <li>② Ecological environmental protection</li> <li>③ Production Safety</li> <li>④ Employees' rights and interests</li> <li>⑤ Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>⑥ Sci-tech innovation</li> <li>⑦ Win-win cooperation</li> <li>⑧ Green and low-carbon</li> <li>⑨ Compliance operation</li> <li>⑩ Supply chain management</li> <li>⑪ Fair competition</li> <li>⑫ Employee training</li> <li>⑬ Customer service</li> </ul>	<ul style="list-style-type: none"> <li>⑭ Volunteer activities</li> <li>⑮ Incorruptible practice</li> <li>⑯ Industry association</li> <li>⑰ Openness of factory affairs</li> <li>⑱ Public charity</li> </ul>





## (IV) Focus on 2019

### January



On 1 January, the management of the Company came to visit the front-line staff that stayed working at their position during the holiday.



On 4 January, the management held discussions with representatives of logistics companies and shipping companies to solicit their suggestions to jointly promote the development of the shipping industry.



On 17 January, the Company joined the shipping industry's first blockchain alliance-Global Shipping Business Network (GSBN) to jointly build a platform based on ports and shipping big data.



On 21 January, the Company was listed on A shares on the Shanghai Stock Exchange.

### February



On 1 February, the Company held an employee symposium before the Spring Festival. The management held a cordial discussion with the employee representatives and listened to their opinions.



On 20 February, the Company launched the physical examination for all employees in 2019.





On 26 February, the promotion meeting on the integration development of Qingdao-Zhengzhou "Explore of the ocean, Linkage between Port and City" was held in Zhengzhou, Henan.

## March



On 8 March, the container business of Dongjiakou collecting and dispatching railway station was officially launched.

## April



On 9 April, the nation's first full container export cold chain international railway route "Jining-Qingdao Port" was put into operation.



On 9 April, the "Qingdao Port · the 9<sup>th</sup> Western China International Logistics Industry Expo" titled by Qingdao Port was held in Xi'an, Shanxi.

## May



On 22 May, some Shandong-based internet celebrities visited Qingdao Port Automation Terminal in the activity of "return to hometown to see development".



On 31 May, the Company held the third staff sports day.



June



On 15 June, the Company's labor union organized the activities of "Visiting the port, painting the port, and writing the port" for the employees' children.



On 26 June, the Brazilian Petroleum Bonded Spot Crude Oil Depot was launched in the Dongjiakou Port Area of Qingdao Port, which launched the "direct sales" model of bonded crude oil spot transactions for international crude oil producers.

July



On 15 July, the Company carried out the labor research named "practice during the three periods of the hot season". Chairman Mr. Li Fengli went to Dagang Branch to visit the front-line employees, and to solicit employees' opinions and suggestions through a discussion.

August



On 1 August, the Company held the foundation stone laying ceremony of Crude Oil Depot of Qingdao Petro China Storage Co., Ltd. in Dongjiakou Port Area.

September



On 6 September, the Company's management participated in the 2019 "Belt and Road" Land-Sea Linkage (Qingdao) Summit Forum.



On 9 September, the Company's chairman, Mr. LI Fengli was elected as the eighth council member, an executive director and vice chairman of China Port Association.



## October



On 22 October, the technical and safety competition was held in the Qianwan Port Area of Qingdao Port.



On 28 October, the Company's chairman, Mr. LI Fengli was invited to attend the 2019 Qingdao International Standardization Forum and delivered the keynote speech.

## November



On 24 November, QQCT Zhenchao Team broke the world record with 514.7 natural containers / hour of ship hour efficiency. This is the ninth time that Zhenchao Team has set the record after 11 years.



On 28 November, Qingdao Port Fully Automated Container Terminal (Phase II) was put into operation.

## December



On 5 December, Qingdao Port Dongjiakou Ore Terminal Co., Ltd. created a new record of single ship unloading rate of 2,918 tons / hour for iron ore unloading. It is the 25<sup>th</sup> time to set new world record which was also previously held by the Company.



On 17 December, the Office of the Qingdao Special Action Promotion Environment Promotion Port Group specially sent a letter of appreciation, affirming the Company's efforts to continuously optimize the port business environment.

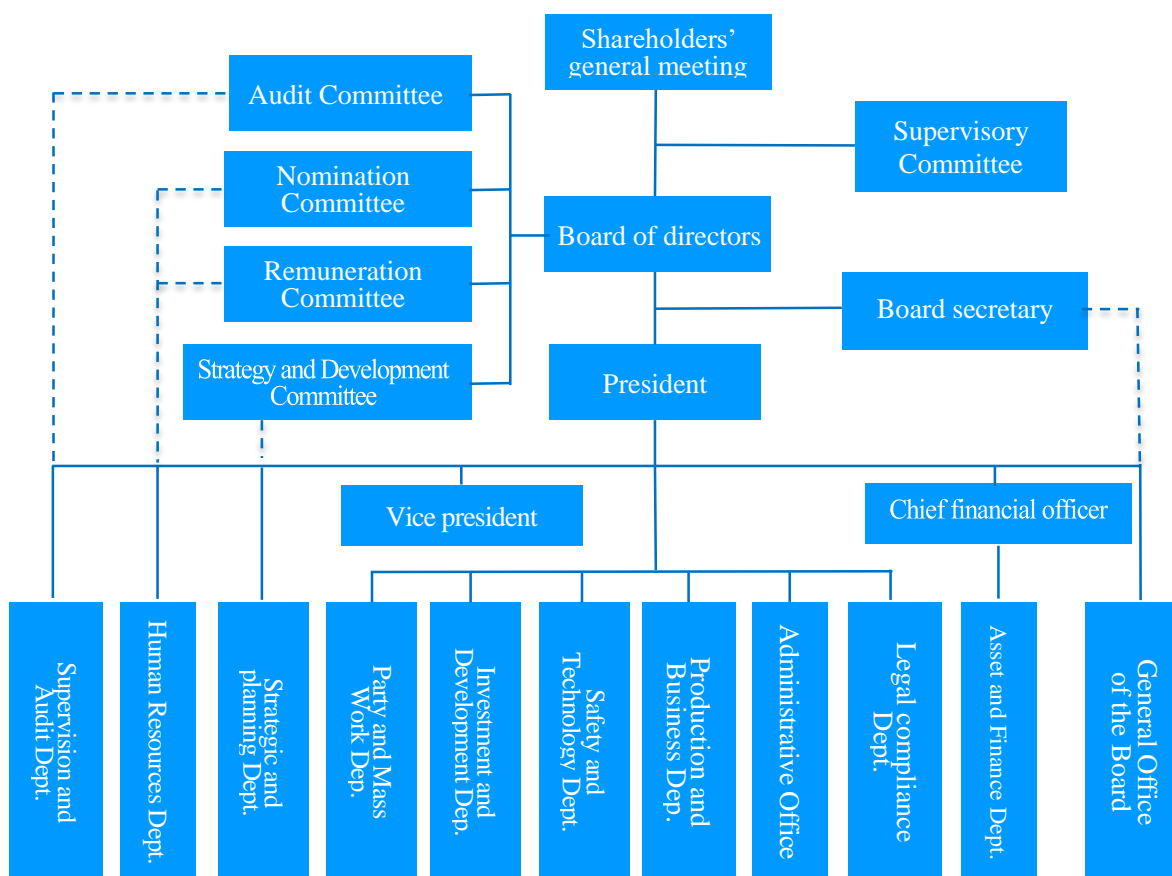
# REGULATED GOVERNANCE

The Company adheres to corporate governance and operation in accordance with laws and regulations, strictly complies by *Company Law of the People's Republic of China, Securities Law of the People's Republic of China and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other rules*, conducts regulated operation and improves its governance level.



## (I) Governance structure

We firmly believe that a favorable governance structure is the strong guarantee for sustainable development of the Company. The Company has established a governance structure with “three boards and one senior management” including shareholders’ general meeting, board of directors, board of supervisors and senior management. The general meeting, board of directors, supervisory committee and the management undertake their separate responsibilities independently and concertedly to perform fully duties. As of the end of the reporting period, the Company's governance structure is as follows:



Governance structure of the Company

On 31 December 2019, the Company had a total of 6,491,100,000 issued shares with nominal value of RMB1.00 each. The structure of the share capital is as follows:

Class of shares	Number of shares (share)	Proportion in the shares issued (%)
A-Shares	5,392,075,000	83.07%
H-Shares	1,099,025,000	16.93%
Total	6,491,100,000	100.00%

## 1. Shareholders' general meeting

The Company convenes and holds shareholders' general meetings in strict compliance with laws, administrative regulations, *Articles of Association of Qingdao Port International Co., Ltd.*, and *Rules of Procedures for General Meeting Rules of Qingdao Port International Co., Ltd.* The shareholders' general meetings undertakes its duties and rights in accordance with the rules, including to determine the profit distribution plan, to elect non-employee representative Directors and Supervisors and to approve annual report and various special reports.



**Directors, supervisors and senior management of the Company attended the 2018 annual general meeting of shareholders.**

In 2019, we convened one shareholders' general meeting, reviewed and approved 23 resolutions, including to review the 2018 annual report, work report of the board of directors, work report of supervisory committee and connected transactions, and to vote directors and supervisors etc.

Shareholders attend the shareholders' general meeting enjoying the right to speak, inquire and vote, etc. We guarantee that all shareholders, including minority and medium shareholders, will exercise their rights equally and effectively.

## 2. Board of directors and specialized committees

As of the date of release of the report, the board of directors currently comprised six directors, including three non-executive directors and three independent non-executive directors. The appointment of Directors and the number and composition of the board of the directors are in line with the relevant regulations. The board of directors have four specialized committees, including Strategy and Development Committee, Audit Committee, Remuneration Committee and Nomination Committee. Those specialized committees have already formulated rules for procedures with clear rights and



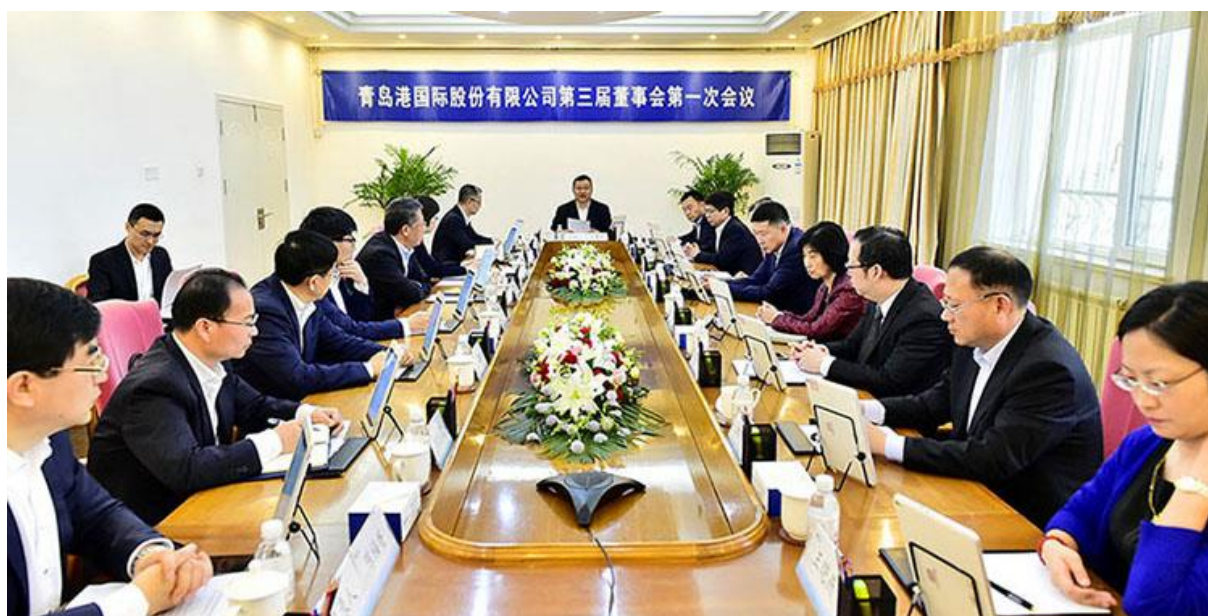
responsibilities for independent and effective operation.

Specialized Committees Directors	Strategy and Development Committee	Audit Committee	Remuneration Committee	Nomination Committee
Non-executive directors				
Mr. LI Fengli (Chairman)	Chairman	/	Member	Member
Mr. ZHANG Wei	Member	/	/	/
Mr. CHU Xiaozhong	Member	Member	/	/
Independent non-executive directors				
Ms. LI Yan	/	Chairman	Member	/
Mr. JIANG Min	Member	/	/	Chairman
Mr. LAI Kwok Ho	/	Member	Chairman	Member

Note: The above table only lists the members of the board of directors and each of the special committees. Please refer to the annual report of the Company for details of the changes during the reporting period.

All directors of the Company attend the meetings of board of directors with careful and responsible attitude, and perform their responsibility honestly and diligently. With their abundant professional knowledge, work experience and good professional ethics, the directors of the Company have devoted a lot of time and energy to the determination of the Company's business development strategy, the appointment of senior managers, and the formulation of profit distribution plans.

In 2019, the Company held six on-site meetings of board of directors, reviewed and approved the annual report and interim report, working report of board of directors and report of the president and other resolutions.



On 17 May 2019, the Company invited domestic and offshore lawyers to provide directors, supervisors, senior management and some management personnel of the Company with training on the requirements for their performance and related legal responsibilities in the listed company.



The Company currently has three independent directors who major in finance, accounting and legal fields and with relatively high policy interpretation and professional abilities. Not only they put forward professional suggestions for the consideration and decision-making of the board of directors, but also they effectively promote the standardized operation of the board of directors. The independent directors are appointed and performed their work in accordance with *Working System for Independent Directors of Qingdao Port International Co., Ltd.* They attend the shareholders' general meeting, the meeting of board of directors and special committees according to laws and voiced their objective and justified independent opinions.

### 3. Supervisory Committee

The Supervisory Committee is comprised of five supervisors, including one supervisor representing shareholders, two supervisors representing employees and two independent supervisors. The appointment of supervisors, number and composition of the board of the supervisors are in line with the relevant regulations.

Members of board of supervisors	Title
Mr. ZHANG Qingcai (Chairman)	Shareholder representative supervisor
Mr. WANG Yaping	Independent supervisor
Mr. YANG Qiulin	Independent supervisor
Mr. LIU Shuiguo	Employee representative supervisor
Ms. WANG Xiaoyan	Employee representative supervisor

Note: The above table only lists the members of the board of supervisors as of the date of publication of the report. Please refer to the annual report of the Company for details of the changes during the reporting period.



In accordance with laws and regulations and *Rules of Procedures for Board of Supervisors Rules of Qingdao Port International Co., Ltd.*, the board of supervisors faithfully performs its duties in the spirit of being responsible to shareholders, supervises the operation of the Company according to law, related transactions and major investment projects, and safeguards the interests of the Company and shareholders. In 2019, the Company convened six on-site meetings of board of supervisors, reviewed and approved the annual report, interim report, quarterly report and working report of the board of supervisors, etc.

#### 4. Senior management

The selection and appointment of senior management strictly comply with the Articles of Association. The management is responsible to the board of directors, carries out its work in accordance with the responsibilities and powers stipulated in the Articles of Association, implements the resolutions of the shareholders' general meeting and the board of directors, implements the Company's development strategy, implements effective control over the Company's production and operation, and continuously improves the Company's operating performance and management level.

#### The Company won the "Listed Company Award of Excellence"

On 19 November, the Company won the "Listed Company Award of Excellence 2019" selected by Hong Kong's authoritative financial media, Hong Kong Economic Journal. This award is based on Piotroski F score, the stock's performance compared to the Hang Seng Index over the same period, the number of professional stock reviewers' recommendation, and the four principles for the average annual growth rate of earnings. The candidate list is determined through rigorous and professional selection. Then, a review committee composed of industry leaders, analysts, and editors of the organizers review this list. The Company won the "Listed Company Award of Excellence 2019" award which means that our stable performance, excellent corporate governance and broad development prospects have been recognized by the Hong Kong capital market and the media.



#### (II) Internal control management

The Company makes great efforts in realizing and perfecting the construction of modern enterprise system, actively promotes the governance of enterprises according to the law, identified and prevented internal and external risks in a systematic manner, improve s the internal control system and establishes a complete set of systematic corporate management systems.

