

A FUTURE IN FOCUS



Sustaining our environment, our communities, and ourselves

At The Port of Virginia, sustainability means ensuring our environment, our communities, our people, and our port are positioned for continued success and continued improvement for years to come. 2017 was a big year towards that end, as we prepared to meet and exceed the needs of our customers and our changing industry.

From welcoming the first 14,000 TEU vessel to call the eastern seaboard, to our awarding of \$2 million in economic infrastructure grants; from seeing the Elizabeth River continue to thrive thanks in part to our habitat creation and oyster reef restorations, to seeing our ambitious infrastructure projects increase capacity while reducing emissions, we're setting course towards a safe, exciting, and sustainable future.

Our CEO, John F. Reinhart looks back on our progress in 2017

As one of our six core values, sustainability is at the heart of every decision we make at The Port of Virginia. Our role as a catalyst for commerce means we have a responsibility to maintain and advance the health and promise of our port, our people, our communities, and our environment. And with the data we’re collecting, processes we’re implementing, and projects we’re spearheading, we’re proud to say we’re seeing great progress towards that end.

In fiscal year 2017 the results of that hard work became evident, as did our resolve for the work still yet to be done. We celebrated our third consecutive year of profitability and again broke our annual volume record, handling more than 2.84 million TEUs, and welcomed the largest container vessels to ever call the US East Coast. We were humbled by our 15th consecutive River Star Award from the Elizabeth River Project for environmental excellence. We were honored to be a part of 37 business announcements and 4,045 potential new jobs to the Commonwealth, and we were proud to continue to drive down our Lost Work Day Rate by 6.3%.

To remain a sustainable economic engine for Virginia, our colleagues, our Board of Commissioners, the Virginia General Assembly and the Governor’s Administration have remained laser-focused on the port’s infrastructure initiatives, and championing the widening and deepening of our channel to ensure we remain “Big Ship Ready” for generations to come.

We can’t do this alone — and nor would we want to. Here’s hoping you’ll continue to help us foster what promises to be a sustainable tomorrow.

John F. Reinhart, CEO and Executive Director



WE WELCOMED THE FIRST

14,000 TEU

ULTRA LARGE CONTAINER VESSELS



The data we’re collecting from our sustainability efforts enables us to make decisions that improve our processes and increases our efficiencies, which in turn, sets us up for success.

JOHN F. REINHART, CEO AND EXECUTIVE DIRECTOR



SUSTAINING —

OUR ENVIRONMENT

Connecting the world to us, while protecting the one around us

At The Port of Virginia, our commitment to being stewards of our environment is driven by our desire, obligation, and responsibility to take the best care of the resources entrusted to us, and to leave the places in which we operate better than we found them. From the creation of new shoreside habitats, to transporting more cargo via barge, to multi-tiered efforts to reduce our emissions, we're working hard to make a meaningful and measurable difference.

Being an industry leader means exceeding the industry standard

Entering its 10th year since being recognized by the International Organization for Standardization (ISO) was the first east coast port to meet and exceed all of the requirements of their ISO 14001 standard, the port's Environmental Management System (EMS) continues its industry leading commitment to improving efficiencies and preserving our environment. Alongside our Quality Management System, which conforms to the ISO 9001 standard, we're able to foster collaboration and communication, streamline decision making, improve operational efficiencies, and identify and manage risk.

In 2017, the Richmond Marine Terminal officially achieved its ISO 14001 certification, bringing all of The Port of Virginia's terminals under the standard. While many ports in the country choose to only certify their most trafficked facilities, attaining these credentials across the entirety of our operation is something we know differentiates us from our competitors. Meeting the minimum requirements for these certifications isn't enough for us. We're currently in the midst of a transition to the newest ISO 14001 standards.

These proactive efforts enable us to utilize our resources, reduce our waste, and improve performance, all the while illustrating to our customers that our dedication to going above and beyond is intrinsic in all we do.

On the road to reducing emissions

As we continue to expand The Port of Virginia’s reputation as a strategic port for our customers to move their freight to, through, and from our nation, we understand the implications and responsibilities of increased cargo volumes across our facilities. Our history of piloting, promoting, and pioneering emission and air pollutant reducing technology, processes, and studies furthers our sustainability promise in a truly quantitative way.

The Port’s Green Operator Program is putting sustainability behind the wheel

As the first voluntary truck replacement program among U.S. ports, our Green Operator Program is improving the environment while also improving our motor carrier partners bottom line and equipment reliability. Since the program’s inception, the number of replacement or retrofitted trucks has surpassed 425 vehicles and is responsible for 25% to 35% reductions in NOx, CO, PM, and HC emissions from trucks servicing our terminals. This initiative, like so many others undertaken by our port, wasn’t mandated by certification or permit requirements, nor by state law regulating air pollution — it was done simply because it was the right thing to do.

GREEN OPERATOR PROGRAM BY THE NUMBERS:

425 

REPLACEMENT OR RETROFITTED TRUCKS

\$730,000 

COMMITTED TO THE EFFORT

25% TO 30%

REDUCTION IN NOX, CO, VOC, SO2, AND PM EMISSIONS



The people of The Port of Virginia are creative, positive, willing and able to find those difficult solutions to challenges - especially in the environmental area.

MARJORIE MAYFIELD JACKSON, EXECUTIVE DIRECTOR, ELIZABETH RIVER PROJECT



Our first in class hybrid shuttle program continues to excel

With assistance from a two-million dollar grant from the Environmental Protection Agency, The Port of Virginia is positioned to purchase 9 new hybrid shuttle carriers with an option to purchase more in the future. These units are designed to drastically reduce fuel consumption and emissions compared to comparable diesel machines. These new vehicles join the 3 ordered during our initial pilot program, which have already yielded a significant cost savings and environmental benefit without compromising productivity.

I-564 Connector sparks a more efficient transportation network

The I-564 Intermodal Connector makes for a more fluid and direct means for commercial and commuter traffic, and brings trucks and their cargo directly into our facility at NIT while reducing the number of vehicles and eliminating up to 700 trucks per day on secondary and local thruways.