1. We strengthen comprehensive risk management, adhere to the coordinate advancement in construction and evaluation of internal control systems, to promote the construction by evaluation and integrate construction and evaluation, to identify pot entail risks, improve control measures, revise the internal control manual, develop the evaluation system, and continuously improve the level of internal control management. In 2019, the Company organized a self-assessment of internal control and hired PricewaterhouseCoopers Zhong Tian LLP (special general partnership) to audit the Company's internal control. The Company maintained effective internal control of financial reports in all major matters.

2. We increase meticulous management level. We implement complete budget management system, the business analysis system and the performance evaluation system, perfect fine-grained management and control index and assessment standard. We conduct regular analysis with reference to the completion of budget indicators to find the problem and disadvantages, carry out reward and punishment system as per budget index every month, thereby enhancing aggressiveness and work vitality of the management and the employees, continuously improving the management efficiency.

3. We enhance internal audit. We establish an audit center to build a centralized, unified, comprehensive, authoritative and efficient internal audit and supervision system to enhance our audit and supervision capabilities. We innovate and optimize the supervision and coordination mechanism, strengthen coordination with the party committee inspection, discipline inspection and supervision, organization of personnel, legal compliance and other departments to achieve information sharing and results sharing to form a joint supervision force. We implement audits on the projects with full coverage in the entire process, strengthen audit analysis and audit quality control, improve the efficiency of project settlement and effectively control the construction investment. We conduct economic responsibility audits and special audits to strengthen audit rectification and effectively enhance internal control and risk prevention capabilities.



On 19 March, the Company invited experts from CITIC Securities Co., Ltd. and Jia Yuan Law Offices to give lectures. Secretary to the board of directors of the Company, put forward specific requirements for the compliance of listed company in the daily work, and further strengthened the understanding and mastery of the Company's units and departments on regulatory requirements such as listing rules.

### (III) Information disclosure and investor relations

The Company earnestly fulfills its obligation of information disclosure, adheres to disclosing information in an authentic, accurate, complete, timely and fair manner to ensure that the information disclosed is free from false records, misleading statements or major omissions, and continuously improves the quality of information disclosure. In 2019, the Company disclosed 114 A-share announcements and 123 H-share announcements in total, fulfilling information disclosure obligations as required.

The Company attaches importance to the investor relations, develops *Investor Relations Management System* and regards the investor relation as an important part of management and governance of a good enterprise. Secretary to the board of directors is generally responsible for overall coordinating and arranging investor relations, and is committed to building a bridge between investor information. The office of board of directors is responsible for the implementation of the specific work and wholeheartedly provides thoughtful and meticulous services to investors.

The Company regards the investor relations as a long-term systematic work. In accordance with *the Listing Rules of the Shanghai Stock Exchange and HKEX*, trends of capital market and expectations of investors, we keep close touch with domestic and foreign investors, improve the work on investor relations continuously and maintain the reputation of the Company in capital market.



## Investor relations in 2019

- We held **two** performance roadshow and communicated with more than **100** institutional investors;
- We carried out **three** reverse roadshows and organized nearly **100** investors to visit the ports;
- We participated in **five** large investor conference and forums, communicated with investors through meeting; and
- We received over **200** investors and analysts through teleconference and on-site meeting.



2018 Annual Results Announcement



Investors and analysts visit the Company



## SCIENTIFIC DEVELOPMENT

The Company responded to the changes in the international and domestic macroeconomic situation, actively promoted the innovation drive, transformation and upgrading, consolidated the competitive advantage of the main loading and unloading industry, vigorously developed the whole logistics, promoted the development of industrial linkage, and continued to maintain steady growth in operating performance to create good returns for shareholders .

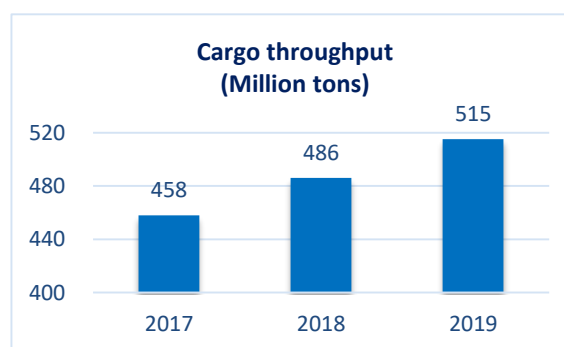
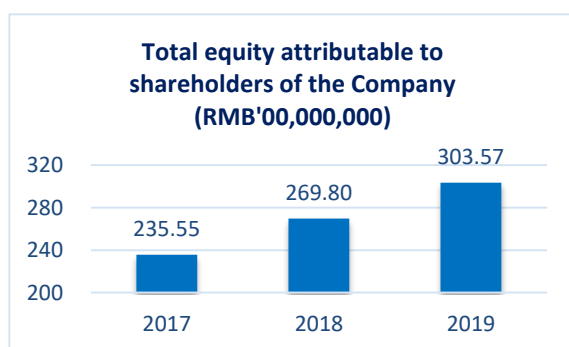
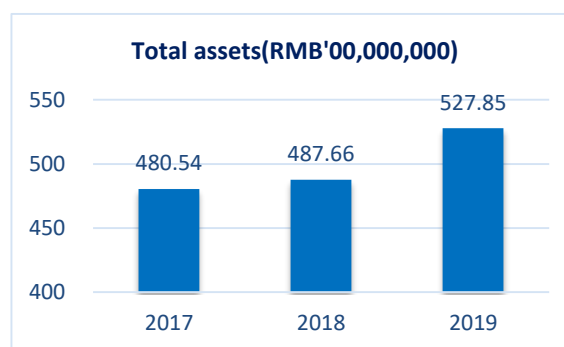
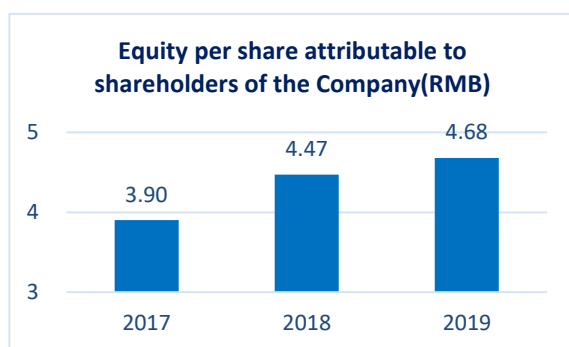
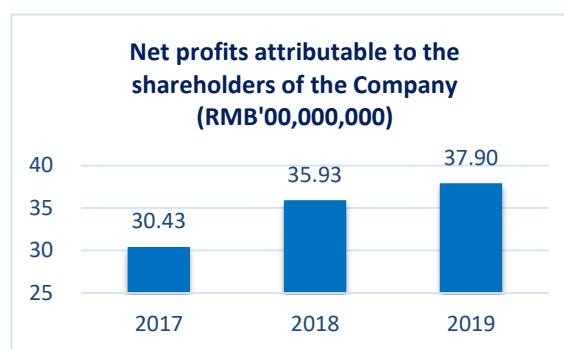
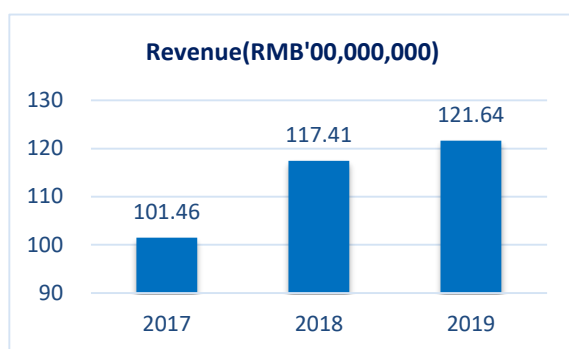


### (I) Operational performance

In 2019, the Group's revenue was RMB 12.164 billion, representing an increase of 3.6% as compared to the same period in the prior year; net profit attributable to shareholders of the Company was RMB 3.790 billion, representing an increase of 5.5% as compared to the same period in the prior year.

Indexes	Unit	2017	2018	2019
Total assets	RMB'000	48,053,652	48,765,783	52,785,301
Total liabilities	RMB'000	22,990,996	19,346,259	19,187,939
Total shareholders' equity	RMB'000	25,062,656	29,419,524	33,597,362
Total equity attributable to shareholders of the Company	RMB'000	23,554,663	26,979,659	30,357,381
Revenue	RMB'000	10,146,225	11,741,480	12,164,081
Gross profit	RMB'000	3,330,122	3,625,978	3,985,390
Net profit attributable to shareholders of the Company	RMB'000	3,042,959	3,593,486	3,790,143
Equity per share attributable to the shareholders of the Company	RMB	3.90	4.47	4.68
Earnings Per Share	RMB	0.55	0.60	0.59
Rate earned on total assets	%	7.51%	7.94%	8.14%
Weighted average return on net assets	%	15.54%	14.23%	12.94%
Cargo throughput	Million tons	458	486	515

## Comparison of main operational performance in recent three years



With respect to the terminal business, the Group seized the opportunities brought by the shifting of China's economy from high-speed growth to high-quality development, grasped the developmental rules of port economy in new economic environment, and aimed at the demands of customers and markets to focus on core businesses, address area of weakness in development and strengthen weak items. The Group took solid steps in pushing ahead the supply-side structural reform in port services in a down-to-earth manner, provide customized integrated "door-to-door" logistics services, enhanced its integrated competitive advantages in terminals, logistics, finance and etc., and increased its efforts to develop new markets and new cargo resources to improve the quality of its integrated logistics services, and accelerate the construction of its storage and pipeline distribution capabilities for oil products and other key segments, relive a continuous and stable growth of its stevedoring business.

With respect to the emerging businesses, the Group took full play of the advantages as an integrated hub in logistics chain, commodity flow, capital flow, information flow and others, to coordinate ports and other social resources, to optimize the layout of "inland port" network marketing, improve resource efficiency through the construction of intelligent ports, and perfect the functions of port services, so as to constantly extend its new businesses in sea-rail intermodal transport, CFS, shipping agency, freight forwarding, bonded storage, futures settlement, cross-border e-commerce, automobile supply chain, industrial chain finance and etc., improve diversified profitability, and expand the new models and new spaces, for the maintenance of a sustainable development for the ports operation performance.

## (II) Development strategies

In 2019, the Company seized the opportunity of multiple policies overlays such as Shandong Free Trade Zone, China-Shanghai cooperation organization local economic and trade cooperation demonstration zone, the National Logistics Hub City, and the strategy of building China's strength in transportation. We deeply promoted the transformation and upgrading of our port, accelerated the transformation of our port from a logistics port to a trade port and from a gateway port to a hub port. The Company built a new phase of two-way opening up with links running eastward and westward over land and sea.

### 1. Build a first-class logistics hub port

The Company actively built international logistics channels, connecting Japan, South Korea and Asia Pacific in the east, connecting Central Asia and Europe in the west, connecting ASEAN and South Asia in the south, and connecting Mongolia and Russia in the north. The Company vigorously developed modern logistics, continued to improve the function chain, the service chain and the value chain. The Company focus on the whole process of logistics, smart logistics and unique logistics, deeply integrated into the "end-to-end" global logistics supply chain system, and accelerated to become a world-class modern integrated logistics service provider.

### 2. Build a first-class financial and trade port

The Company expanded our industrial chain financial services, created a supply chain financing system, and enhanced the port's financing attractiveness. The Company accelerated the aggregation of supporting services for port and shipping, created new formats, new growth points and new competitive advantages. The Company promoted comprehensive services of smart finance, created a unified port financial Internet service window, and provided one-stop full-process financial services to port customers to accelerate the construction of the international shipping trade financial service innovation center.

### 3. Build a first-class smart green port

The Company adopted a technical route combining independent innovation and technology introduction. By adopting high-tech technologies such as the Internet of Things, cloud computing, big data and Beidou navigation, the Company aimed to accelerate the construction of a world-class smart port with the goal of intelligent loading and unloading production, paperless business documents, service coordination platform, digital decision management and port supervision integration.

## (III) Scientific and technological innovation

The Company was committed to building a smart port. We vigorously promoted port technology innovation, carried out various thematic activities such as the research on automation and the special research on intelligent new technologies, and actively applied new technology results in practice. In 2019, the Group completed a total of 527 key innovation projects, applied for 16 scientific progress awards above the municipal level, and applied for 121 national patents including 35 invention patents and 4 international patents.

Unit: item			
Indicators	2017	2018	2019
The Company's important innovation research projects (item)	448	477	527
Municipal level and above scientific progress prizes (item)	13	15	16
Patents applied (item)	90	114	121
Including: Invention patents (item)	15	33	35
New technology patents (item)	74	81	86





The Company adheres to being innovation-oriented, and the whole staff's participation in innovation and effectiveness has achieved remarkable results. The Company selected port innovation achievements and post innovation achievements every year, and rewarded these innovation units and personnel. The Group's projects, such as "Research and Implementation of Port Intelligent Procurement Strategy Based on Cloud Mining Mode" and "Research and Application of Tugboat Intelligent Dispatching System Based on Data Mining and Learning" were recognized as world-leading technologies in the standardized evaluation of scientific and technological achievements in Qingdao.

## Awards for scientific and technological innovation of the Company



On 24 September 2019, the Digital Innovation and Port Connectivity Forum hosted by APEC Port Services Network (APSN) was successfully held in Kuzco, Peru.

The 2019 Green Port Award System (GPAS) award ceremony was held during the forum. Seven ports from five economies, including QQCTN, were awarded the honorary title of "Green Port Award 2019".

On 26 June 2019, the Company's "Fully Automated Container Terminal Intelligent Dispatch Control System" won China Management Innovation Best Practice Case Award.

On 19 December 2019, the Company's "Fully Automated Container Terminal Key Technology Research and Application" won the first prize of Qingdao Science and Technology Progress Award.



# COMPLIANCE OPERATION

The Company adheres to operating in accordance with the law, adhering to the principles of equality, mutual benefit, honesty and credit, and abiding by social morality, business ethics and laws and regulations. Through multiple ways such as incorruptible employment management, internal control, internal audit and democratic supervision, the Company continues to enhance the level of legal operation.



## (I) Incorruptible employment

The Company attaches great importance to the incorruptible employment of the management at all levels which has been included in “*Document of Operation Management Objective Responsibility*” and assessment system and was arranged, implemented, inspected and assessed at the same time with the Company's central task. The Company formulates and implements management methods including *Measures for Implementing “Three Majors and One Greatness” Decision-making System*, *Regulations on Incorruptible Employment of Leadership*, “*Twenty Bans*” of Incorruptible Employment and “*Guiding Opinions on Strengthening the Prevention and Control of Integrity Risks (Trial)*” to enhance the supervision of power operation process.

The Company has actively carried out party style and clean government education. Through special lectures, case studies, on-site visits and so on, the Company focused on warning education, learning party discipline and building a culture of clean government, and strengthened the ideological defense line for cadres and employees to resist corruption. In 2019, 27 batches of 532 management and key post personnel visited the Qingdao Anti-Corruption Education Base and received warning education on anti-corruption. The Company received more than 50 summaries of education on anti-corruption advocacy. These activities made the vast number of party members and cadres learn from the lessons and used them as signal of warning. The Company organized a total of 500 management and disciplinary inspection staff to watch 8 warning educational films, such as “Move Forward(砥砺前行)”, “Behind the Lost Association(失聯的背後)”, “Warning Record of Typical Cases of Violation of Discipline and Law of Party Members and Cadres in Shandong Province since the Eighteenth National Congress(黨的十八大以來山東省黨員幹部違紀違法典型案例警示錄)” and so on to develop loyal, clean and responsible management team.



**The anti-corruption education for the management**



**Special subject educational films for employees**

In order to further strengthen the party spirit of party members and cadres, and build a strong ideological and moral line of defense against corruption and corruption, the Company organized party members, cadres and key post personnel to learn the selection of typical cases that violated the eight-point decision and dereliction of duty.

Party members should use the cases as a mirror and stand upright. The Company gave full play to the leading role of warning education in preventing and punishing discipline violations, which has greatly enhanced the consciousness of individuals to abide by the laws and regulations and the awareness of self-discipline at work. The Company carried out in-depth educational activities on the theme of "Remain true to our original aspiration and keep our mission firmly in mind" to educate cadres and employees to perform their duties and responsibilities, take actions, and contribute to the development of the Company with practical actions.