From shoreline to stream, clean water is paramount to and for the Port

Our business is literally kept afloat by the abundance of water in the areas in which we operate, so doing all we can to safeguard this most vital of resources is a top priority for The Port of Virginia. That's why we combine innovative engineering practices with resourceful habitat creation to remove pollutants from stormwater runoff from our facilities. Doing so enables us to continue to expand our capacity with little to no impact on our waterways and makes certain that the water flowing back into the Chesapeake Bay is exceeding Virginia's water quality standards.

Whether cranes or cranes, protecting our assets is in our nature

For decades, The Port of Virginia has been involved in habitat creation and restoration throughout the region. The 11 acre Paradise Creek Nature Park continues to thrive and serves as a flourishing habitat for a diverse species of wildlife, as well as a hands-on, living learning environment for citizens across the region.

Another undertaking is the development of a network of oyster reefs in the Elizabeth River as a part of our Craney Island Eastern Expansion mitigation plan. With help from the Virginia Department of Environmental Quality (VDEQ), Christopher Newport University (CNU), and the United States Army Corps of Engineers (USACE), we've constructed reefs and are collecting data at seven different locations throughout the Hampton Roads region. That data will not only assess the success of the reefs by monitoring key metrics like biomass distribution on the restored habitat, but also inform crucial decisions to be made in the short and long term on this and future mitigation projects.

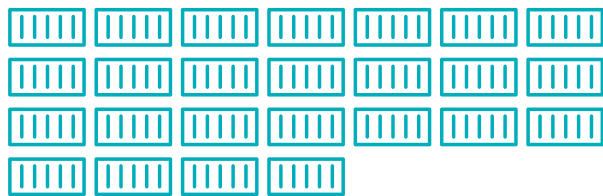
Off the road, and onto the river

The Port of Virginia operates two separate barges to move cargo more safely, swiftly and sustainably. In 2017, we increased our 64 Express Barge capacity to 120 containers transported three times a week back and forth from Hampton Roads to Richmond Marine Terminal. Each trip reduces the port's environmental impact and reduces wear and tear on the highways.

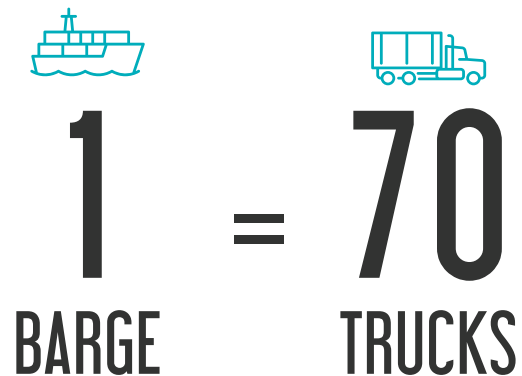
IN 2017, OVER

25,000 CONTAINERS

WERE MOVED BY OUR MID-ATLANTIC BARGE SERVICE



THE AMOUNT OF CO2 PER MILLION TON-MILES FOR



In 2017, we increased our 64 Express Barge service by 50% to 120 containers transported three times a week back and forth from Hampton Roads to Richmond Marine Terminal. Each combine to have a sizable impact on our emissions and greenhouse gas expulsion, and reduce harmful elements like hydro-carbons, carbon monoxide, nitrogen oxides, and particulate matter from being introduced into the atmosphere. In fact, the amount of CO2 per million ton-miles for a singular barge equates to 70 trucks on the road!

To learn more about how our barge system is helping to secure our future, visit our "Sustaining the Port" section.

Our facilities are each doing their part in preventing pollution

The rate of expansion at The Port of Virginia is a testament to our continued success; but to truly achieve the ambitious goals we're chasing, we must ensure not only that our business is sustainable, but that our environment is as well. With each enhancement to our capacity and capabilities, every facility bearing our name is making evidence-aided decisions to do just that.

This year, with the opening of the \$42 million North Gate Complex at Norfolk International Terminals, we added 26 lanes of ingress and egress to NIT to complement the 16 gates on the south side of the terminal. The project also alleviated 740 trucks per day off of crowded area arteries like Hampton and Terminal

Boulevards, dramatically reducing turn and idling times for truckers and the emissions associated with them, adding longevity to these roads without the wear and tear of motor carrier traffic, and making the commute easier for area residents, students, and workers.

As a part of a \$700 million investment we're making in our facilities, in 2017 we placed the largest order in history for rail mounted gantry cranes. These 86 electric and semi automated machines will be put in use at both Virginia International Gateway and Norfolk International Terminals. They are superior to the current diesel-fueled cargo handling equipment at the terminals in myriad ways, as they're quieter, create no emissions and will increase our ability to move cargo more efficiently, reducing wait times on terminals and therefore reducing emissions of motor carriers at our facilities.

Disposing of e-waste

As our reliance on technology grows, so too does the electronic waste that goes along with it. Items like computers, electronic hardware, smart devices, and various other electronics can not only pile up, they can also inadvertently add harmful chemicals like lead and mercury to our normal waste streams. In 2016, we reinvigorated our E-Recycling Program, and along with our other waste streams responsibly recycled 41.7% of our total waste including over 12,000 pounds of e-waste. 2017 was also a banner year with our facilities recycling over 70% of our waste by weight.

Rising to the challenge of sea level rise

As the second-most susceptible region in the United States to sea level rise, and as an integral part of one of the country's most diverse waterfronts, The Port of Virginia understands the real and present threat sea level rise poses. We continue to take a leadership role in the coalition of local stakeholders in industry, the military, government and academia to identify our region's vulnerabilities, and to collect and act on the data that can help prevent them from being exposed.

Steering solutions

The Port of Virginia takes a three pillared approach to addressing sea level rise. First, is working hard to ensure we have a holistic view of our own critical infrastructure. Doing so enables us to identify our weaknesses, and ultimately to find the engineered and maintenance solutions that can remedy them.

Second, is understanding the network and communities our port operates within. We take a "whole of community" approach that incorporates the important work our external partners, organizations, and municipalities are doing. We believe it's our responsibility to continuously share information, lend our

assistance to these entities in addressing their own challenges with rising waters, and collaborate on innovative and creative ideas to combat the concerns putting all of our interests in jeopardy.