Through a variety of channels including the President's mailbox, mailbox of discipline inspection commission, phones calls and petition reception, the Company widely accepts the reporting and supervision from society and the masses. The discipline inspection department of the Company, around the implementation of the principles of "Eight Regulations" of the central government, focuses on the supervision and inspection of project construction, bid inviting and purchasing, fund management and market development, conscientiously fulfills its supervision duty, effectively prevents and controls the risks of violating the regulations and disciplines on incorruptible employment. In 2019, the Group had no case in which the directors, supervisors and senior management personnel were punished and prosecuted due to corruption and bribery.

The Company conducts case study of party discipline regulations and warning education with a variety of carriers on a regular basis and promotes the culture of integrity to enter the team, the office, the project and the post to create a good atmosphere of integrity culture. In 2019, multiple batches of management personnel and key position personnel of the subsidiaries of the Company went to Qingdao Anti-corruption Education Base to receive warning education. The staff expressed that they must recognize the serious consequences of corruption, maintained integrity and self-discipline, refused corruption, worked harder and contributed to the development of the Company with practical actions.



## (II) Fair competition and honest operation

The Company insists on participating in market competition with the method of fairness, justice, equality and mutually benefit, and complies with business ethics, social ethics and public order and good morals, strictly abides by the "People's Republic of China Anti-Monopoly Law", "People's Republic of China Anti-Unfair Competition Law" and other laws and regulations, and actively maintains fair competition market environment. The Company abides by laws and regulations in China and related countries and regions against commercial bribery, extortion, fraud and money laundering, opposes all forms of bribery, extortion and fraud, and actively prevents and eliminates participation in money laundering-related transactions.

The Company establishes a perfect financial operation and supervision mechanism, strictly complies with the fiscal and financial laws and regulations of the PRC, and prevents all kinds of financial risks. In 2019, the Company's financial condition was steady, with the asset-liability ratio kept at a reasonable level, and there were no false financial accounts. The Company's assets and the shareholders' equity were effectively protected. We consciously paid taxes in accordance with the law, and the tax amount ranked ahead of the companies in Qingdao City. Many subsidiaries of the Company were rated as A-level taxpaying enterprises in Qingdao



The Company attached great importance to the credit construction, obeyed credit business rules, paid attention to the legitimate rights and interests of creditors, and had no financial irregularities or breaches of contract. In 2019, Dagong Global Credit Rating Co., Ltd., evaluated the Company's main credit rating and bond credit rating as "AAA".

### Compliance operation principle and practice

We adhere to the operation principle of **"achieving healthy and sustainable development"**. Through the efficient operation, the Company tries to create high-value fortunes for the shareholders, builds a happy homeland for the employees, dedicates love to the community and creates a good cultural and ecological environment for the society.

We **concern on and maintain the reasonable demands of Stakeholders**, adhere to the social and environmental bottom line and maintain the Company's social ecology. We do not pursue short-term profits unilaterally, positively undertake social responsibilities and follow the sustainable development road.

We adhere to important principles of **"honest operation and sincere treatment"** for social interaction, obey the public order and good morals, respect the property and intellectual property right of related enterprises, organizations and individuals and other legitimate rights and interests, and safeguard social and economic order.

We strictly abide by Contract Law of People's Republic of China, **abide by contract commitments and perform contracts**. In the process of contract signing, implementation and management, the Company, through equal consultation, communication and coordination, guarantee the interests of itself and its customers or suppliers and try our best to achieve win-win cooperation.



### (III) Publicity of factory affairs and democratic management

The Company adheres to the principle of wholeheartedly relying on employee for enterprise operation, carries out factory affair opening and democratic decision-making, and protects the legitimate rights and interests of employees to establish a harmonious labor relation.

1. We deeply implement the working mechanism of publicity of factory affairs and democratic management. The Company has established a democratic management system including worker representative congresses and democratic appraisal. The Company, regarding the worker representative congresses as the basic carrier for factory affair opening and democratic management, reports important issues of port reform and development annually, decision-making matters of "Three Majors and One Greatness".

2. We continue to expand the focus area of factory affair opening and democratic management. The Company's leaders report their work on the annual worker representative congress, accept the democratic appraisal and regularly report their major events. Each grassroots unit of the Company has a democratic public bar to implement the disclosure requirements of the factory affairs, regularly publicizing the objectives and tasks, income distribution, production safety, personnel management, policies and systems, welfare and treatments, labor protection, and rewards and punishment for attendance, and accepting democratic supervision.

3. We continuously expand the coverage of factory affair opening and democratic management. In the aspect of implementing democratic political rights and labor rights and interests, we treat all kinds of employees equally to ensure the democratic right of all personnel. The Company has established a Party organization, a labor union organization, worker representative congresses and a factory affair opening and democratic management system in case of setting up joint ventures. Before convening the employee representative meeting, the Company invites the retired employees to attend the meeting and fully respects their opinions and interests.



Worker representative congresses at all levels



Interpreting policies of the Company to employees



Employees browsing public information



Soliciting staff comments and suggestions

# GREEN DEVELOPMENT

The Company puts environmental protection and resource conservation as an important part of development strategy, implements the project of “blue sky, green land and clear water”, builds a “resource-conserving and environment-friendly” green and low-carbon port and promotes the harmonious development of economic growth and ecological environment.



## (I) Environmental protection

### 1. Environmental protection

The Company strictly abides by *Environmental Protection Law of the People's Republic of China*, *Marine Environmental Protection Law of the People's Republic of China* and regulations on environmental protection. The Company has formulated and implemented *Environmental Protection Management Regulations* and *Contingency Plan for Emergency Environmental Accidents*, to lower waste gas and greenhouse gas emissions, reduce the generations of hazardous and non-hazardous waste, protect our natural environment and maintain ecological balance.



Clean and sanitary port area environment





The Company attaches great importance to the construction of environmental protection facilities. With investments in environmental protection and improvement increasing year by year, the Company has completed an advanced domestic sewage treatment plant, dust proof facilities of coal and ore system, oil and gas recovery facilities, and emergency facilities for oil spillage, environmental monitoring equipment and a series of environmental protection facilities. The Company adheres to the concept of “Lucid Waters and Lush Mountains are Invaluable Assets” and makes efforts in building a green ecological environment.

The Company actively builds beautiful port. Based on the strategic goal of building a world-class marine port, the Company made the port areas full of vigor and green trees by comprehensively enhancing the environmental improvement of the port areas. In 2019, there were 3,331 arbors, 1,600,000 shrubs, and more than 2,200,000 seasonal flowers new planted in the four port areas of the Company.



**Tree planting activities of the Company**

## **2. Environmental protection and pollution prevention**

The Company researches and formulates the *Three-year Action Plan for Green Port Development (2020-2022)* to make an overall plan and comprehensively address the environmental problems. The Company sets up management and assessment standards for the discharge of dust, sulfur oxides, nitrogen oxides and waste water, strengthens the port environment monitoring and implements the responsibility system for pollution prevention objective. By adopting advanced technology, environmental protection equipment, new energy and other means, the Company implements clean production to reduce the generation of pollutants.

The Company pays attention to the prevention and control of air pollution. In terms of the remediation of dust for bulk cargo, the Company strictly implemented six dust control measures for bulk cargo operations such as isolating the stacking yards by dust-controlling walls, spraying of the yards, operation in confined space, covering the goods stack at stacking yards, fencing the vehicle, and flushing the wheels. And the Company installed an automatic dust monitoring device for experiments. In terms of the management of volatile organic compounds (VOCs), the Company built 9 sets of oil and gas recovery devices on the 100 crude oil loading cranes in the tank farm to achieve full recovery of oil and gas during the loading process. In terms of controlling diesel machinery pollution, the Company actively updated and eliminated the non-road mobile machinery that did not meet emission standards.

The Company actively carries out water pollution control. The Company comprehensively improved the construction of 6 domestic sewage pipe networks in the four major port areas. It allowed the sewage such as tank washing water, dusty water and oily water can be disposed of in compliance with regulations, and 8 hazardous waste temporary storages were constructed with high standard. All rainwater and domestic sewage in the port areas could either enter to the municipal pipe network or be disposed of in the port area's domestic sewage treatment system. We achieved fundamental results in the prevention and control of water pollution. In 2019, the Company and its subsidiaries were not included in the key pollutant discharge units.

The Company improves its emergency response capabilities for environmental accident risks caused by ships. The Company strengthened the equipment for preventing and controlling pollution at the terminal, purchased 2 environmental firefighting boats, and built a high-standard anti-oil spill emergency equipment warehouse in Dongjiakou port area.

### 1. Prevention of air pollution

In the aspect of dust remediation of bulk cargo operations in ports, all non-operational goods stacks were covered. All tires of vehicles carrying bulk cargoes were flushed. All vehicles operating in the port were fenced. Dust-controlling walls for bulk cargo yards should not be lower than the height of the stacks. Spray water on bulk cargo in the operation areas, stacking yards and roads to control the dust. The processes were operated in confined space. Dust covers were added to the conveyor belts throughout the process, and all buildings were fenced. The Company should make sure that the equipment and dust collect facilities were intact.

In the aspect of the prevention and control of vehicle exhaust gas pollution, the Company promoted the application of energy-saving, environment-friendly and new energy port machinery and tugboats, and speeded up the elimination of non-road mobile machinery with high fuel consumption and high emissions. Equipment was well maintained to prevent the operation of smoky vehicles. The non-road mobile machinery should be registered. The machinery that fails to meet the emission standards shall be equipped with pollution control devices. When building a new terminal, the Company should plan, design and construct the shore-based power supply facilities. And the completed terminals should gradually implement shore-based power supply facilities renovation to increase the ship's shore power usage. All of the operating tugboats should use the shore power.

In the aspect of VOC pollution prevention and control, the Company strictly implemented the national comprehensive control plan for petrochemical, chemical and oil products. We implemented leak detection and repair (LDAR) standards and the VOCs governance technical guidelines. The Company strengthened the maintenance ensure the normal operation of oil and gas recovery equipment in the terminals, tank farms, and gas stations. We also strengthened the prevention and control of exhaust gas from machinery manufacturing and maintenance, and carried out paint spraying and blasting operations in accordance with regulations to reduce maintenance and manufacturing pollution.

In the aspect of prevention of construction dust pollution, the Company adapt dust reduction measures such as covering fences, spraying water to suppress dust, flushing the ground and vehicles, and taking corresponding measures on roads and bare ground on construction sites. Construction rubbish was cleaned daily. The vehicles transporting sand, gravel and earthwork was taken some protective measures such as covering and confining to prevent dust pollution caused by material loss or leakage during transportation.

In the aspect of prevention and control of other air pollution, the Company strengthened the prevention and control of oil fume pollution in the canteen, and adapt environmentally-friendly oil fume extraction and exhausts devices, so that the oil fume could be discharged only after reaching the standard. We strengthened environmental sanitation management in roads, offices and living areas, and increased the areas for planting trees and grasses to prevent ground dust and flying dust pollution. The Company prohibited the burning of asphalt, linoleum, garbage, fallen leaves and other substances that cause smoke pollution in the open area.

### 2. Prevention of water pollution

In the aspect of prevention of domestic and production sewage, the Company implemented the diversion of rainwater and sewage, and encouraged qualified port areas to implement reclaimed water recycling. All domestic sewage in the qualified port areas was connected to the municipal pipe network, and the sewage in the unqualified port areas was extracted and treated by some qualified units. And the sewage shall not be discharged illegally. Oil terminals, dangerous goods yards, bulk cargo yards, and machinery bases must set up the collection and pretreatment facilities in strict accordance with the environmental impact assessment and the requirements of local authorities. It is forbidden to discharge oil, acid, alkali or highly toxic waste liquid into water bodies, and it is prohibited to discharge or dump radioactive solid wastes or waste water containing high and medium radioactive substances into water bodies.

### 3. Prevention of marine pollution

The terminal companies signed agreements with the third-party companies. These third-party companies provided support for emergency disposal of ships. When the terminal companies organize their operations, it is necessary to take effective measures to avoid the leakage of goods and sundries into the harbor. When the Company operate oil products, it is necessary to set up the oil fence before the operation. Operators cleaned up floating objects on the sea

and garbage in the intertidal zone daily to keep the waters in the port area clean and prevent water pollution.

#### 4. Prevention of noise pollution

When purchasing equipment, we choose qualified low-noise equipment. And we strengthened the maintenance of the equipment, and kept the equipment in good condition to control the generation of noise from the source. The Company strengthened the supervision and management of the construction units. The project management units adapted measures to prevent and control noise pollution in accordance with national regulations to minimize or control the impact of noise on the surrounding environment and ensure compliance with local standards

#### 5. Prevention of solid waste pollution

The Company strengthened the prevention and control of various types of waste products and hazardous waste generated in the production and operation of the port to reduce the environmental pollution caused by solid waste. The Company prohibited anyone from dumping or stacking solid waste into the places where were prohibited by laws and regulations. We strictly implemented the standardized management of hazardous waste. In accordance with laws and regulations and the requirements of local regulatory authorities, the Company built a temporary storage of hazardous wastes, and implemented the control of the entire process of collection, storage and disposal.

### Statistics of various emissions in 2019

S/N	Type	Name	Unit	Quantity of emission	Total Quantity of emission
1	Greenhouse gas	Carbon dioxide	Ton	166,124	166,150.1
2		Methane	Ton	17.2	
3		Nitrous oxide	Ton	8.9	
4	Exhaust gas emission	Nitrogen oxide	Ton	77.7	82.8
5		Sulfur oxide	Ton	5.1	
6	Hazardous waste	Waste battery	Ton	47.2	663.7
7		Waste lubricating oil (grease)	Ton	276.4	
8		Waste lubricating oil drum	Ton	4.8	
9		Waste paint bucket, paint slag	Ton	95.1	
10		Oil-containing waste water	Ton	105.6	
11		Waste oil filter, printer drum, etc.	Ton	134.6	
12	Non-hazardous waste	Iron and steel scrap	Ton	6,214	8,616.4
13		Waste wire rope	Ton	1,662	
14		Waste tire	Ton	557	
15		Waste copper cable	Ton	89.8	
16		Waste household appliance, etc.	Ton	93.6	

In 2019, the Group's greenhouse gas emissions were converted to carbon dioxide equivalent of 169,244.2 tons. Based on the Company's loading and unloading throughput, the Group's greenhouse gas emission density was 328.63 tons / million tons throughput, exhaust gas emission density was 0.16 tons / million tons throughput, and hazardous waste emission density was 1.29 tons / million tons throughput, the discharge density of non-hazardous waste was 16.73 tons / million tons of throughputs.





## The Company's main types of emissions and emission reduction measures

### ◆ Exhaust gas

- ◇ Source: exhaust gas emissions from motor vehicles and handling machinery
- ◇ Treatment measures: conversion from oil to electricity for handling machinery, liquefied natural gas (LNG) vehicle applications, installation of fuel-saving devices for motor vehicles, promotion of fuel-saving operation methods, etc., striving to reduce fuel consumption and exhaust gas emissions.

### ◆ Waste water

- ◇ Source: domestic waste water and dust-containing waste water
- ◇ Treatment measures: after the domestic waste water is collected, it will enter the municipal sewage pipe network or be disposed of in the port area's domestic sewage treatment system and then used for sprinkling in the port area. Dust-containing waste water shall be used for spraying the bulk cargo stacking yard after being disposed of by the bulk cargo waste water treatment station in accordance with the environmental assessment requirements of the bulk cargo terminal.

### ◆ Solid waste

#### ◆ General solid waste

- ◇ Source: general solid waste such as scrap steel, used steel wire ropes and vehicle waste tires
- ◇ Treatment measures: the Company actively researches the recycling and cyclic utilization of waste, reducing resource consumption and waste emissions. The Company organizes the recycling and reuse of non-hazardous waste that can be reused by the Company. Non-hazardous waste that cannot be reused by the Company but still has economic value is auctioned to other companies and individuals, which can promote the social reuse of resources.

#### ◆ Hazardous waste

- ◇ Source: waste oil from mechanical equipment, waste batteries and oil-containing waste water from cleaning tanks, etc.
- ◇ Treatment measures: all handled by professional companies with hazardous waste disposal qualifications.

#### ◆ Domestic garbage

- ◇ Source: domestic garbage in the workplace
- ◇ Treatment measures: all the domestic garbage generated in the workplace is disposed of by a special garbage removal company.



### 3. Building an international health port

The Company actively creates an international health port in accordance with the requirements of the International Health Regulations. We enhance the environmental control on production and operation process, spray water for large bulk cargoes such as ore and coal during the operation process to remove dust; build a wind-proof and dust-controlling wall at the stock yard and store the goods with coverage to minimize the impact of production operation on the environment.