Finally, we're making more informed and sustainable decisions for the port's future based on what we're learning about ourselves and from our peers. Initiatives like our recently completed Resiliency Study, and other studies in which we've participated with organizations like the City of Norfolk, US Army Corps of Engineers, and the United States Navy are giving us the confidence to invest, budget, and build wisely.



A study in resilience

Commissioned in 2016 and completed in 2017, The Port of Virginia Resiliency Study set out to map our terminals against areas at high risk of storm surge and extreme flooding through in-depth assessments, modeling, and analysis. Its findings have enabled us to not only identify, but to prioritize deficiencies in our infrastructure, and to plan accordingly to mitigate those vulnerabilities.

Our awards for 2017

We're proud to be recognized for our efforts in environmental protection, conservation, and enhancement. This year we received our 15th consecutive RiverStar Business Award from the Elizabeth River Project for our efforts in building 4.5 new acres of oyster reef near Norfolk International Terminals, and our use of barge services reducing truck volume on I-64 by 22%.

The port was also honored as a recipient of the HRSD (Hampton Roads Sanitation Departments) Platinum Award, which celebrates our track record in quality environmental management, compliance, and leadership.

And, the American Association of Port Authorities recently honored us with an award for our mitigation planning efforts which includes habitat creation associated with the future Craney Island Marine Terminal. Our port is also proud to be a partner with the Virginia DEQ in the VEEP (Virginia Environmental Excellence Program) as an E4 member, the highest recognition for those participating in this program. Not only does the program recognize the ports measurable environmental accomplishments annually but also recognizes our successful ISO 14001 EMS program, required to achieve the E4 level.

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The opening of the North Gate is going to take 700 trucks off secondary streets and put them on interstate grade highways. The 26 new lanes at the gate will also decrease idling and turn time emissions.

KIT CHOPE, VP, SUSTAINABILITY



IN 2017 THE PORT OF VIRGINIA HAS RECEIVED



OUR 15TH ELIZABETH RIVER PROJECT

RIVERSTAR AWARD

HRSD

PLATINUM
AWARD

VEEP

E4
RECIPIENT

AAPA

AWARD IN THE
MITIGATION
CATEGORY

SUSTAINING — OUR COMMUNITIES

We're not just, "good corporate citizens" — we live, work, and play here too

According to Fiscal Year 2013 study conducted by The Mason School of Business at the College of William and Mary, 374,000 Virginia jobs — nearly 10% of the Commonwealth's resident workforce — are linked to or dependent on activity happening within the fences of our six terminals. Clearly, we have an obligation to the communities that comprise our customer base, our workforce, and our partners and stakeholders. We do so by taking every opportunity to make a tangible impact right here at home, and even beyond our gates.

Defining our role

Our role as one of the largest economic engines in Virginia means we have a clear responsibility to keep the public informed of both our triumphs and challenges. For the 34th consecutive year, we presented our annual "State of the Port" address in which we outlined the financial health of our organization, a steady growth in cargo volume now exceeding 220,000 containers a month, the investment of approximately \$670 million in expansion initiatives, and the fact that we were the inaugural port of call for the first 10,000, 13,000 and 14,000 TEU vessels to ever call the US East Coast.

The Port of Virginia is committed to making Virginia the best place it can be. We're happy to be out-in-front on finding solutions for problems that affect us all, as well as advocating for causes we support, and acting as a champion for community organizations to do the most good.

MIRT is there when our community needs us the most

Our Maritime Incident Response Team (MIRT) began nearly 30 years ago to respond to fire incidents, and has evolved into a one-of-a-kind unit unlike any other at any port in the country - providing immediate on-scene

assistance and agency coordination in the event of hazardous material spills, fires, search and rescue, weather events, and other emergencies on our shores. Through the team's extensive training and resources, we're able to offer institutional knowledge, specialized equipment, and personnel in situations when our communities are most at risk.

From coordinating dive teams, to creating and strategically placing disaster recovery trailers, to our routine participation in regional committees, MIRT's 24-7-365 mission is helping to supplement the area's first responders, guarantee continuity of operations, and offer the kind of insight necessary to keep the port - and our communities - safe and sustainable.

The Port's Volunteer Council continues a legacy of service

Comprised of port colleagues from all different facets of the organization, the port's Volunteer Council was created to foster partnerships and to spearhead efforts and events in our community. It's easy for any corporate entity to say social stewardship is a vital part of their culture, but it's our belief that an official body to continuously keep us to those commitments and continuously look for others for us to engage is the only way to make certain we're meeting our obligation to the people and places that embrace us.

In 2017, the Volunteer Council organized events with non-profits and charitable organizations with causes ranging from food disparity, to environmental preservation, to childhood homelessness. It has also helped to implement institutional opportunities for our colleagues to give back, like automated donation withdrawals from paychecks, and a policy that affords our colleagues 16 hours of paid time off to invest their time in a cause they believe in.



For us, giving back means “digging in”

The port’s philanthropic focus is designed around four distinct areas of giving and service: education and workforce development, awareness and stewardship of the Commonwealth’s ports, harbors and navigable waterways, health and safety, and community enrichment. Each provides us the chance to truly roll up our sleeves by lending our time, talent, resources, and grant funding to those that deserve it.

We distribute \$1,000,000 annually through our Aid to Local Ports Program

Every year since 1986, The Port of Virginia has awarded \$1,000,000 to support the capital needs of regional waterfront projects. This year, we approved funding for eight separate Virginia localities and their respective projects through our Aid to Local Ports Program.

This year’s largest benefactor was the City of Newport News, who used the funds for outer harbor repairs and modifications to their seafood industrial park. Other projects that received funding included the City of Portsmouth’s Portside redevelopment, Norfolk’s ADA-accessible launch area at Plum Point Park, and the construction of a second breakwater at Messick Point in Poquoson.

Restoring the Elizabeth River is a mission we can get behind

We take a vested interest in the Elizabeth River Project’s (ERP) pursuit of reviving the health of a river that’s provided our region with so much. The organization brings together citizens, businesses, schools, and government to reverse the effects of man-made pollutants; and we’re happy to play a leading role in the effort to restoring the Elizabeth to “the highest practical level of environmental quality” while, “affirming her value to our port economy.”