The Company strives to implement the garbage classification policy. The Company's promotion of waste classification is at the forefront of the city's enterprises and institutions. The Company became the first pilot unit in the West Coast New District of Qingdao. The Company strengthened publicity and education, extensively mobilized everyone to participate in garbage classification to develop a living habit of garbage classification, and improved our living environment. The Company standardizes the installation of garbage classification containers, and sets up garbage collection containers for recyclable garbage, hazardous waste and other garbage in the offices and living areas, and sets up corresponding classification indicators there.



**The Company became the pilot unit of garbage sorting in Qingdao**



**The Company promoted the knowledge of garbage classification**

The Company continues to enhance health and epidemic prevention management, engages a professional company for vector biological control, and regularly organizes people to exterminate pest and virus vectors throughout all port areas. On March 2019, the Company invited experts from Qingdao CDC and Qingdao Patriotic Health Campaign Committee to guide our work on vector biological control. We started the application of disease vector elimination, strengthened the efforts to control the port's environmental sanitation, checked and corrected 657 environmental problems, and carried out a cumulative application of 39.7 million square meters of vector biological elimination in the port area. The port area's environmental sanitation and disease vector prevention work were commended by relevant departments of Qingdao.



**Carrying out extermination of pest and virus vectors**

## (II) Resource conservation

The Company adheres to the concept of “green, energy saving and environmental protection”, strengthens the resources management and optimizes the energy utilization. In recent years, the Company accelerated the transformation and upgrading of port development, made efforts to build a green cycle low-carbon development mode on the basis of high efficiency, low energy consumption, low pollution and low carbon emission in accordance with the *13<sup>th</sup> Five-Year Plan for Green Port Construction of Qingdao Port*, the *Three-year Action Plan for Green Port Development (2020-2022)*, and *Port Energy Planning (2020-2025)*.

### Statistics on the consumption of natural resources (including energy)

S/N	Resource type	Unit	2017	2018	2019
1	Water	Kilo m <sup>3</sup>	3,590	3,862	5,120
2	Including circulating water	Kilo m <sup>3</sup>	920	1,172	2,090
3	Gasoline and diesel oil	Kiloton	49	46	50
4	Electricity	Million kwh	426	462	554
5	Direct energy consumption	Kiloton standard coal	77	70.8	77.6
6	Indirect energy consumption	Kiloton standard coal	179	194	73.3
7	Comprehensive energy consumption	Kiloton standard coal	256	265	151
8	Cost of comprehensive energy consumption	RMB million	660	728	787
9	Comprehensive energy consumption for production of ten thousand tons of throughput	Ton standard coal	3.9	4.1	2.0

Note: The direct energy consumption refers to the consumption of fossil fuels, including coal, gasoline and diesel, and natural gas and the indirect energy consumption refers to the consumption of procured electricity, steam, and other energies. According to the requirements of the competent authority, the power factor was adjusted from 0.404 tons of standard coal / kWh to 0.1229 tons of standard coal / kWh.

In 2019, based on the Company's main business loading and unloading throughput, the Group's comprehensive energy consumption was 2.0 tons of standard coal / 10,000 tons throughput, and the water consumption density was 99.4 cubic meters / 10,000 tons throughput.

#### 1. Intensively taking advantage of port resources

The Company applies the green concept throughout the port production and construction process. The Company attaches importance to the protection of the local sea, land and other ecological environment, and does the best to minimize the impact on the local environment and ecosystem system. We scientifically plan and intensively utilize the port coastline, land, water area and other resources to improve the utilization efficiency of resources. By leveraging on the advantages of terminals, venues, equipment and information resources, the Company promotes the mutual cooperation between upstream and downstream industries and develops circular economy to promote the coordinated development of the port and the community.

#### 2. Saving water resource

The Company has no obstacles in obtaining suitable water sources, and has not had a significant impact on the environment and the outside world in accessing to and utilizing water sources. We continue to enhance the water use efficiency, develop various water saving measures and strengthen the efficient utilization of water resources used for terminal dust removal, equipment cleaning, living and office and other main water consumption fields of the Company. We collect and recycle rainwater by building pools for terminal dust removal and cleaning water and reduce water consumption, and solve the terminal dust removal and clean water. The bulk cargo operation in the Qianwan Port Area and Dongjiakou Port Area achieved the spraying of reclaimed water. The Company increases the employees' water saving awareness by strengthening the internal propaganda, designs and transforms domestic water facilities to further save drinking water resources.





The Company has further promoted water management in the port area. In 2019, we improved the water unit measurement, replaced with smart water meters for some units, checked the tap water pipe network, timely find the water leakage point for emergency repair and reduced water consumption.



In 2019, Dagang Branch strengthened the recycling of wastewater. They utilized vegetable washing water for internal floor cleaning. Their machinery base was equipped with oil-water separation and recycling equipment, and their bathroom wastewater was reused to flush out the sewage. They saved about 12,000 tons of drinking water resources last year.

### **3. Efficient using of energy resource**

The environmental protection level of the Company's infrastructure and transportation equipment has been significantly improved. Energy-saving lighting technology was widely used. The application rate of energy-saving lighting equipment on roads and yards in the port areas was increased to 100%. The layout of the port's shore power facilities was further improved. The Company invested more than RMB 50 million to complete the construction of 6 sets of ship shore power facilities. The Company built 33 sets of electric vehicle charging piles in the parking lot of the port areas, continued to promote the "electric driven changed from fuel driven" transformation of the container yard, and continuously applied energy-saving technologies such as hybrid power, frequency conversion speed regulation, and potential energy recovery.

The proportion of clean energy and renewable energy was constantly increasing. Solar energy, air source and ground source heat pump systems were used for heating in living areas. The 400,000-ton terminal in the Dongjiakou port area used 15 wind-solar complementary lighting devices. The Company also experimentally applied hydrogen energy collection trucks and hydrogen-powered automatic rail cranes.

The loading and unloading process of the port was further optimized. The Company vigorously promoted process innovation to promote energy saving and emission reduction projects, the loading and unloading operation process of containers, dry bulk cargo, liquid bulk cargo and so on were further optimized, food, fertilizer, steel and other goods were widely transported by containers.

### **4. Building a Green Smart Port**

The Company built a fully automated container terminal with zero emissions. The fully automated container terminal project phase II was completed and all the equipment there were powered by electricity, intelligently controlled and operated automatically. The terminal achieved an operating efficiency improvement of more than 30% based on green, intelligence and zero emissions, and set a new benchmark for the green and low-carbon development in the Company.

The Company promoted the application of intelligent technology in port operations. The container terminal realized the function of unmanned intelligent gates and intelligent shore tally, and launched a pilot operation for remote operation of rail cranes. Bulk cargo business realized the graphics of the yard and unmanned floor scales, and completed the remote and automated transformation test of the stacker and reclaimer. The level of automation and intelligence of terminal operations improved significantly. The Company's production efficiency and energy utilization efficiency significantly improved, and the level of port green development was further improved.

The Company promoted the application of intelligent technology and information technology in the field of logistics services. The Company built a one-stop, open and shared platform called "Yungangtong (雲港通)". This platform became an important Internet service platform for the Company. The Company's promotion of the electronic construction of documents led to a significant increase in logistics efficiency.

# SAFETY IN PRODUCTION

The Company adheres to the overall idea of "planning guidance, problem orientation and target management", vigorously improves the safety production organization and safety management system, cultivates intrinsically safety employees, creates intrinsically safety environment and promotes intrinsically safety management to build up a safety defense and construct a safety port.



## (I) Production safety performance

The Company strictly abides by the *Production Safety Law of the People's Republic of China*, *Emergency Response Law of the People's Republic of China*, *Special Equipment Safety Law of the People's Republic of China*, *Regulations on Production Safety in Shandong Province*, *Regulations of Shandong Province on Emergency Response* and other laws and regulations, comprehensively implements the responsibilities of enterprise safety production entity, deepens the inspection and regulation of safety hidden dangers and carries out the construction for safety production standardization construction to improve the intrinsic safety management level.

### Production safety performance in 2019

- There were no material safety production liability accident and occupational disease case occurred in the Company for the whole year.
- The Company conducted multi-level and multi-form safety training such as annual safety training for all staff, key positions professional training, leading cadre monthly study and industry expert seminars, with 100% of all staff participated in post safety training, 100% of new staff conducted pre-work safety training, and 100% of special equipment operators participated in qualification training organized by the quality supervision department. The Company has established a safety training file covering all employees.
- The Company carried out "Safety Production Month" and "Quality Month" activities, produced 40 safety micro movies, 323 safety cartoons, 106 safety micro lessons, 156 "remove hidden dangers", and 106 safety stories, and organized extensive participation in safety knowledge contest activities enrich education carriers and create a safety culture atmosphere.
- The Company carried out safety production training for all employees and retraining for key positions. In 2019, a total of 2,509 safety trainings with 20,000 person-times were completed.
- The Company strictly implemented the access standards for the safety of key positions, and conducted "access-type" safety training and assessment for 1,035 key position personnel from the aspects of safety knowledge, operation skills, and emergency rescue skills.
- The Company comprehensively promoted the construction of a standard system, revised 182 management standards, 101 work standards, and 342 technical standards, further improved the Group's safety management system and standard system, and promoted management process reengineering.
- The Company and its subsidiaries completed 152 safety technology research projects throughout in 2019.



### Holding on-site safety production promotion meeting

In 2019, the Company and its subsidiaries held more than 300 fire emergency drills. Through the on-site simulations of severe weather, fire evacuation first aid, initial fire suppression and other drill scenarios, the employees' awareness of emergency handling was further improved, and their self-protection capabilities and emergency response capabilities were enhanced.



### Holding fire drills

The Company strengthens the work safety training to improve employees' safety skills. The Company formulates and implements safety production training work plans annually. By organizing all on-job employees, new employees (including intern students), renters, renter-related personnel and temporary external labor personnel to carry out safety education and training, the Company ensured that the "three positions" staff certification rate reached 100 %, the safety training rate of all employees reaches 100%. It gave a stable foundation for the safe development of the port. According to the Company's safety training regulations, the training hours for general management and operation personnel are not less than 12 hours per year, and the management and operation personnel of the unit where the key safety parts are located were not less than 20 hours per year.

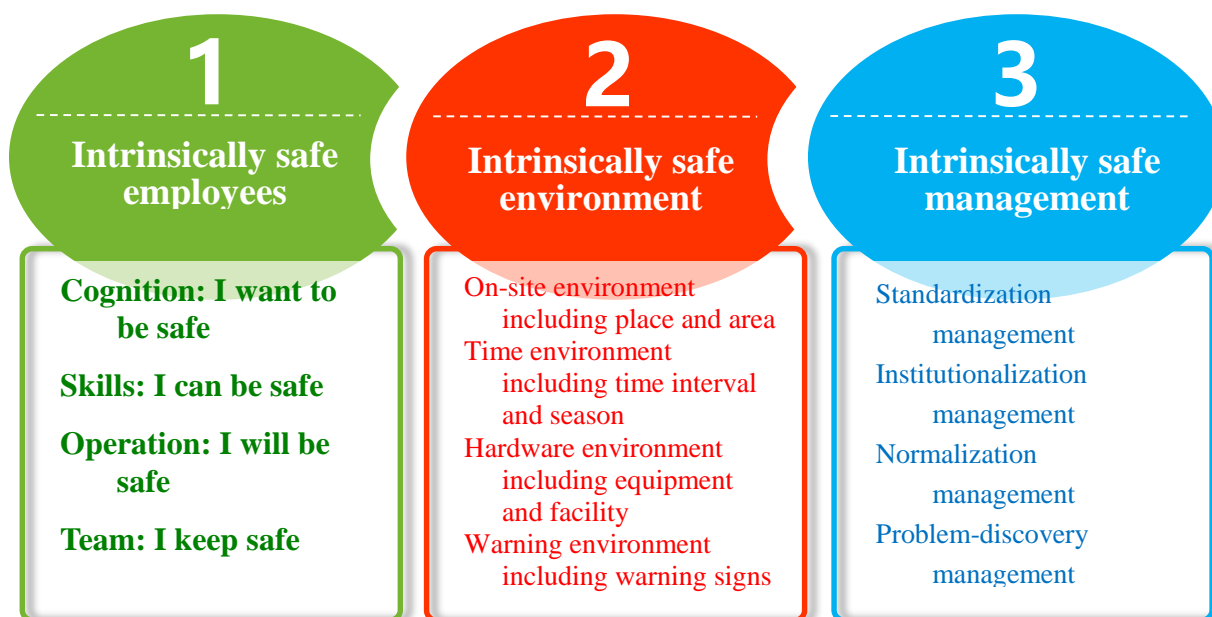




Holding safety trainings

## (II) Production safety measures

The Company promotes intrinsically safe construction and develops intrinsically safe employees, intrinsically safe environment and intrinsically safe management. Relying on positions up to the standard, the Company improves the employees' safety awareness and safety skills in order to turn discipline of employees by others into self-discipline, and get into a habit of "zero violations". Relying on scientific and technological security, the Company optimizes the resources allocation, guarantees the safe hardware investment, and improves the level of civil air defense, physical defense, and technical defense in safe production to create a safe production hardware facility of "zero defect". Relying on the standardization of safety management, the Company carried out the establishment of safety production standard posts, standard operating procedures and standardized compliance enterprises, and promoted the institutionalization, standardization and normalization of safety inspections.



The Company fully carries out the establishment of qualified safety production standardization. All subsidiaries of the Company engage in stevedoring business obtained safety production standardization qualifications of relevant industry, and the safety standardization management level continues to increase. The Company formulates management systems such as *the Hazardous Cargo Container Safety Management Regulations*, which is stricter than the industry management standards, to strengthen the risk management and control of hazardous chemicals operations. We strengthen the implementation of safety management responsibilities, sign responsibility statement of safety target at each level to increase monthly safety performance assessment. The Company conducted safety inspections, exposed typical problems and issued safety briefings every week. The Company strengthened the investigation and correction of violations by employees, strictly investigated the responsibility for safety accidents, and ensured that the safety system is implemented.



QQCTU invested more than RMB10 million in safety expenses for employees' physical examinations, occupational hazard detection, safety equipment and facilities maintenance. It has built a three-level security system of "isolation warning, monitoring alarm, and intelligent interlocking" to continuously upgrade the security system to protect personnel. QQCTU perfected its preventive facilities and set a basic marking line of 8,200 meters, thereby realizing the norm of separate driving of people and vehicles at the scene. It implemented intelligent snapshots and manual inspections to strengthen the inspection of accident-prone sections. It effectively improved traffic safety control in the port areas. Violation of visitors and vehicles decreased by 20% as compared to the same period in the prior year.

**Holding fire drills****Vehicle violation inspections**

Qingdao Shihua established a safety production training center and arranged full-time personnel to organize safety trainings. It established a security skills training center based on the Internet + entities and carried out a "five-in-one" standard standardized training and assessment system for all employees in the oil sector to teach, learn, practice, test and evaluate. Qingdao Shihua signed emergency linkage agreements with 18 surrounding companies, organized 1 to 2 emergency drills every month, organized a major emergency drill every quarter, and organized a comprehensive emergency drill every year to strengthen emergency response capabilities.

**Safety Production Training Center of Qingdao Shihua**

Qiangang Branch vigorously promoted the construction of intrinsically safe teams. Each team formulated a safety concept, established its regulation system, and improved the safety mutual protection mechanism. Qiangang Branch conducted evaluation and commendation every quarter, and continuously strengthened basic units' security construction. In 2019, Qiangang Branch held 30 fire emergency drills. It conducted on-site simulations of fire evacuation first aid, initial fire suppression and other drill scenarios to further enhance employees' fire awareness, enhanced their self-protection capabilities and emergency response capabilities for



sudden fires.



The Company enhances the safety information management. The Company developed and implemented the “Measures for Safety Production Information Management”, and each unit reported the safety production information on a daily basis. The Company carefully investigated and handled all safety accidents including minor injuries and draws inferences about other cases from one instance to develop and implemented safety precautions. To enhance safety emergency management, the Company developed a tertiary safety production emergency system for comprehensive, special and on-site treatment. The Company promoted the management of safety innovation, studied the weak links restricting safety production, tackled key safety projects, carried out monthly exchanges of scientific and technological innovation, and promoted the application of new technologies and achievements.

The Company optimized resources allocation and ensures safety hardware investment. We innovated the stevedoring process and separated person and machine as well as person and goods to reduce the operation risk and labor intensity. The Company utilized information technology and Internet technology to replace labor through mechanization and automation. The Company promoted the construction of intelligent warehouses and unmanned gates. More than 1,100 cameras were installed in the whole port area, and the coverage rate of on-site surveillance video is 100%. The Company actively applied advanced fog navigation equipment, anti-fatigue driving detection equipment and video capture system to promote unmanned and intelligent operation. The Company also completed the semi-automatic transformation of 15 rail cranes, thereby reducing personnel input and reducing potential safety hazards on site.

### (III) Employee occupational health

The Company strictly follows the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, and formulates the *Occupational Health Management Standard*, *Management Standard of Physical Examination for Staff Health* and other management standards. The Company also adheres to the occupational disease prevention and control guideline of “prevention first and integration of prevention and control”, strengthens the prevention and control of occupational disease hazards, provides physical examination for



staff annually to ensure health, established staff occupational health archives to safeguard the rights and interests of staff's occupational health, and continuously improved the level of occupational safety and health management.

### 职业危害告知

高闪点易燃液体 请注意使用和储存

#### 柴油

Diesel oil

#### 危险特性

高闪点易燃液体，遇明火、高热或氧化剂接触，有引起燃烧爆炸的危险；如遇高热，容器内压增大，有开裂和爆炸的危险。

#### 理化特性

稍有粘性的棕色液体  
闪点：大于50℃  
引起燃温度：257℃

消防措施和泄漏应急处理

1、火灾方法：灭火人员必须在上风向灭火；喷水保持火场容器冷却，直至灭火结束；处在火场中的容器若已变色或从安全泄压装置中产生声音，必须马上撤离；灭火剂可用雾状水、泡沫、干粉、二氧化碳、沙土。

2、泄漏处理：迅速撤离高浓度污染区人员至安全区，并进行隔离，严格限制出入；防止流入下水道、排水沟等限制性空间；小量泄露可用活性炭或其他惰性材料吸收，大量泄露应构筑围堤或挖坑收容。

3、操作与储存：密闭操作，加强通风；操作人员经过培训，严格遵守操作规程；远离火种、热源，工作场所严禁吸烟；防止蒸汽泄露到工作场所空气中；采用防爆型照明和通风设施；避免与氧化剂、金属接触；配备相应数量和品种的消防器材，充装要控制流速，防止静电积聚，搬运时要轻装轻卸。

当心爆炸

当心火灾

急救电话：120      火警电话：内线 119，外线 82981190

Carried out propaganda for occupational disease prevention

Safety tips before production

### 储油罐区安全风险点告知牌

序号	危险源名称	危险源描述	危险源等级	危险源类型	危险源位置	危险源责任人
1	火灾	油品泄漏遇明火、静电、高温等引发火灾	重大	火灾	储油罐区	王XX
2	爆炸	油品蒸气遇明火、静电、高温等引发爆炸	重大	爆炸	储油罐区	王XX
3	中毒	油品蒸气吸入导致中毒	一般	中毒	储油罐区	王XX
4	窒息	油品蒸气吸入导致窒息	一般	窒息	储油罐区	王XX
5	触电	电气设备故障导致触电	一般	触电	储油罐区	王XX
6	机械伤害	设备运转导致机械伤害	一般	机械伤害	储油罐区	王XX
7	高处坠落	登高作业导致高处坠落	一般	高处坠落	储油罐区	王XX
8	物体打击	设备故障导致物体打击	一般	物体打击	储油罐区	王XX
9	车辆伤害	车辆行驶导致车辆伤害	一般	车辆伤害	储油罐区	王XX
10	火灾	油品泄漏遇明火、静电、高温等引发火灾	重大	火灾	储油罐区	王XX
11	爆炸	油品蒸气遇明火、静电、高温等引发爆炸	重大	爆炸	储油罐区	王XX
12	中毒	油品蒸气吸入导致中毒	一般	中毒	储油罐区	王XX
13	窒息	油品蒸气吸入导致窒息	一般	窒息	储油罐区	王XX
14	触电	电气设备故障导致触电	一般	触电	储油罐区	王XX
15	机械伤害	设备运转导致机械伤害	一般	机械伤害	储油罐区	王XX
16	高处坠落	登高作业导致高处坠落	一般	高处坠落	储油罐区	王XX
17	物体打击	设备故障导致物体打击	一般	物体打击	储油罐区	王XX
18	车辆伤害	车辆行驶导致车辆伤害	一般	车辆伤害	储油罐区	王XX
19	火灾	油品泄漏遇明火、静电、高温等引发火灾	重大	火灾	储油罐区	王XX
20	爆炸	油品蒸气遇明火、静电、高温等引发爆炸	重大	爆炸	储油罐区	王XX

### 维修安全管控标准化流程

Risk warning and safety control flow chart

The Company has passed the occupational health and safety management system certification of international safety and health management system verification standard (OHSAS18000). All subsidiaries of the Company involving in occupational disease hazards, have entrusted third-party testing organizations to regularly conduct occupational hazards testing, issuing a “Workplace Occupational Hazards Test Report” to ensure that the operating environment meets the requirements.

The Company focuses on the occupational disease prevention and control work. We have organized related key units to carry out online declaration of occupational hazard factors, completed the annual test and daily monitoring for occupational hazard factors and provided all the employees with notices, trainings and health physical examinations on the safety of occupational hazard factors to strengthen the management of occupational health foundation.

The Company has formulated the corresponding outfit standard for labor protection equipment according to the environmental characteristics of production positions. We regularly provide staff with labor protection equipment such as helmets, dust protecting masks, various work clothes, and gloves. In addition, we strengthen the supervision over the quality of labor protection equipment to ensure proper wearing and use, and create a safe and healthy production and work environment for the staff.

# CUSTOMER SERVICES

Striving for first class is the Company's unremitting pursuit of improving services. The Company regards service quality as the lifeline of enterprise survival, adheres to customer first, and focuses on the service concept of "I will respond to all your needs", and improves service quality and service level continuously.



## (I) Service assurance

### 1. Improving and optimizing customers service system

The Company has formulated a number of management measures such as *the Freight Quality and Service Quality Management Measures* and standardized service standards to ensure the service quality to customers. We provide 24-hour consultation service for customers. We carry out special activities such as "quality month" with various activity themes for every year. All staff participated the activities to improve service quality and enhance the service standards.

### Standardized customer service process



✧ All external service window calls and complaint calls are open. The customer service hotline is accessible in 24 hour so that we can provide consultation service to our customers at any time.



✧ We assign high-quality highly competent personnel with excellent professional skills to offer professional services to customers.



✧ We implement "first inquiry responsibility" system for customer service to solve customer needs and improve service efficiency.



✧ We establish customer service key performance indicators system (KPI). We implement quantitative management, comprehensively evaluate customer service work performance and improve customer service work quality.



The Company is committed to providing customers with safe and reliable products and services and abides by *the Advertisement Law of the PRC* and other laws and regulations, without making false propaganda and advertising. In 2019, the Company did not suffer administrative penalties for false advertising and consumer fraud.

The Company attaches importance to customer privacy protection, implements a strict confidentiality policy on customer information and privacy, signs confidentiality agreements with managers, business personnel and other important positions, and actively prevents the risk of leakage of customer letters, contracts and other important information. The Company earnestly implements a series of laws and regulations related to the protection of intellectual property rights, respects and protects the patents, commodities and copyrights of others from infringement.



## CASE

### The special "relay" of a photo

On 14 January, QPIL's sea-railway intermodal center, all drivers, staff and customers were busy.

"Hello! I'm a customer and I need your help!" At 10:50 in the morning, Xiao Yue, an export operator, received an urgent call from a customer for help. After careful inquiries, Xiao Yue learned that the customer was operating a batch of goods exported to Singapore last weekend. In accordance with Singapore's requirements, the customer must provide a photo of the container number. But during the weekend, the customer forgot about it. The cargo will be shipped now, but it cannot be processed without a photo voucher, which may have serious consequences for customers. In desperation, the customer asked for help from our staff.

After appeasing the customer's emotions, Xiao Yue immediately reported to Mr. Li, who was in charge of the team. They decided to act separately to handle this special "expedited business". Xiao Yue checked the system and learned that the container is still on the dock. He immediately contacted the dock personnel to confirm the location of the container. Mr. Li contacted the on-duty dispatcher at the terminal to coordinate to take pictures immediately. Thanks to the efficient collaboration between these staff, the photos were transmitted to the customer's mobile phone after 30 minutes. This special photo "relay" greatly impressed the customers. At 14:00, the customer made a special visit from downtown to sea-railway intermodal center to thank them: "This is my mistake; I have brought so much trouble to everyone here. Customer service from Qingdao Port is very attentive, thank you very much!"

Mr. Lv, manager of the Sea-Railway Intermodal Center, said that "we are a platform for port external services, and many customers understand Qingdao Port from us. We not only provide accurate, convenient and efficient services, but also turn the platform into friends with family and temperature to satisfy customers."

## 2. Enhancing the comprehensive strength of hardware and software

In order to build a world-class marine port, the Company aims at the world's advanced science and technology, world-class software and hardware level, and world-class enterprise standards, to constantly surpass itself and move forward with excellence. In order to cope with the trend of large-scale ships and operation alliances, the Company actively improved the hard power of infrastructure, such as the construction of terminals and oil pipelines. The Company has built the world's most advanced automated container terminal, 400,000 ton-class ore terminal, 300,000 ton-class crude oil terminal, 200,000 ton-class bulk cargo terminal and storage tanks, yards, warehouses and other ancillary facilities, achieving the goal that "no matter how big ship is there in the world, there is big enough terminal for that ship in Qingdao Port".

For the terminal efficiency issues that the customers concern, the Company scientifically arranges production plans, carefully deploys production organizations, optimizes business processes, improves operation efficiency, reduces time of ship berthed in port, decreases logistics costs, and



provides considerate services to customers. Stevedoring efficiency of the Company has been leading in the industry for many years, and the container stevedoring efficiency and the iron ore unloading efficiency maintain the leading position in the world. High-efficiency in stevedoring and guaranteed services was highly recognized by customers.

By means of standardized operation training and skill training, the Company continuously improves the technical skills and practical ability of operating personnel. The Company organizes safety technology competition every year to improve the staff's work proficiency and skill levels. The Company continuously improves employees' business skill and builds a team of high-quality industrial workers, which establishes the foundation for the Company to maintain industry-leading production efficiency.



### Fulfilling service commitments and improving customer experience

#### CASE

Western United puts forward the work concept that success starts with “good reputation and service determines the future”, and strives to improve user experience and customer satisfaction through genuine, high-quality, and considerate services.

**The most beautiful smile. "Zero range".** In terms of service attitude, it is recommended to treat people with smiles. We should use civilized terms, start conversations with "hello", use the word "please" as the priority vocabulary for conversations, and end conversations with "goodbye" to create a warm and friendly service environment.

**The first asking responsibility system. "Zero barriers."** It implements the first asking responsibility system. The staff must answer all the needs of the cargo owners, agents, and drivers in a comprehensive and meticulous manner as soon as possible, so that customers could feel that their problems can be solved and their difficulties can be helped here.

**Workflow. "Zero fault".** Western United improves on-site operation efficiency, makes sure tools, personnel and machinery are in place on time, organizes production processes, and ensures that vehicles stay in port for less than 3 hours.

**Perfect delivery. "Zero error".** Western United ensures that there is no error in all aspects of operation, transportation and storage. Tallymen and custodians should double-check to ensure that the stacking lids are up to standard, the goods are delivered without damage, and the accounts are consistent and error-free.

**Work discipline. "Zero violations."** Western United implements the Sunshine Price List, strictly adheres to the Company's charge list, and strictly avoids bribery in field operations.



### 3. Taking numerous initiatives to improve service level

Orienting to customers' needs, the Company implements headquarters marketing to provide customers with a comprehensive "door-to-door" logistics services. The leaders of the Company visit the customers every year, hold various customer seminars, widely solicit opinions and suggestions from customers, respond to customer concerns, further satisfy the customer personalized demands to enhance friendship and strengthen cooperation.

In 2019, the Company continued to deepen the reform of the port service supply side and created new advantages in port development. By optimizing processes, reducing links, standardizing fees, improving services, and establishing mechanisms, the Company created new advantages in innovative development, sustainable development and leading development, and improved its comprehensive service capabilities.

#### The initiatives to improve customer service

#### CASE

On 7 January, the Company held a service seminar for foreign trade container shipping companies. During the meeting, the Company announced its "four commitments, eight guarantees" service commitments and related preferential policies to foreign trade container shipping companies in 2019. Based on China's important window of opening up to the outside world and the positioning of public service platforms, the Company used innovative services as its lifeline to promote major foreign trade container ship companies to increase routes, increased the number of transit and local containers, and accelerated the construction of a world-class marine port.



#### Holding the service conference for foreign trade container ship companies

On 10 January, the Company held a full logistics customer seminar. Representatives from more than 130 ship owners and shippers from around the world attended the meeting. The Company leaders had a face-to-face discussion with representatives of the major liner companies in Qingdao Port and sincerely sought opinions and suggestions. At the meeting, the Company launched the "Ten Articles of Service" for logistics, which won strong recognition from the participants.





### Holding the seminar for Qingdao Port Liner Companies

In 2019, the Company successively held inland promotion conferences on “Economy and Strategic Linkage between Ports and Oceans” in Zhengzhou Henan Province, Xi'an Shanxi Province, etc., to actively promote the logistics services of Qingdao Port. At each city, we held a sincere discussion with representatives of local enterprises, exchanged face-to-face, solicited customers' opinions and suggestions on port and logistics services, and continued to improve the service quality of Qingdao Port.



### Holding business promotion conferences

On 30 May, Qingdao Port's iron ore business sector development promotion meeting was held in Qingdao. At the promotion meeting, Qingdao Port introduced a series of preferential programs and service commitments to customers from global steel mills, traders, and mines. The Company signed strategic cooperation agreements with the partners such as railway, steel mills, traders, ports, and shipping companies.





Holding the development promotion meeting of the iron ore business sector

## (II) Complaint handling

The Company is committed to providing customers with considerate services. The Company publicized its service policy to customers, organized and implemented customer satisfaction surveys regularly, and listened to customer opinions and suggestions.



The Company values the opinions and suggestions of customers. The Company formulated and implemented customer management methods, improved the customer service system, and arranged for special personnel to handle customer complaints. In these ways, the Company continued to improve service quality and increase customer satisfaction. In response to customer complaints, customer service personnel continued to track and resolve customer complaints to ensure that the handling rate of complaints is 100%. The following is the statistics of customer complaints received and handled by the Company's headquarters through the formal appeal mechanism in 2019 (excluding affiliated companies, joint ventures and associated companies):

Serial Number	Complaint type	Number of complaints
1	Number of customer complaints	21
2	Number of invalid complaints	0
3	Number of the handled complaints	21
4	Number of complaints to be handled	0

## WIN-WIN COOPERATION

The Company actively integrates into the development of the Belt and Road, grasps the strategic opportunities, accelerates the pace of internationalization, strengthens the cooperation with the world ports, upstream and downstream industries and suppliers, brings into play their respective advantages, forms whole joint forces and creates new competitiveness.



### (I) Exchange and cooperation

We promote the international strategic layout in a steady pace. The Company cooperated with domestic and foreign shipping companies, international terminal operators and other strategic partners to complement each other's strengths, and expand the scope of cooperation to explore the Company's overseas development space along the line of the Belt and Road. The Company steadily promoted to export our management experience and capital, carried out investment and operation management of port terminal projects overseas, and accelerated our pace of becoming an international terminal operator.

#### Promoting the Construction of Sister-port

The Company actively promotes cooperation among international ports. From 1 to 3 June, the Company's chairman, Mr. LI Fengli visited Israel to promote the deeper strategic cooperation between Qingdao Port and ZIM, and the Company established sister-port relations with Haifa Port. From 18 to 21 December, the chairman of the Company, Mr. LI Fengli, visited Vladivostok, Russia. During Mr. LI's visit, the Company established sister-port relations with Vladivostok Port. The total number of our Friendly Ports increased to 25, and the global ports and shipping cooperation ecosystem of Qingdao Port was further expanded and upgraded.





The Company strengthens strategic cooperation with upstream and downstream industries. The Company actively explored the innovation of the port operation management model. We strengthened cooperation with upstream and downstream industry partners and exerted our advantages in port operation management experience and professional team to export the operations management service to domestic and foreign ports.