For our efforts in supporting and sustaining habitat creation in Paradise Creek Nature Park, the construction of eight oyster reefs as a part of our Craney Island mitigation plan, and the voluntary steps we continue to take to go above and beyond environmental regulations to do right by our waterways, we were humbled to be awarded another River Star Business award from the organization — our 15th in a row.

Our colleagues prove canned goods can make a difference

The Foodbank of Southeastern Virginia and the Eastern Shore has been providing food for hungry people throughout our community since 1981. The Port of Virginia is proud to be their partner, and to support their noble mission in a number of ways.

This year, we joined a number of other teams throughout the area including the Virginia Beach Hotel Association, Smithfield Foods, and Maersk Line Limited in a Food and Fund Drive — with our own colleagues responsible for donating over 2,000 lbs of food in just one month! We also prepared 1,700 meals and 120 mobile pantry packs while volunteering at their Norfolk location during a port sponsored service day.

Bridges to Prosperity repurposes our old cables into new crossings

For over 10 years, the Port of Virginia has donated the used cable from our cargo handling equipment to the Bridges to Prosperity organization, who then repurposes that material into footbridges in countries from Haiti, to Panama, to Rwanda.

Just this past year, our donations accounted for 36 new suspended and suspension bridges serving 105,000 people, connecting them to education, food, healthcare, and jobs. While perhaps taken for granted in our own country, these bridges offer safe and reliable access that results in higher crop returns, incomes, health outcomes, and attendance in schools.

THE PORT HAS DONATED CABLE TO BUILD OVER

36 SUSPENDED
AND SUSPENSION
BRIDGES

CONNECTING 105,000 PEOPLE TO SCHOOLS,
MARKETS, HEALTH CLINICS, AND JOBS.



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The Port of Virginia offers 16 hours of paid leave for a colleague to volunteer at a cause of their choosing, encouraging colleagues to get involved in their communities.

LAURA SMITH, ECONOMIC DEVELOPMENT MANAGER /
FOREIGN TRADES ADMINISTRATOR

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Determined to do more

The Port of Virginia has always aspired to be a leader in every facet of what we do, and social responsibility is no exception. That's the reason we're so involved with so many area charities.

This year, we participated in the 2017 ForKids School Supply Drive, collecting hundreds of items like backpacks, notebooks, flash drives for local school-aged children in Hampton Roads. We raised \$30,000 for the United Way, and two of our colleagues were recognized by the organization with the United Way Maritime Award for leading the charge in caring for our communities. Additionally, over 100 port volunteers collected over 6,000 lbs of trash over 2 miles of shoreline in Norfolk and Portsmouth for Clean the Bay Day.

2017'S BIG PICTURE NUMBERS: BIG DIFFERENCE MADE

100+ 

BACKPACKS DONATED - FOR KIDS

2,000  **6,000 LBS** 

OF FOOD DONATED -FOOD BANK

OF TRASH COLLECTED OVER 2 MILES OF SHORELINE-CLEAN THE BAY

\$30,000 

RAISED IN CONTRIBUTIONS FOR UNITED WAY

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The Port of Virginia has participated in Clean the Bay Day since it started in 1989.

SCOTT WHITEHURST, DIRECTOR, ENVIRONMENTAL POLICY AND COMPLIANCE

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IN 2017, THE PORT HELPED TO ATTRACT 7 NEW COMPANIES THROUGHOUT VIRGINIA TOTALING:

1,132  **JOBS** 

As catalysts for commerce, economic development is our business

Another means in which The Port of Virginia plays an integral role in sustaining our community is in the economic development of the region and the Commonwealth. Our talented economic development team partners with experts from each of the municipalities in the area along with the Hampton Roads Economic Development Alliance to tout the benefits of doing business with and in the region. And the port's ever-expanding capacity and ability to service the largest container vessels calling the US East Coast make it an attractive option when courting new business here.

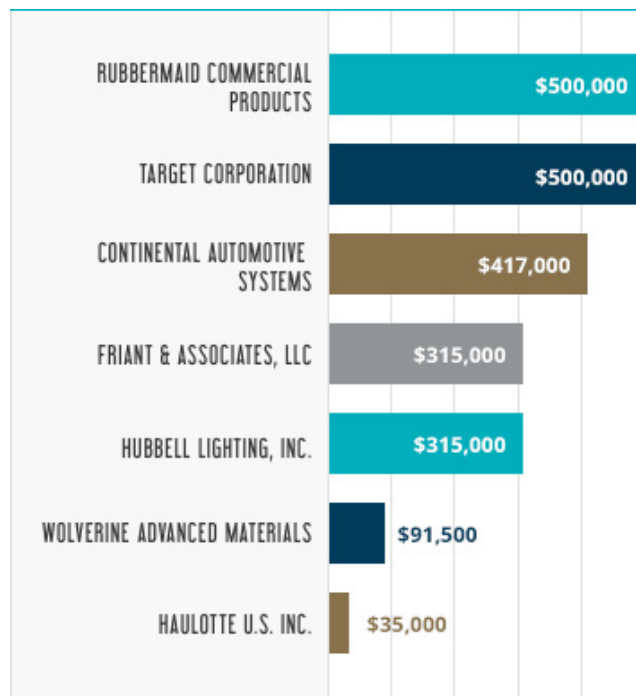
In fiscal year 2017 alone, the port was in large part responsible for helping to generate 37 port related announcements, creating 4,045 job opportunities, and developing 3.18 million square feet of space with a total investment value of \$862 Million.

We're enticing more maritime companies with our Economic Development Infrastructure Grant Program

Every year we award millions of dollars in grants designed to encourage investment, reinvestment, and port-related job creation in Virginia. In 2017, seven companies throughout the commonwealth, combining to create 1,132 jobs, were awarded over \$2 million.

Rubbermaid Commercial Products, who has been moving its products through the Virginia Inland Port for years, was the recipient of \$500,000 — the maximum amount allowed — in hopes of sparking further job growth and benefiting the community of Winchester where its located. Other companies benefiting from the Port of Virginia Economic Development Infrastructure Program are Continental Automotive Systems in Newport News, Friant & Associates, LLC in Suffolk, Haulotte U.S. Inc. in Virginia Beach, Hubbell Lighting, Inc. in Christiansburg, Target Corporation in Suffolk, and Wolverine Advanced Materials in Blacksburg.

IN 2017, THE PORT OF VIRGINIA AWARDED \$2 MILLION IN ECONOMIC INFRASTRUCTURE GRANTS



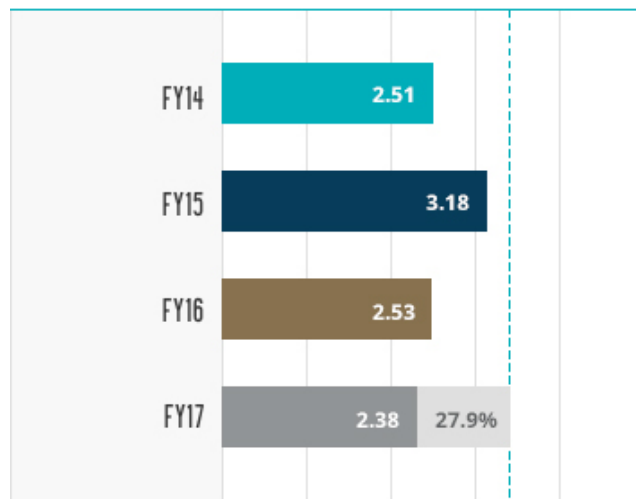
SUSTAINING OUR PEOPLE



We're committed to the growth, success, and safety of our team

Any organization's success can be fleeting without the best personnel in place to perpetuate it. In addition to the millions of dollars of investment in equipment and technology that give us an edge over our peers, it's our people that truly make The Port of Virginia special. We believe that attracting new colleagues, listening to and keeping our current colleagues engaged, and ensuring everyone goes home safely at the end of the day are essential.

IN 2017, THE PORT OF VIRGINIA AWARDED \$2 MILLION IN ECONOMIC INFRASTRUCTURE GRANTS



--- OSHA Industry Average 3.3 for 2016

● Difference in our lost work day rate vs. last year's OSHA average.



We're sharing our health and safety data with other ports across the country, and comparatively we're leading in key categories.

RONALD BABSKI, VP, HEALTH AND SAFETY



Safety is an all hands responsibility

For the port, it's not just about putting safety first, it's about aspiring to be first in health and safety. We understand the potential for risk in our industry. So for us, adherence to our health and safety policies are an "all hands on deck" proposition.

Our teams are relentlessly documenting and then acting on data to identify hazards, develop ideas on how to control them, track colleague compliance with the policies and procedures we institute, and working hard to inspire all of our colleagues to embrace the kinds safe behaviors that reduce incidents. Our aim is to eliminate physical conditions or unsafe work practices that cause injuries or equipment and cargo damage. And we're seeing positive results from our efforts: a 27.9% difference in our lost work day rate versus last year's OSHA industry average, and award-winning programs and policies we've put in place.

Our programs are designed around the belief that every accident is preventable

Whether behind the controls of one of our cranes, behind the wheel of a drayage truck, or behind a desk in one of our offices, the protocol and procedures that keep us safe govern every aspect of the work we do.

One such program, our Terminal Safety Infraction Policy (TSIP) was designed to curb unsafe behavior, reward those abiding by our safety standards, and provide corrective feedback to those who require extra instruction. Requiring compliance with 35 fundamental health, safety and environmental rules across all of our facilities, TSIP helps everyone from port workers, to contractors, to vendors to do the right thing — every time. Awards from our leadership for excellence in adherence include ceremonies, letters of recognition, and tokens of gratitude that our personnel and port partners wear as badges of honor.

Alongside TSIP is our 5:1 Program, which empowers our managers and supervisors to "catch someone doing something right" by positively recognizing team members and equipment operators five times for each one time an operator is decertified or retrained for an infraction.

Enhancing safety with upgraded technology

One noteworthy change 2017 brought to our terminals was the installation of more cameras into our equipment and vehicle fleet. This move was absolutely critical in further pinpointing the leading indicators and behaviors that have historically led to workplace accidents.

Enhancing safety with upgraded technology

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Changing the culture through accountability

Adapting to change in policy and culture can be difficult for any colleague used to doing things the way they always have. We understand this, and recognize the importance of not only instructing our leaders on what our safety procedures are, but on the how and the why to ensure there's "buy-in" from our workforce towards compliance. We educate and empower more than 100 managers, assistant managers, forepersons, and hatch bosses to lead by example on the waterfront, and to clearly communicate the benefits of our policies. Both our Supervisor Safety Leadership and our Executive Safety Leadership programs are instrumental in "keeping our smartest smart" when it comes to safety within our gates. And our 510 question Comprehensive Proficiency Test serves to regularly keep our leadership aware and well-versed on evolving safety protocol.

We're empowering our personnel to achieve our goals and their own

Nothing is more important to the Port of Virginia's sustainability than the men and women who report to our terminals and support our facilities every day. We believe in fostering an environment and culture that empowers each colleague to achieve their personal and professional goals, giving them a clear path to advancing their career with us, and a multitude of opportunities to affect real change and progress within our own operations. Our leadership also stresses transparency and inclusion in our long-term vision, with mechanisms including Open Channels - our internal newsletter - and our All Colleagues Meetings that regularly keep our colleagues informed with all the happenings and milestones being achieved at The Port of Virginia.

Why connecting our colleagues is making us better

We've instituted a number of policies and programs that help us become more productive by way of helping us remain accountable to each other - and ourselves. Our 360° review process puts an emphasis on self evaluation, managerial feedback, and peer review that results in a truly comprehensive evaluation.

The port's annual Colleague Engagement Survey solicits opinions from each team member on their thoughts on how our internal processes are faring, and their ideas on improving them. Last year, we surpassed our own industry-leading 97% participation mark with 98% of colleagues taking time out to make the port a better place to work.

And our celebrated Colleague Recognition Program continues to spotlight colleagues who exemplify our values in all they do with peer and supervisor distributed “high fives” and awarded points, which they can exchange for merchandise from the port’s online store.

Spreading our message and mission

Our Outreach Ambassador Program enlists colleagues whose job it is to help to forge lasting partnerships with community organizations, area colleges and universities, and other entities throughout Virginia in an effort to share the narrative of how The Port of Virginia acts as a catalyst for commerce. From setting up job fairs, to participating in colleague panels, to visiting classrooms, our ambassadors keep the port connected with our local communities.