On 26 June, the bonded spot crude oil depot was officially opened. It was established by Qingdao Port in cooperation with Petrobras. A "direct selling" model of bonded spot crude oil trading was launched. The Company accelerated our transformation from a destination port to a hub port and from a logistics port to a trade port.



On 27 June, the Company started the international transfer business of Vale mixed mine. A new mode of international transfer of dry bulk cargoes from "mines to steel mills" was launched, which will provide customers with "end-end" services for iron ore logistics.

In 26 November, Qingdao Port International Development (Hong Kong) Co., Ltd., a wholly-owned subsidiary of the Company purchased 33.335% of the equity interests of COSCO Shipping Port (Abu Dhabi) Limited for the consideration of US\$59,276,030. The Company would send management and technical personnel to participate in the management and operation of Abu Dhabi terminal.



The Company accelerates the layout and construction of inland ports. In recent years, the Company has implemented the development of the Belt and Road and built a safe, convenient and efficient logistics golden channel with the optimal allocation of sea-oriented and land-oriented two-way resources, comprehensively enhanced the competitive strength of Qingdao Port as the “sea gate” and “bridgehead” of the regions along the “Silk Road Economic Belt” and provided trade facilitation and efficient logistics support for countries and regions along the Belt and Road. In 2019, Qingdao Port's sea-rail intermodal transport achieved rapid growth again. The annual operating volume of the containers was 1.393 million TEUs, representing a year-on-year increase of 20.7%.

## Learning and communication between the Group and external units

## CASE



On 27 March, Mr. LI Fengli, the Company's chairman, visited ITOCHU Corporation with the Shandong delegation, and these two parties signed a strategic cooperation agreement to strengthen cooperation in terminals and logistics.



From 24 to 26 May, the SCO Qingdao Forum on Local Economic and Trade Cooperation and the Investment and Trade Expo was held in Qingdao, Shandong Province. As an invited company, the Company participated in the exhibition with more than 20 countries and 50 companies. During these three days, the Company organized relevant negotiation and promotion activities, which attracted extensive attention from participating companies and related parties. The picture shows the participants in front of the Qingdao Port booth.



From 4 to 7 June, the Company's chairman, Mr. LI Fengli visited Germany with the Qingdao delegation, and signed strategic cooperation memorandums with China Europe International Exchange, and signed a tripartite strategic cooperation agreement with Siemens and Qingdao Sea Inspection Group to continue to deepen Qingdao port Cooperation, respectively.



On 11 July, the 2019 China Sailing Day Forum and the Fifth Maritime Silk Road International Cooperation Forum was held in Ningbo. The participants jointly announced the "Maritime Silk Road Ports Green Development Vision".

The chairman of the Company, Mr. LI Fengli, delivered a keynote speech entitled "Integrating into the " Belt and Road "and Win-Win Together" at the theme forum, which attracted wide attention from the guests.

## (II) Supplier relationships

The Company standardizes the bidding procurement management according to the national bidding laws and regulations, and guaranteed the legitimate rights and interests of the Company and its suppliers. We are committed to maintaining the market order, complying with the policies and commitments to suppliers, and advocate establishing a business environment with fair competition, equality and mutual benefit.

The Company adopts a centralized purchasing policy, vigorously carries out the "Sunshine Procurement" project. We set up a special department Materials and Equipment Bidding Purchase Center "Purchase Center" to carry out unified procurement of raw materials, equipment and business outsourcing by adhering to the principles of openness, fairness, justice and transparency. By implementing "Sunshine Procurement" project, we take the advantages of large-scale purchase and specialization of procurement, strengthen the risk control of procurement process, powerfully prevent violations such as commercial bribe, and effectively promote the saving of funds and cost control.

The Company is committed to maintaining a fair and open tendering system and take strict precautions against the risk of corruption and fraud in the supply chain. We encourage suppliers to conduct anonymous reports on suspicious corruption through hotlines and strictly crack down on illegal and irregular acts such as malpractices for selfish and black box operation in the procurement process, so as to protect the legitimate rights and interests of both parties.

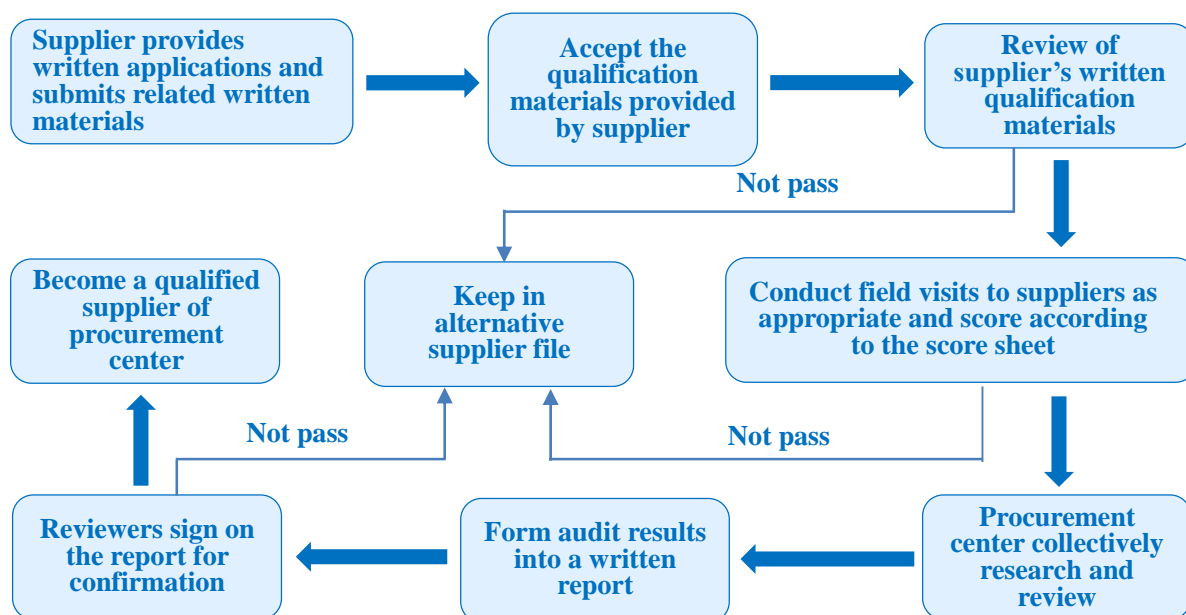




## Sunshine Procurement

In 2019, more than 500 pieces of bidding information and 2,000 bidding and auction notices had been released by the Group through “Sunshine Procurement”. More than 40,000 daily inquiries had been received. “Sunshine Procurement” played a positive role in promoting fairness, justice, openness and transparency of procurement activities, improving procurement efficiency, reducing procurement cost and preventing procurement risks.

## Supplier Review Process



In 2019, the Company revised more than 10 rules including *Procurement Business Operation Rules*, *Tendering Evaluation Management Measures*, *Centralized Procurement Management Measures* and *Emergency Procurement Management Measures*. The amendments to these rules clarified the division of business and processes, regulated employee behavior, and reduced the impact of human factors.

The Company regards suppliers as our commercial partners of great importance. To ensure that the supplier's supply quality, price, production and delivery capacity meet our requirements, we formulated a clear *Supplier Management Measures* as a guide for evaluating and selecting qualified suppliers. We have formed a sound management mechanism for suppliers' daily management, periodic evaluation and annual audit. By bidding method and other means, we constantly introduce suppliers with advanced

technology and efficient operation and optimize the supply chain to maintain the leading level of suppliers and competitiveness.

### Geographical distribution of major partner suppliers in recent 3 years

Distribution Area of Suppliers	Number of Suppliers in 2017	Number of Suppliers in 2018	Number of Suppliers in 2019
Qingdao City	575	499	927
Shandong Province (excluding Qingdao City)	124	119	216
Outside Shandong Province	315	255	532
Total	1,014	873	1,675

In the procurement process, we strive to build an environmentally friendly, efficient, and convenient supply chain ecosystem, focused on the priority selection of equipment and materials that are reliable, energy-efficient, and environmental friendly, and prohibit the procurement of outmoded products obsoleted by official government order. We focused on whether suppliers have legal or moral risks in protecting the ecological environment, obeying labor standards, and protecting human rights, and used it as an important basis for evaluating suppliers. The Company delivered the concept of sustainable development and management requirements to its suppliers and motivated them to fulfill their environmental and social responsibilities consciously.

### (III) Industrial development

The Group actively joins various industry associations and organizational activities, promotes industrial innovation and development and keeps a harmonious relationship with enterprises in the same industry. At present, the Group has joined dozens of industry associations and served as president, vice president, director, etc. in some of the industry associations, and proactively participated in activities of industry associations. Some of the industry associations the Group has joined are shown below:

Serial Number	Association Name	Serial Number	Association Name
1	China Ports and Harbors Association (中國港口協會)	9	The Hong Kong Institute of Chartered Secretaries (香港特許秘書公會)
2	China Association of Port-of-Entry (中國口岸協會)	10	Qingdao Association of Listed Companies (青島市上市公司協會)
3	Qingdao Chamber of Commerce of China Chamber of International Commerce (中國國際商會青島商會)	11	Shandong Province Port and Shipping Association (山東省港航協會)
4	China Communications Accounting Commission (中國交通會計學會)	12	Shandong Institute of Internal Auditors (山東省內部審計師協會)
5	China Water Transportation Construction Association (中國水運建設行業協會)	13	Qingdao Institute of Internal Auditors (青島市內部審計師協會)
6	China Tally Association (中國理貨協會)	14	Qingdao Logistics Association (青島市物流協會)
7	China National Association of Finance Companies (中國財務公司協會)	15	Qingdao Association of Enterprises (青島市企業聯合會)
8	Cross-Straits Shipping Exchange Association (海峽兩岸航運交流協會)	16	Qingdao Association of Work Safety (青島市安全生產協會)

# PEOPLE-ORIENTED

The Company regards employees as a valuable asset and adheres to the “people-oriented, boosting Qingdao Port through talents”. We keep a harmonious labor relationship, build a platform for growth and progress, protect the rights and interests of employees, actively build harmonious labor relations and promote employees and enterprises to grow together



## (I) Employee profile

The Company strictly complies with the *Labor Law of the People's Republic of China*, standardizes the labor relations according to laws, and establishes a labor employment system based on contract system. As of 31 December 2019, the Company hired 4,866 employees, with its major subsidiaries employing 3,872 employees. The number of employees was relatively stable.

### Statistics of employees by classification (unit: person)

#### Education of employees

Education	Number
Postgraduate and above	284
Undergraduate	1,301
Junior college	3,460
Below junior college	3,693

#### Position type

Position type	Number
Management personnel	1,027
Professional and technical personnel	1,346
Finance personnel	207
Production personnel	5,201
Production support personnel	957

#### Age of employees

Age	Number
Under 30	2,356
30-40	2,618
40-50	2,133
Above 50	1,631

#### Gender of employees

Gender	Number
Male	7,525
Female	1,213

As of 31 December, 2019, the Company had 2,096 professional and technical personnel, among them, there were 294 persons with senior titles, 952 persons with intermediate titles and 850 persons with junior titles. The Company had 3,392 skilled personnel, including 368 senior technicians, 774 technicians, 1,616 senior workers, 276 intermediate workers and 358 junior workers.

## (II) Employee rights

1. Democratic rights. The Company establishes the democratic management system with the workers' congress as the basic form, deepens the innovation in openness and democratic management of the factory, and guarantees the employees' right to know, participate and supervise.
2. Remuneration policy. The Company mainly implements two salary systems including piece-rate and



time-rate. We mainly implement the piece-rate system for the front-line operators and machinery drivers, and implements time-rate system for other on-the-job employees. The employee compensation includes basic salary and performance-based reward. The growth of salary is determined based on employee work performance, economic environment and supply and demand of human resources market in accordance with the principle of synchronizing with the growth performance of the Company and the improvement of labor productivity.

The Company pays pension, medical care, unemployment, work-related injuries, childbirth and other social insurances for the employees, and provides the employees with high temperature subsidies, heating subsidies and other welfare benefits. The Company has established an enterprise annuity plan for employees to protect their rights and long-term interests. We establish a supplementary medical insurance of medical aid for serious disease system to solve the practical difficulties of employees suffering serious disease.

### Employee rights protection performance indicators

Statistical classification	2017	2018	2019
Collective contract coverage (%)	100	100	100
Enterprise annuity coverage (%)	100	100	100
Notice of significant events (%)	100	100	100
Democratic supervision coverage (%)	100	100	100
Percentage of employees participating in labor union (%)	100	100	100
Percentage of minority employees (%)	0.53	0.47	0.50
Occupational training coverage (%)	100	100	100
Occupational health check rate (%)	100	100	100
Social insurance coverage (%)	100	100	100
Physical examination and health coverage (%)	100	100	100

3. Labor management. The Company abides by laws and regulations such as *the Labor Law of the PRC*, *the Labor Contract Law* and *the Prohibition of Child Labor Regulations of the PRC*, formulates and implements the “*Labor Rules and Regulations of Qingdao Port International Co., Ltd.*” to effectively protect the legitimate rights and interests of employees. We strengthen the supervision and inspection of compliance with labor standards on subsidiaries and joint ventures, urge the responsible departments to immediately rectify and eliminate the impacts according to the laws, regulations and the Company’s system when irregularities were found, and hold responsible departments accountable. There is no illegal behavior such as employment of child labor, forced labor, labor discrimination, sex discrimination and occupational discrimination found in the Company.

The Company scientifically sets up the shift system according to the type of work. Employees' monthly working time meets the requirements of relevant labor laws and regulations. The Company will pay overtime pay or arrange for the transfer of rest to employees who work overtime beyond the legal working time. After the employees joining the Company, all of them signed written labor contracts with the Company; when employees leave the Company, the Company doesn’t limit their choice of other new jobs with illegal reasons and means.

**Statistics of employment and loss of employees in 2019 (Unit: person)**

Statistical classification	Classification breakdown	Number of new appointment	Number of loss (including retired staff)
Employee age	Under 30	419	25
	30-50	69	50
	above 50	0	329
Employee education	Postgraduate and above	58	0
	Undergraduate	92	53
	Junior college	326	327
	Others	12	24
Employee gender	Male employees	384	357
	Female employees	140	47

4. Employee holidays. The Company safeguards the legitimate rights and interests of employees for taking normal leave and ensures that employees could enjoy public holidays and paid leave benefits according to law. After the employees return to work according to maternity leave/nursing leave regulations, the Company still retains positions for them.

**Employee holidays**

Name of holidays	Number of vacation days
Legal holidays	New Year's Day, Spring Festival, Qingming Festival, Labor Day, Dragon Boat Festival, Mid-Autumn Festival, National Day, etc., implementing the national standards
Paid leave	According to the accumulated years of working, the employees could enjoy leave for 5 days, 10 days and 15 days
Maternity leave	158 days
Nursing leave	7 days
Breastfeeding leave	For children are less than one year old, female employees have 1 hour leave per day
Marriage leave	3 days
Funeral leave	1 to 3 days
Home leave to visit spouse leave	30 days
Home leave to visit parents leave (unmarried)	20 days / year; 45 days / 2 years
Home leave to visit parents leave (married)	20 days / 4 years

5. Fair treatment. The Company prohibits any form of employment discrimination. Employees enjoy equal opportunities in recruitment, career development, etc., and aren't discriminated against due to gender, age, race, beliefs, and other illegal factors. The Company established a complete promotion mechanism, and set up four types of professional development sequences for management staffs, professional technicians, skilled workers, and operating workers. The Company ensures that different types of employees have suitable career development channels, breaks the "ceiling" of career development, and fully stimulates the vitality of human resources.

### (III) Employee welfare

#### 1. Paying attention to the needs of staff and improving working conditions

The Company insists on paying attention to production and operation as well as staff life at the same time, continuously satisfies the wishes of the majority of employees for a better life, and build a happy and harmonious port home. The Company cares about the life of the staff, conducts in-depth research every year to understand the staff's actual needs, publishes the practical work arrangement for employees in the form of official documents, set out the work list announced to employees and accepts employees' supervision.

(1) We make every effort to ensure employees' work safety. While providing employees with sufficient labor protective supplies, the Company formulates protection measures against cold and heatstroke in the winter and summer each year to protect employees' labor safety in weather conditions such as extreme heat, strong winds and coldness.