We’re acquiring new talent from the maritime industry, and also the fields of healthcare, advertising, finance, the military and so many other trades and sectors to craft a diverse team with new ideas.

RONALD BABSKI, VP, HEALTH AND SAFETY



IN THE 3 YEARS SINCE THE SUMMER INTERNSHIP PROGRAM LAUNCHED, WE’VE BROUGHT

8  **INTERNS**

INTO FULL-TIME OR TEMPORARY CAPACITY ROLES

Our internship program is finding good talent, and keeping it

Our summer internship program develops, teaches, and mentors college and graduate students interested in the maritime industry. We select applicants from a wide array of disciplines including contracts and real estate, government affairs, human resources, legal affairs, operations, sales, marketing, risk management, strategy, and — sustainability. In the 3 years since it launched, we’ve brought 8 interns into full-time and temporary capacity roles - a testament to the program’s success and a new generation of engaged colleagues to tell our story.

We're looking for and lifting up leaders in every corner of our organization

Over the past few years the port has spearheaded two leadership development programs designed to identify potential and groom the future leaders of our organization. These programs are preparing colleagues from every level of the organization to lead via institutional knowledge transfer and leadership training.

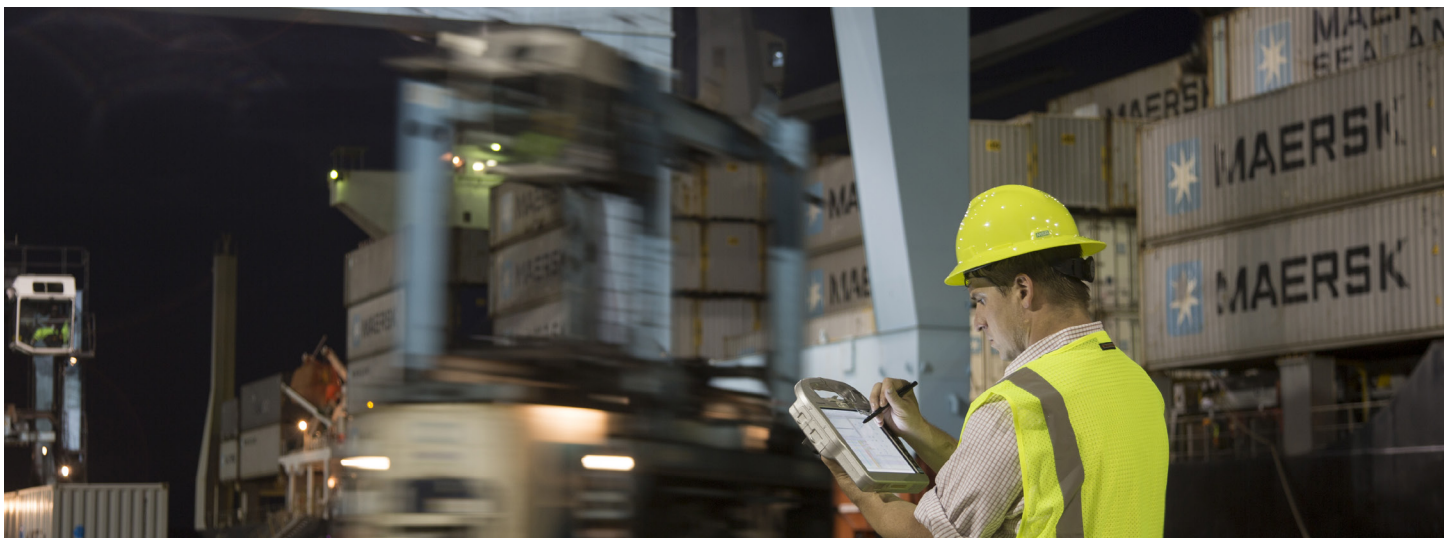
As is the case with much of the maritime industry, we rely on subject matter experts with decades of experience to play crucial roles in our operations. We're not just working on succession plans as key team members begin to approach retirement. Rather, we're fusing their experience with the energy of a new crop of talented professionals to craft a fresh way forward that combines the tried and true with the bold and new.

The perks of the Port keep our EQ high

The Port of Virginia knows that in order to attract and retain the best people, we've got to offer incentives that go further than just standard health care plans and paid time off. To that end, we offer health and wellness incentives that reward colleagues and their spouses financially for things including getting annual physical exams, taking an online wellness evaluation, or clocking 36 hours of physical activity in one of our sponsored wellness events. We also provide preventive screenings and care including free mammograms, blood pressure checks, in-house CPR training, flu shots, and an onsite clinic. All of these enable and encourage our colleagues to take care of what's most important - their health and wellness.

Another way we invest in our colleagues' future is through our Tuition Reimbursement Program. 22 port colleagues furthered their education through this program in 2017 - each receiving up to \$5,000 towards their studies.

SUSTAINING OUR PORT



Expanding, investing, and improving to face whatever's on deck

The Port of Virginia continues to make both small and seismic changes to how we do business in order to better position ourselves for the future. And we continue to see the impressive results of that hard work, with a record setting year for container cargo volume at more than 2.84 million twenty-foot equivalent units, or TEUs, a 7% increase over last year's total (which also set a record). With each month came new record setting numbers, with loaded import and export volumes up over 2016. And all of this while undertaking the largest infrastructure project in the port's history.

We're seeing the decisions we've made pay off — and we're doubling down. We're continuing to responsibly invest in projects that align with our strategic objectives, while upgrading our technology to enhance our productivity and safety, and striving towards process excellence. 2017 was a big year for The Port of Virginia, and 2018 and beyond promise to be even bigger.

Getting out of our silos and into the room together

Our Commercial Working Group combines stakeholders from our Operations, Sales, Innovation, Finance, Legal, and Administrative Services divisions to make quick, efficient, and data-driven decisions that impact key areas of our business. Now, with all parties at the table for weekly meetings, discussions around subjects ranging from shipping line contracts, empty container movement and evacuation, customer rate setting, and so many others can happen in real-time, with suggestions for new policy and procedures being vetted, fine tuned, and embraced much more competently.