#### Delivering coolness in summer and warmth in winter

#### CASE

During the extreme hot season of 2019, the Company extensively solicited opinions from employees and provided heatstroke prevention first aid kits at the front-line of work. We provided refreshing drinks such as mineral water, cold drinks, mung bean soup, plum juice and watermelon juice for employees who worked under high temperatures. We monitored the working environment temperature in real time, stopped working in time when the temperature warning line was exceeded, and strived to ensure that no employees suffered from heatstroke.



#### Deliver refreshing drinks to employees

In order to protect the staff from frostbite, the Company prepared clothes that can keep warm and defend cold such as down coats and velvet pants for the employees before the cold wave comes. In the winter, the winds are strong and the weather is cold on the terminals, the docks and warehouses are very cold in winter.



The Company built the cozy stations in the port areas, renovated the on-site lounges to solve the problems of front-line employees' rest, drinking, and dining on the spot.



### Cozy stations for employees to take temporary breaks

The Company cares for the health of our employees and invests in carrying out physical examinations for all employees every year. In order to meet the needs of employees to learn and understand health knowledge, the Company organized 11 health lectures, and nearly 2,000 people in all port areas received the health education.



### Annual physical examination for all employees

(2) We continuously improve the working and living conditions of employees. The Company has invested in continuous improvement of the environment of on-site operations, office and accommodation in the port areas, and strived to create a safe, healthy, well-equipped and humane working and living environment for employees. In 2019, the Company completed College Students' apartment renovation and continued to improve the supporting facilities of apartments, provided employees with a warm and comfortable living environment. Gyms, shared washing machines, and Hive box have been settled in apartment buildings. The facilities of employee apartments are more complete and employee life is more convenient.







### The clean staff accommodation environment

The Company actively improves the transportation network in the port area. The Company set up commuter buses in accordance with the actual situation, coordinated the bus routes to enter the port areas and employee apartment areas, and achieved effective collection between the bus, the subway and the port areas, so that employees can travel more conveniently.



### Bus entered the port areas

(3) We actively carry out visits and condolences. In light of the actual situation, the Company visits the model workers, widows of model workers, the employees who suffered family difficulties due to special accidents and the old comrades. Especially in the Spring Festival, Labor Day, Mid-Autumn Festival and other festivals, leaders at all levels lead the team to carry out visits and condolences and deliver the Company's kindly care.



### Visiting and consoling employees

(4) We pay attention to the work and life of newly recruited college students. For college students who have just stepped out of the campus and entered the workplace, the Company creates favorable learning conditions to promote them to quickly adapt to their posts and grow into talents. In 2019, the labor union of the Company and its subsidiaries at all levels, in conjunction with local enterprises and institutions, held a number of fraternities to create opportunities for unmarried young employees to find spouses in their lives.





### **The Company organized young employee networking activities**

(5) We care for the lives of retired employees. Every year, the Company conducts health check-up activities for retired employees, distributes holiday items and birthday cakes for them, and organizes the activities of spring outings and returning to the port for visit according to the actual condition, to enrich the life of old comrades in their later years.



### **Retired employees returned to the port for visit**

In Double Ninth Festival 2019, the Company carefully organized thematic activities such as "Old comrades visit the harbor", "People of the same age as the Republic talk about patriotism", recitation of poems, and "narrative model of filial piety and love for my family". The Company invited the old comrades to return to the harbor to tell the moving story of the older generation of harbor people dedicating to the port, reviewed the great changes in the development of the port, inspired education, motivated and guided young employees to inherit the fine traditions, and forged ahead.

## **2. Strengthening humane care and improving the quality of life**

The Company strengthens humanistic care for employees and pays attention to ensuring that employees enjoy legitimate and valid welfare treatment. The Company has consistently provided holiday condolences to employees on traditional festivals such as the Spring Festival and Mid-Autumn Festival, and sent out affectionate and warm holiday care for employees. The Company constantly innovates the types of festival condolences to meet the individual needs of employees.





The birthday cake is one of the benefits that the Company has been providing for employees consistently for many years. The quality of the birthday cake is safe and reliable and the varieties of the birthday cake are good plenty, which are loved by the majority of employees. In 2019, the Company improved our cake category to meet the diverse and individual needs of the employees. The Company coordinated cake manufacturers and opened a cake collection online shop in Dongjiakou Port Area to further facilitate employees to get cakes.

The Company formulates the *Canteen Management Standard* according to the *Food Safety Law of the PRC*, strictly implements food safety standards, scientifically formulates recipes, regularly collects opinions from employees, continuously improves the quality of meals and innovates the varieties of food, to make the food more hygienic, nutritious and healthy. The Company conducts technical competitions, promotes dish innovation, and improves service levels. The Company organized post exchanges in the canteen. During this activity, more than 100 chefs and pastry chefs shared their cooking skills, services experience, and business in the new post. There were 445 innovative dishes and employee satisfaction reached above 98%.



**Chefs competed in cooking skills and exchanged dishes**

The Company researched and innovated the distribution channel of festive items. According to the requirements of employees, the Company launched a model for employees to pick up items through online platforms. This model is popular with employees.



**Holding New Year's goods fairs**



The online module of ingredients of Qingdao Port Logistics Network has been in operation for more than one year and accepted by employees. Employees ordered more than 20,000 dishes online, and this service made employees satisfied. The Company also continued to hold New Year's goods fairs to makes convenient for employees to purchase New Year's goods.



### Logistics service platform with complete functions

### 3. Organizing various activities to enrich employees' life

The Company pays attention to employees' physical and mental development needs and carries out entertaining, small and diverse cultural activities themed on a subject based on the actual situation each month to enrich the leisure time of the staff. We guide employees to insist on their ideals and beliefs, strengthen the moral behavior pursuit of cause, improve moral accomplishment and cultural taste, enhance the cohesion and improve execution ability, and build a harmonious enterprise.







In May 2019, the Company's third employee sports game was held in Qingdao Tiantai Stadium. Thousands of audiences sang the national anthem together, and 29 square arrays made wonderful appearances. The staff spontaneously performed a large-scale stylistic performance with the theme of the new era of chasing dreams. In addition to traditional track and field events, the games also set up MINI orienteering games, childhood fun games and other fun activities, which attracted the participation of employees.

## Rich and colorful employees' extracurricular activities

## CASE

In accordance with the principle of voluntary participation of employees, the subsidiaries of the Company organized employees to go outings in the suburbs of Qingdao on weekends, so that employees can relax after busy work and further cultivate the team spirit.



Outing activities for employees



In 2019, the Group successively organized basketball games, brisk walking, mountaineering competitions, sports day with fun games, water gala, chess and card game, and other diverse staff fitness activities.



**Various forms of employee fitness activities**

In recent years, all units in Dongjiakou Port Area have increased their investment in the construction of employee activity centers according to the location characteristics which is far away from urban area and there is a lack of leisure and entertainment venues in the surrounding areas, and provided relatively complete facilities for fitness, reading and entertainment. We also organized a variety of recreational activities to enrich the amateur cultural needs of employees. The annual cool evening party and food festival has become a cultural feast for Dongjiakou Port.





### Colorful amateur cultural life in Dongjiakou Port Area

In 2019, the Company successively held the chorus competition and the New Year performance. The employee of the harbor wrote and directed a variety of artistic performances such as songs, dances, cross talks, sketches, sitcoms, expressing the love for the port and life, enriching the cultural life of employees.







Employees' literary activities directed and acted by themselves

#### 4. Caring for female employees

The Company implements the *National Special Provisions on the Labor Protection for Female Workers* and other related requirements to protect the legitimate rights and interests of female employees during pregnancy, maternity and lactation, eliminates all forms of gender discrimination, and guarantees that female employees enjoy equal opportunities with male employees in employment, salary and treatment, career development, etc. Some subsidiaries of the Company purchased women's special diseases mutual assistance insurance for female employees according to the actual situation, providing them with a special protection and care.







On 8 March, the Company organized the style show activity named “Beautiful Seaport” for female employees to celebrate the International Women’s Day. On their festivals, the female employees were dressed in beautiful costumes, performed in the goddess mode, demonstrating their confidence, wisdom and beauty.

#### (IV) Employee training and development

The Company strives to create a stage for employee development and unblock employees' career development channels. The Company firmly believes that as long as employees are willing to learn and work hard, everyone can become a talent. The Company respects people, cultivates people, brings up people, and uses advanced culture to unite people, uses flexible mechanisms to motivate people. The Company creates conditions, builds a platform, encourages its employees to show their talents, gives a position to those who are promising, and promotes the comprehensive development of employees, so as to achieve a harmonious and win-win situation between the enterprise and employees.

The Company attaches great importance to personnel training and development, and vigorously promotes personnel training programs. In 2019, 300 people of the Group obtained various national, senior, middle and junior professional technical titles, and 113 people newly obtained senior technician and technician qualifications. The educational background, knowledge, and ability structure of key personnel in key positions such as management personnel and skilled workers were trending to high skills and high quality, which provided high-quality human resources for the Company's development.

New improvements have been made in the construction of learning employees and learning organizations in the Company. The Company carries out training for all staff to ensure that employees of different types of jobs, levels, and genders have equal opportunities to participate in training. The coverage rate of employee training reaches 100%, and the average annual training time for employees is more than three days. On the basis of the reality, the units of the Company carry out various forms of task-oriented training, organize employees to participate in the national professional title examination and evaluation, and make great efforts to the skills training of technical workers and the training of high-skilled personnel.



In 2019, the Company’s headquarters organized a total of 51 training sessions on 24 special topics in ten major training projects including international talents and external learning for young and middle-aged key personnel. The cumulative training time was 237 days, with 3,677 participants. In order to speed up the cultivation of international talents, the Company organized two international talent training projects in 2019 with 79 foreign language talents. The Company carried out ideological and political education, quality development, outing visits and rotation exercises to speed up their business and comprehensive ability training. Through this training, the Company trained a group of professionals who understand business and speak foreign languages.





On 20 May, the students of the Company's international talent class went to Guangzhou Port for study. The senior executive of Guangzhou Port Co., Ltd. taught these students.

On 25 June, the Company gave a lecture on the theme of "Remain true to our original aspiration and keep our mission firmly in mind", and invited professor from Peking University to give this lecture. Since 2019, the Company has held 11 high-end monthly lectures. The Company invited well-known experts and scholars to give special lectures for each lecture.



On 26 June, the Company's young and middle-aged key personnel participated in a special training course with the theme of "Remain true to our original aspiration and keep our mission firmly in mind". The students learned the "Jinggangshan Spirit" and learned valuable experience and spiritual power that can promote the innovative development of the port.

On 16 July, the Company organized a centralized training for newly recruited college students to learn courses on enterprise management system, production safety management, port and shipping expertise, and corporate culture. The chairman of the Company, Mr. Li Fengli, gave an important lesson for these students, and raised ardent expectations for them to setting up the personality, aspiration, honor and morality.



The Company has deeply carried out all-staff technical training and skill competition activities, and built a big stage for employees to grow into talents and build a employees team of high-quality and high-skilled. In the favorable training mechanism and learning environment, many industrial and national models have emerged from the Group. In 2019, Xu Zhenchao was selected as the "most beautiful struggler" of the PRC, 7 people including Pi Jinjun won the "medals in commemoration of the 70<sup>th</sup> anniversary of the PRC", Guo Xihui won the "The National May 1 Labour Medal", and Guo Kai was selected as one of the ten outstanding young people in the shipping industry in 2019, Li Yongcui was selected as one of the top ten figures in the field of shipping technology in China, Guo Lei won the honorary titles of "Most Beautiful Portman" and "Qilu Artisan", Sun Rixin won the honorary title of "Qilu Craftsman" of the first Shandong Province water transportation system and "8 March Red Flag Bearer" of Qingdao. This is the star-studded Qingdao Port Pioneer Team.



**XU Zhenchao**

The Standing Committee of the 11<sup>th</sup> and 12<sup>th</sup> National People's Congresses, the National Labor Model, the National Outstanding Communist Party Members, the "Reform Pioneer" for the 40<sup>th</sup> anniversary of reform and opening up, The most beautiful fighter of new China



**PI Jinjun**

The Representative of the 18<sup>th</sup> and 19<sup>th</sup> National Congresses of the Communist Party of China, the National Labor Model, "The National May Day" Labor Medal Winner



**GUO Kai**

The National Outstanding Communist Party Member, the National Youth Position Expert, the top 10 outstanding young people of shipping industry in 2019



# SOCIAL WELFARE

The Company actively undertakes the social responsibility, fulfills the obligations of a corporate citizen, and extensively participates in social welfare undertakings, donates to education, helps the elderly and children, cares for vulnerable groups, repays to the community and promotes positive energy and social harmonious development.



## (I) Community engagement

In the business activities, the Company regards repaying society as one of its corporate missions, and pays attention to safeguard the public interest. The Company continuously strengthens communication and contact with local communities, actively participates in community activities, promotes the construction of harmonious communities, and contributes to the development of the communities where it operates. The Company strengthens the co-construction and sharing with local communities and promotes community building through various ways such as recruiting local personnel, participating and hosting sports events.

### Maritime rescue by Barge Branch

While producing and operating, the tugboat branch company takes advantage of maritime activities, actively assumes social responsibilities, and participates in emergency, rescue and emergency tasks. In 2019, the tugboat branch successively participated in 11 marine rescue missions, such as marine fire extinguishing missions, rescue of fallen persons, search and rescue of fishermen, and transfer of wounded and sick.



The Company actively communicates with the local government and community residents, enhances understanding and trust, and strives to form a win-win situation of harmonious coexistence and common development. We actively pay attention to and participate in community construction. With the rapid development, the Company has driven the development of local logistics, warehousing, commerce, trade, manufacturing and finance and other industries, brought a large number of employment opportunities for the local region, increased the source of tax revenue, and promoted local economic prosperity and social stability. We continue to carry out community Public Charity activities such as poverty alleviation, education donation, etc. We encourage employees to serve the community and contribute to the society.

The subsidiaries of the Group established more than 40 volunteer service teams to participate in community public services. These service teams carried out twinning volunteer activities with communities and schools in Xindao Community in Huangdao District, Luoyang Road Community in Shibei District, Huangdao Experimental Primary School and Hualou Hope Primary School in Laoshan District in Qingdao City. They helped the elderly, the disabled and the poor, advocated civilized behavior, and established a good social image for the Company.

## CASE Actions to participate in community building

During the summer vacation in 2019, the Company organized the children of employees to participate in the summer camp activities of “visit the harbor, write the harbor and draw the harbor”. This activity allowed children to visit where their parents work. Parents are always the best role models for children. The children saw the hard work of their parents at a high temperature. It is a vivid lesson to the children and made them understand the meaning of cherish and appreciate.



In 2019, before the Double Ninth Festival, the Company organized party members, league members, and young volunteers to go to elderly care homes around the port areas to carry out voluntary service activities to take care of the elderly with practical actions. Volunteers from QQCT went to Ankang Nursing Home, Xin'an Street, Lijiabozi Community, Gangtuo Chen Community, and widowed and poor elderly families to perform shows and send warm greetings. Volunteers from the Dongjiakou Branch gave performances to the elders of Kangxin Anyang Center in Boli Town. They cleaned the corridors and the glass for the elders' home, presented holiday condolences to the elders, and spent the Mid-Autumn Festival with them. Volunteers from Qingdao Port Logistics sent condolences and blessings from the harbor to the elders in Xin'an elderly home. The Yifan Volunteer Service Team of Ocean Shipping Tally Co., Ltd. picked up the elders with mobility problems to have medical treatment, interpreted supplementary medical insurance policies for major illness medical assistance for sick and retired employees, and provided assistance to them.





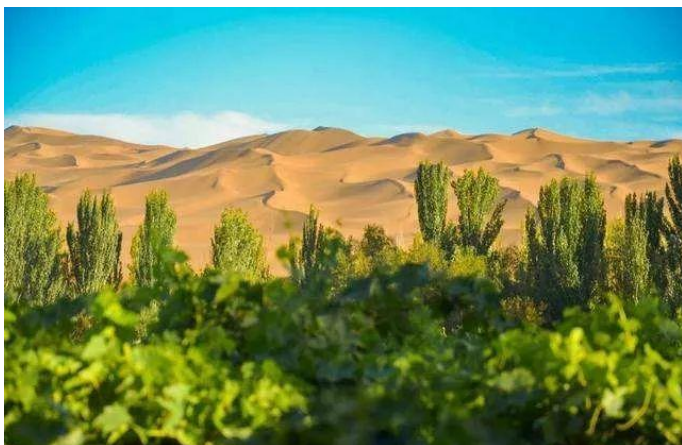
**Enter the community to carry out charity activities**

QDOT actively supports local education. It establishes a co-construction relationship with the middle schools and elementary schools of Poli Town in Huangdao District, donates teaching funds every year, and jointly organizes a social practice activity of "witnessing the development and construction of Dongjiakou Port".

## (II) Public Charity

The Company adheres to sharing the results of enterprise development with society, actively repaying the society and supporting social welfare and charity, while maintaining the sustainable and healthy development. The Company actively promotes the traditional virtues of helping those in distress and aiding those in peril and the dedication spirit of mutual assistance, and mobilizes the employees to participate in charitable Public Charity undertakings. In 2019, the Company mobilized its employees to actively participate in the "One Day Charity Donation" charitable donation activity organized by Qingdao City, a total donation amount of RMB383,000 from employees were donated to the Qingdao Charity Federation. In December 2019, the Port Construction Branch donated RMB30,000 to the Beijing Zhan Tianyou Civil Engineering Science and Technology Development Foundation to support this association to promote the development of China's civil engineering science and technology.





In October 2019, the Company carried out an activity of donating a million acres of windproof and sand-fixing ecological forest in Xinjiang with the theme of "donate a tree, care for a piece of green, and watch a home" among all employees. All employees actively participated and donated a total of RMB424,491 to contribute to the goal of building the green ecological earth home.

The Company actively advocates the volunteer spirit of dedication, fraternity, mutual assistance, and progress. The volunteer teams carry forward the spirit of Lei Feng to help others, spread civilization, dedicate love, and serve the community with practical action.

## CASE

## A glimpse of volunteer activities in 2019



- ① 5 March is the annual Xue Lei Feng day. The Company's volunteers carried out a variety of voluntary assistance activities. Volunteers came to the parking lot of Qianwan Port area to provide hot water and service manuals to the drivers who entered the port for business. They also explained the safety precautions in the port and the location of various cargo areas.

- ② The Company's volunteer service team came to the Xiaogang community to provide community volunteer services to the residents. Everyone strives to be the inheritor of Lei Feng's spirit, and to be responsible and dedicated young people of the new era of Dagang.
- ③ Together with the West Coast Operation Center of Qingdao Metro Group, the Company organized a series of volunteer services on the theme of "Communist Youth League from the port and subway, dedicated to the West Coast". The Company's volunteer service team participated in the voluntary cleaning of the ticket hall and waiting hall of Dongjiakou Port Station. They help passengers with large luggages to go through security screening, guide waiting matters, assist elderly passengers to handle ticket purchases, and participate in subway traffic safety on-site promotion courses.
- ④ The Company's young volunteers provided services such as "Send warmth, convenience, culture, policy, health and safety to the community" to Boli Town, Huangdao District, Qingdao. They visited the needy families such as the poor and the lonely elderly. They explained the fire prevention knowledge to the residents of the community, provided free haircuts for the residents, repaired electrical appliances, and repaired electrical appliances. They also performed colorful cultural performances and were praised by the residents.

In 2019, the Company organized employees to participate in voluntary blood donation Public Charity activities many times. The majority of employees spontaneously participated in the voluntary blood donation activities, and strived to be social civilization communicators with practical actions.



Ding Kerong, an employee of Qingdao Shihua, has insisted on donating blood for free for 20 years. He donated a total of 44 times and 16,400 ml of blood. He used his selfless dedication to deliver love and save lives. In June 2019, Ding Kerong was awarded the honorary title of "Top 100 Blood Donors in Qingdao".





**Mr. Ding Kerong was awarded the honorary title of Qingdao Top 100 Blood Donors**

### (III) Precision poverty alleviation

The Company adheres to excellent service for the country and society, actively responds to the call of the nation for precise poverty alleviation, bravely assumes social responsibility, and carries out various solid and effective assistance works for poor areas.

#### **CASE** Precision Poverty Alleviation Initiative in 2019

In January 2019, Qiangang branch mobilized employees to participate in the "Youth Poverty Alleviation, Warm Qilu" activity. The Company actively assisted the poor and the weak, and dedicated love, and raised a total of RMB29,101 to allow poor children and left-behind children to spend winter with warm clothes and spend the New Year happily. The Company has launched this charity event for two consecutive years, actively transmitted the positive energy of youth dedication, and promoted the charity of love.



In July 2019, Qingdao Ocean Shipping Tally Company launched a youth volunteer service for poverty alleviation. The Company dispatched volunteers to Tongjing Town, Yinan County, Linyi City, Shandong Province to carry out the activities of "Love Yinan, Poverty Alleviation by Young Volunteers", delivered sports equipment to Maquan Lian Primary School in Tongjing Town, and temporarily visited Longquan Village, Tongjing Town. The study point sent students supplies and visited the poor families.





In 2019, the Company implemented the policy of poverty alleviation and industry support. The Company sent relevant personnel to Yunshan Town, Pingdu City, Qingdao for investigation. After feasibility study and demonstration, on the basis of the large cherry industry that Yunshan Town has initially formed, the Company decided to help the local area by building a large cherry demonstration garden project. The Company contributed RMB500,000 to help local villagers gradually embark on a new path of industrial prosperity.

In 2020, the Company will uphold the corporate mission of serving motherland with excellence and giving back to community. We will further implement the poverty alleviation work requirements of the state, provincial and municipal governments, connect poor areas for accurate poverty alleviation, widely participate in donations for education, care for vulnerable groups and other Public Charity activities, and perform the social responsibility of listed companies. At the same time, the Company would require its subordinate units implement the spirit of precise poverty alleviation work and carry out various forms of assistance activities to contribute to poverty eradication.

## (I) Corporate information

- 1. CHINESE NAME OF THE COMPANY:** 青島港國際股份有限公司
- 2. ENGLISH NAME OF THE COMPANY:** Qingdao Port International Co., Ltd.
- 3. REGISTERED OFFICE:** No. 12 Jingba Road, Huangdao District, Qingdao, Shandong Province, the PRC
- 4. LEGAL REPRESENTATIVE:** Mr. LI Fengli (as at 31 December 2019)
- 5. REGISTERED CAPITAL:** RMB 6,491,100,000 (as at 31 December 2019)
- 6. PLACE AND DATE OF LISTING:**
  - (1) Main Board of the Stock Exchange of Hong Kong Limited, 6 June 2014
  - (2) Main Board of the Shanghai Stock Exchange, 21 January 2019
- 7. ABBREVIATED STOCK NAME:** Qingdao Port
- 8. STOCK CODE:** (1) H stock code 06198.HK (2) A stock code 601298.SH
- 9. BOARD SECRETARY:** Mr. CHEN Fuxiang (as at 31 December 2019)
- 10. TELEPHONE:** 86-532-82982011
- 11. FACSIMILE:** 86-532-82822878
- 12. EMAIL:** qggj@qdport.com
- 13. WEBSITE:** <http://www.qingdao-port.com>
- 14. Scope of Business:** Readers can query through the National Enterprise Credit Information Publicity System in China. Query URL is <http://www.gsxt.gov.cn/index.html>



## (II) Environmental, Social and Governance Reporting Guide content index

Subject Areas	Contents and Indicators	Remarks
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>	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.	Environmental protection
	The types of emissions and respective emissions data.	Environmental protection
	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental protection
	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental protection
	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental protection
	Description of measures to mitigate emissions and results achieved.	Environmental protection
	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental protection
<b>Aspect A2: Use of Resources</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	Resource conservation
	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).	Resource conservation
	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource conservation
	Description of energy use efficiency initiatives and results achieved.	Resource conservation
	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Resource conservation
	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Not applicable
<b>Aspect A3: The Environment and Natural Resources</b>	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Resource conservation
	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Resource conservation
<b>B. Social</b>		
<b>Aspect B1: Employment</b>	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.	Employee profile
	Total workforce by gender, employment type, age group and geographical region.	Employee profile
	Employee turnover rate by gender, age group and geographical region.	Employee profile
<b>Aspect B2: Health and Safety</b>	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.	Production safety Performance Production safety Measures Employee occupational health
	Number and rate of work-related fatalities.	Not applicable
	Lost days due to work injury.	Not applicable
	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee occupational health

Subject Areas	Contents and Indicators	Remarks
<b>Aspect B3: Development and Training</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee training and development
	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee training and development
	The average training hours completed per employee by gender and employee category.	Employee training and development
<b>Aspect B4: Labor Standards</b>	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 labor.	Employee rights
	Description of measures to review employment practices to avoid child and forced labor.	Employee rights
	Description of steps taken to eliminate such practices when discovered.	Employee rights
<b>Aspect B5: Supply Chain Management</b>	Policies on managing environmental and social risks of the supply chain.	Supplier relationships
	Number of suppliers by geographical region.	Supplier relationships
	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supplier relationships
<b>Aspect B6: Product Responsibility</b>	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.	Service assurance Complaint handling
	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
	Number of products and service related complaints received and how they are dealt with.	Complaint handling
	Description of practices relating to observing and protecting intellectual property rights.	Service assurance
	Description of quality assurance process and recall procedures.	Not applicable
	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Service assurance
<b>Aspect B7: Anti-corruption</b>	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.	Incorruptible employment
	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.	Not applicable
	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Incorruptible employment
<b>Aspect B8: Community Investment</b>	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.	Community engagement
	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Public Charity
	Resources contributed (e.g. money or time) to the focus area.	Public Charity Precision poverty alleviation

Explanation: The total amount of packaging materials used in finished products have no practical significance for the Company due to the business content and characteristics of the Company.

### (III) Global Reporting Initiative (GRI) Content Index

Standard number and description		Note
Organization Profile	102-1 Name of the organization	Corporate information
	102-2 Activities, brands, products and services	Company profile
	102-3 Location of headquarters	Readers' feedback
	102-4 Location of operations	Corporate information
	102-7 Scale of the organization	Company profile
	102-8 Information on employees and other workers	Employee profile
	102-9 Supply chain	Supplier relationships
	102-13 Membership of associations	Industrial development
Strategy and Analysis	102-14 Statement from senior decision-makers	Chairman's statement
	102-15 Key impacts, risks and opportunities	Chairman's statement
Ethics and Integrity	102-16 Values, principles, standards and norms of behavior	Concept for sustainable development
	102-17 Mechanisms for advice and concerns about ethics	Fair competition and honest operation
Governance	102-18 Governance structure	Governance structure
	102-19 Delegating authority	Governance structure
	102-20 Executive-level responsibilities for economic, environmental, and social topics	Concept for sustainable development
	102-21 Consulting stakeholders on economic, environmental and social topics	Communication with stakeholders
	102-22 Composition of the highest governance body and its committees	Governance structure
	102-23 Chairman of the highest governance body	Governance structure
	102-29 Identifying and managing economic, environmental and social impacts	Concept for sustainable development
	102-31 Review of economic, environmental and social topics	Concept for sustainable development
	102-32 Highest governance body's role in sustainability reporting	Governance structure
	102-33 Communicating critical concerns	Communication with stakeholders
	102-34 Nature and total number of critical concerns	Communication with stakeholders
Stakeholder Engagement	102-40 List of stakeholder groups	Communication with stakeholders
	102-42 Identifying and selecting stakeholders	Communication with stakeholders
	102-43 Approach to stakeholder engagement	Communication with stakeholders
	102-44 Key topics and concerns raised	Communication with stakeholders
Reporting Practice	102-46 Defining report content and topic boundaries	Communication with stakeholders
	102-47 List of material topics	Communication with stakeholders
	102-50 Reporting period	About the report
	102-52 Reporting cycle	About the report



Standard number and description		Note
	102-53 Contact point for questions regarding the report	Readers' feedback
	102-54 Claims of reporting in accordance with the GRI Standards	About the report
	102-55 GRI content index	Global Reporting Initiative content index
	102-56 External assurance	No third party authentication
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	Communication with stakeholders
GRI 201 Economic Performance	Management Approach	Operational performance
	201-1 Direct economic value generated and distributed	Operational performance
GRI 202 Market Presence	Management Approach	Employee rights
GRI 204 Procurement Impacts	Management Approach	Supplier relationships
GRI 205 Anti-corruption	Management Approach	Incorruptible employment
	205-2 Communication and training about anti-corruption policies and procedures	Incorruptible employment
GRI 206 Anti-competitive Behavior	Management Approach	Fair competition and honest operation
GRI 302 Energy	Management Approach	Resource conservation
	302-1 Energy consumption within the organization	Resource conservation
	302-2 Energy consumption outside of the organization	Resource conservation
	302-3 Energy intensity	Resource conservation
	302-4 Reduction of energy consumption	Resource conservation
GRI 303 Water	Management Approach	Resource conservation
	303-1 Water withdrawal by source	Resource conservation
	303-2 Water sources significantly affected by withdrawal of water	Resource conservation
GRI 304 Biodiversity	Management Approach	Environmental protection
GRI 305 Emissions	Management Approach	Environmental protection
	305-1 Direct (Scope 1) greenhouse gas emissions	Environmental protection
	305-2 Energy Indirect (Scope 2) greenhouse gas emissions	Environmental protection
	305-4 Greenhouse gas emission intensity	Environmental protection
	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxide (SO <sub>x</sub> ), and other significant air emissions	Environmental protection
GRI 306 Effluents and Waste	Management Approach	Environmental protection
GRI 307 Environmental Compliance	Management Approach	Environmental protection

Standard number and description		Note
GRI 308 Supplier Environmental Assessment	Management Approach	Supplier relationships
GRI 401 Employment	Management Approach	Employee profile Employee rights
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee rights
	401-3 Parental leave	Employee rights
GRI 403 Occupational Health and Safety	Management Approach	Employee occupational health
GRI 404 Training and Education	Management Approach	Employee training and development
	404-1 Average hours of training per year per employee	Employee training and development
GRI 405 Diversity and Equal Opportunity	Management Approach	Employee rights
GRI 406 Anti-discrimination	Management Approach	Employee rights
	406-1 Incidents of discrimination and corrective actions taken	Employee rights
GRI 408 Child Labor	Management Approach	Employee rights
GRI 409 Forced or Compulsory Labor	Management Approach	Employee rights
GRI 412 Human Rights Assessment	Management Approach	Employee rights
GRI 413 Local Communities	Management Approach	Community engagement
GRI 414 Supplier Social Assessment	Management Approach	Supplier relationships
GRI 416 Customer Health and Safety	Management Approach	Service assurance
GRI 417 Marketing and Labelling	Management Approach	Service assurance
GRI 418 Customer Privacy	Management Approach	Service assurance
GRI 419 Socioeconomic Compliance	Management Approach	Fair competition and honest operation

## (IV) Readers' Feedback

Dear readers:

Thank you very much for reading Sustainability Report of 2019 of Qingdao Port International Co., Ltd. We sincerely invite you to put forward suggestions for the report, so as to help us continuously improve the quality of the report. Please fill in the following feedback form and send it to us by mail, fax or email. Thank you for your valuable advice.

**1. Please score from 1 to 5 (1 being the lowest and 5 being the highest) for the following questions:**

Contents	Scores
1. Your overall opinion on this sustainability report	
2. Your opinion on whether this report reflects significant economic, social and environmental impacts of the Company	
3. Your overall opinion on our communication with stakeholders	
4. Your overall opinion on information disclosure in this report	
5. Your overall opinion on the format and design of this report	

**2. Your comments and suggestions on this report and the report for the next year (attached pages allowed) :**

You can contact us in the following ways:

Address: No. 12 Jingba Road, Huangdao District, Qingdao, Shandong Province, the PRC

Postcode: 266011

Telephone: 86-532-82982157

Fax: 86-532-82822878

Email: zbb@qdport.com



You can scan the two-dimensional code above to follow our website.

We will sincerely considerate your comments and suggestion and properly protect your personal information.

**Your contact details:**

Name:		Profession:	
Phone Number:		Email:	
Address:			







Serving Motherland with Excellence  
Giving Back to Community  
Fulfilling Employees

## Qingdao Port International Co., Ltd.

REGISTERED OFFICE: No. 12 Jingba Road, Huangdao District, Qingdao, Shandong Province, the PRC

TELEPHONE: 86-532-82982011

FACSIMILE: 86-532-82822878

Report download address: <http://www.qingdao-port.com/>

All rights reserved, no one is allowed to pirate or use the document for other purposes.