Data driven decisions are directing our future

At The Port of Virginia, data is king — and relevancy its court. We collect copious amounts of data across nearly every aspect of our organization. However, it's our ability to pull insight from that data to help us better allocate both our human and capital resources proactively to meet our goals.

We're decoding the narratives in the numbers

Dozens of port colleagues make up our Business Intelligence Team, Analytics Group, and the East Coast's only Port Strategic Planning Team, and they all collectively harvest and compare a wealth of information on our historical performance and utilize that info to make insightful projections. Key metrics like truck turn times (how quickly trucks are getting on and off terminal), rail dwell times (how quickly cargo is loaded onto rail cars and ready for further transport), crane productivity (how quickly the cargo is being loaded and unloaded from vessel), cost per lift, and other are being tracked by the minute. This gives us the flexibility to pivot quickly if we see opportunities for improvement in the operational chain, and to identify patterns that work well so we can try those similar methodologies at our other facilities.

As global shipping lines continue revamping their services, often merging or forming alliances to gain efficiencies of scale, we need to be more agile in order to adapt to these changes. The operations team's decisions are heavily reliant on the port's internal data gathering teams to better understand and anticipate what changes to vessels and cargo can be expected with these shifts, and how we can manage them most efficiently from a cost and operations perspective.

Reimagining our reporting is making for a stronger Port

Last year, we opened a new, centralized database warehouse that reroutes datastreams that previously came from a number of different systems, from a number of different departments, in a number of different ways. Now, our Analytics Team is seeing a dramatic 80% reduction in time spent identifying and validating this data and its sources. Not only has that time been more efficiently allocated, it's also made our reporting more integrated, digestible, and actionable.

Beginning in 2017, a singular and weekly operations “Flash Report” is now routinely aggregated and circulated to our stakeholders that paints a clear picture of the port’s performance, and arms us with the information we need to make data-backed decisions and take measured risks with confidence. Our annual Schedule of Rates (SOR) report that provides all non-contract customers with our pricing has also been aided by our single sourced approach, with adjustments and additions being made more on facts and less on “feel.” Finally, to ensure we’re operating financially and operationally sustainably in the short and long terms, we’re using the data funnel to create “Daily Measure” Reports for our leadership team that let them start their day apprised of the key metrics important to our success.

OUR CENTRALIZED DATA WAREHOUSE REDUCES DATA SOURCE RESEARCH AND VALIDATION BY

80%



Our capital prioritization team determines what our most important needs are, and we’re then able to more wisely go after grants that align with those goals and eventually search out new opportunities too.

MELISSA FULARON, GRANT MANAGER



Making the most sense of our dollars and yours

In order to continue the ambitious projects required to sustain our operations well into the future, we’ve got to ensure we’re reinvesting in ourselves in a mindful way. And as stewards of state and federal funding dollars, we also take our obligation to utilize those funds responsibly and resourcefully - to our colleagues, to our customers, to our commonwealth, and to our country.

We’re also constantly seeking out and taking advantage of available grants that align with our efforts. Additionally, we award grants of our own to help strengthen and sustain the maritime industry around us. This year marks the third consecutive profitable year for us, with \$33.4 million in consolidated operating profit to show for it. And our future looks bright as we bring on additional capacity and handle it more safely, swiftly, and sustainably than ever before.



Position Detection System enables us to know where containers are in real time, meaning fewer people out doing inventories and in harm's way, and optimizing the routing of cargo handling equipment which results in reduced emissions.

RICH CECI, SVP, TECHNOLOGY AND PROJECTS, VIT



TOTAL INVESTMENT IN THE FISCAL YEAR

\$700 MILLION



Managing risks and seizing opportunities

The starting line for all big ticket spending and grant seeking is our Capital Prioritization Team, whose primary responsibility is to assess all of the wants, needs, and “nice-to-haves” from across The Port of Virginia by urgency, cost, duration, difficulty, and other variables so that we can determine the true Return on Investment and allocate funding effectively. Once a project is greenlit, its planning and production is driven and managed by an assigned steering committee of principals to ensure it stays on time, on budget, and on vision, weeding out the potential for any unforeseen or costly surprises as the effort moves forward.

In 2017, we also began working on a reconfigured billing and financial system that better manages the three combined entities of Virginia International Terminals, Hampton Roads Chassis Pool, and the Virginia Port Authority under one umbrella. Once complete, its benefits will be immediate — allowing us to better handle the different kinds of transactions required to service our portfolio of customers, and offering our budget managers and strategic planners indispensable, granular, and expedient data to help with their decision making.

Propelling progress through smart investment

This year, we instituted a game-changing new approach to how The Port of Virginia applies for grants. The addition of a full-time Grant Manager, a first for the port and a game-changer in our industry, we’re able to more precisely target grants that support top-tier endeavors already in our queue. This makes certain we’re going after funding that will sustain our trajectory, and frees up our personnel to seek out new opportunities we’ve not pursued before.

A \$2 million Diesel Emission Reduction Act grant from the EPA enabled us to purchase and replace straddle carriers. And we were awarded an Advanced Transportation and Congestion Management Technologies Deployment (ATCMTD) grant of \$1.55 million from the Federal Highway Administration (FHWA) to get an innovative truck reservation system online in the coming year.

Pairing the best technology with the best people

As our industry constantly changes, so too does the technology we use to operate and administer it. In order to meet and exceed the growing demands of our customer base, it's imperative we remain leaders and innovators in terms of how we use technology today - and tomorrow. Our colleagues are constantly finding ways to innovate: from setting up remote control cranes that keep their drivers safely seated in an office and out of harm's way, to keeping us safe from cyber threats, and enhancing accessible and accurate intel designed to inform our on-the-spot and on the horizon decisions.

We're tracking containers and progress with our TOS upgrades

In July of 2017, we successfully implemented the best in class Navis N4 terminal operating system (TOS) at Portsmouth Marine Terminal (PMT) and Richmond Marine Terminal (RMT), and are well on our way to completing the installation at Virginia International Gateway (VIG), affording for easier gate and transfer services that enhance both our operational efficiency and safety standards. This effort joins those already completed last year at Norfolk International Terminals (NIT), and now sets the table for a full transition across all our facilities by the end of next year. This superior TOS replaces a proprietary system we'd previously had in place, enables our IT colleagues to focus on new challenges and opportunities, increases "up-time", and makes the upcoming completion of the \$350 million NIT project an enormously easier proposition to manage.

The need to protect ourselves from cyber attacks is not unique - but the way in which we're doing so just might be

Aside from our ongoing working relationship with the Federal Bureau of Investigation and the U.S. Coast Guard Cyber Command, the port launched its Cyber Security Oversight Committee in 2017. We've assembled numerous point-persons from across the organization representing our Operations, Sustainability, Legal, Risk, Finance, and Emergency Management departments to discuss, debate, and declare the best strategies possible when it comes to shoring up our network. This inclusiveness also promotes the importance for and the adherence to these policies. Like safety on the docks, this issue is one we all keep top of mind. 24-7-365 monitoring, staged breach exercises, routine updating and patching are among the measures we take to protect The Port of Virginia from a possible cyber attack.

Saving time, money, and the environment with our Position Detection System

We're always looking for ways to move cargo as swiftly, safely, and sustainably as possible. What our Position Detection System (PDS) does is give us real-time information on individual container position and movement so that we can optimize its time spent on vessel, dock, rail, and truck. Last year, we outfitted 87 straddle carriers with this technology, and in 2017 we increased that number and expanded the program from not just yard to truck moves, but also vessel to yard moves as well. This helps us more easily find desired cargo, helps determine the most efficient way to handle the cargo, reducing risks - and emissions - on our terminals.

Opening up access on the docks and on the web with PRO-PASS

We upped the ante on our service offerings in 2017 with the introduction of our PRO-PASS system and accompanying website. Motor carriers can now access a wealth of resources and operational information important to the daily movement of cargo. They can register trucks, and track container availability at NIT and VIG. Soon, motor carriers will be able to utilize our new truck reservation system - allowing us to manage flow at the gates, creating efficiency for our terminal operations teams and for drivers. PRO-PASS will provide greater visibility to cargo owners and will be an extremely effective planning tool for us and everyone that moves their cargo to the port by truck.

Settling for nothing less than operational excellence

The Virginia Port Authority remains the only port in North America in which every facility we operate is certified to the ISO 9001:2015 standard. By utilizing other process excellence methodologies like LEAN, The Baldrige Framework, and Six Sigma, we're creating a sustainable and measurable business model to carry us forward.

2017 was a big year for readdressing the way in which we execute on so many of the key processes that keep our organization productive and sustainable. From refining our project selection and prioritization, to how we hire and promote, to how we use grant monies, to how we face real threats like sea level rise and cyber attacks, we're constantly implementing — and most importantly — constantly improving processes that evolve the way in which we do things. Driving consistency through our quality management systems, training, and onboarding encourages all-in adoption from our staff.

Staying on course

In 2017, we developed an Administrative Services and Compliance division which combined and centralized functions and operators from compliance, procurement, risk management, purchasing, and legal departments to address things like supply diversity, depreciation, vendor selection, purchase confidence, and more. The goal is to remove the cumbersome processes that can sometimes burden procurement in larger organizations and to mitigate risks along the way by allowing subject matter experts to quite simply, "do what they do best." All of these efforts aim to ensure we're in alignment not only with the protocols of the state, federal, and third party partners with whom we work, but also with our own core values.

Preparing for a Big Future

As stewards of tomorrow, the future is never far away. The growing number of Ultra Large Container Vessels calling our port is indicative of where our industry is heading, and we understand the need to make big infrastructure upgrades in order to accommodate and attract them. Since the opening of the newly-expanded Panama Canal, we have been the first to welcome the biggest ships to ever call the United States East Coast, including the MOL Benefactor (10,000 TEUs), the COSCO Development (13,092) TEUs and the CMA CGM Theodore Roosevelt (14,400 TEUs). Our strategic location in the middle of the Eastern Seaboard and our deep channels have always given us certain advantages over our peers up and down our coast. With our infrastructure improvements well underway, and our efforts to take our channels deeper and wider gaining momentum, we'll be able to handle fully-loaded ultra large container vessels, and continue to position the port as one of the premiere east coast global gateways.

We're building on tomorrow

During 2017, we made great progress on essential expansion projects including Virginia International Gateway and Norfolk International Terminals, totaling more than \$700 million.

At VIG, we kicked off a \$320 million project that will nearly double the terminal's annual capacity, add additional lanes of truck traffic at our gate extend its berth, add 26 new rail mounted gantry cranes serving 13 additional container stacks, and add four new ship-to-shore cranes to service the ULCVs now arriving at our docks.

Across the river at NIT, we opened the new \$42 million, 26-lane complex to motor carriers, and with the nearly-complete I-564 Intermodal Connector, we'll be removing more than 700 trucks a day from Norfolk's secondary streets. Additionally, our \$350 million renovation project is now underway that will increase our capacity by 46% (400,000 containers). Similar to our VIG facility, this reconfigured rail mounted gantry crane operation at NIT's South yard will enable us to move cargo more safely, swiftly, and sustainably than ever before.

Reaping the benefits of a partnership of ports

In April of 2017, The Federal Maritime Commission approved an agreement between the Virginia Port Authority and the Georgia Ports Authority enabling us to share best practices, learn from one another, and find ways to operate our respective organizations in ways that better serve our customers, our constituents, and our colleagues.

Wider. Deeper. Safer — Better

The future has arrived, and it's heralded by routine calls of ULCVs carrying more than 12,000 TEUs. This year, we broke our "biggest-ship-ever" record three different times in as many months.

Widening and deepening our channels to more efficiently handle these ultra large container vessels (ULCV) is critical to ensuring The Port of Virginia will remain sustainable. In order to truly meet the expectations of our customers and continue to position Virginia as an attractive location to locate or expand a business, we must take our depth from 50 feet to 55 feet, and widen our channel to 1,200 feet to accommodate two-way traffic along one of the most diverse waterways in America.

The Port of Virginia has BIG plans for what comes next, and we're excited to be reimagining, refining, and revolutionizing the way in which we operate to sustain our environment, our communities, our people, and our port.



We're running two and a half times more volume through PMT today than when we re-opened it in 2014.

ERIC CASEY, VP, MAINTENANCE



WIDER. DEEPER. SAFER.

