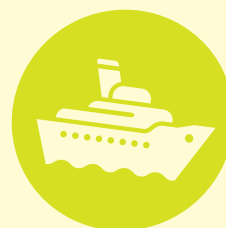




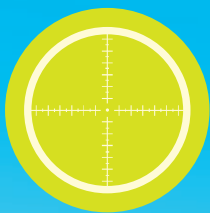
Environmental,
Social and Governance
Report

2014



中國外運股份有限公司
SINOTRANS LIMITED

Stock code : 598



Corporate Vision:

**To Become the Integrated Logistics
Provider of Customer's First Choice.**



Corporate Mission:

Integrated Logistics Global Service.



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* Remarks: "Stakeholders" refer to groups and individuals materially influencing or can be affected by businesses of Sinotrans Limited. In order to ensure that expressions are consistent with those in the report of SINOTRANS & CSC Holdings Co., Ltd., parent company of Sinotrans Limited, the term "stakeholder" is used in this report.



About the Report

The report is the first *Environmental, Social and Governance Report* (the “ESG Report”) published by Sinotrans Limited (the “Sinotrans” or the “Group”). The report involves environmental, social and governance performance of the Group and its provincial and municipal subsidiaries, specialized branches and subsidiaries, and overseas subsidiaries* in its main place of operation (namely the Chinese mainland). After the Group further improves and refines its ESG work, and collects data in an increasingly mature manner, coverage of the report will be extended to businesses in more extensive regions, and the disclosed indexes will be constantly optimized and improved.

The report is prepared with reference to the Environmental, Social and Governance Reporting Guide (the “Guide”) published by Hong Kong Exchanges and Clearing Limited (the “HKEx”). As an integrated logistics service provider, Sinotrans understands that ESG aspects are vital to future of the Group, and it is also aware of the far-reaching social and environmental influence of operation mode of the Group. The report is published before HKEx raises the guide to “comply or explain”, which not only represents Sinotrans’ usual practice of compliance with regulatory rules, but also demonstrates its resolve and confidence in integrating the Group’s great importance to environment and society into daily operation of the Group.

The report relates to the period from January 1, 2014 to December 31, 2014. ESG concept of Sinotrans, overall performance and highlights of the company’s core businesses in aspects of economy, environment and society, and short-term and long-term plans and objectives to be achieved are described in the report in a simplified manner.

Data contained herein are sourced from official documents and statistics report of the Group, and summary and statistic data submitted by subsidiary companies of the Group in accordance with the relevant rules of the Group. Complete index is inserted in the last chapter hereof (including location of the relevant information in the report) for quick consultation.

The report is available for you, regardless of whether you are our employee, client, partner, industry association, governmental authority, or the public, media or social body. You are free to send your feedback and suggestions to ir@sinotrans.com for our continuous improvement in ESG aspects.

* *Remarks: Coverage of the report is consistent with the enterprises within the limits of consolidated financial statements of the Group.*



Messages from the Management

Sustainable development of Sinotrans is based on the Group's vision — to become an internationally-competitive logistics service provider of domestic and international customer's first choice.

Based in China, Sinotrans has been embracing the global market and improving its comprehensive competitiveness by optimizing allocation of its logistics resources. In our efforts to pursue company's benefits, corporate values and interests of shareholders, we understand that sustainable development is closely related to international competitiveness of Sinotrans, and we also recognize importance of striking a balance among economic, environmental and social demands.

Conventional corporate outlook on development has been far behind social expectations because it focuses on pursuit of economic benefits only. We attach importance to influence of the Group's operation on environment and society in addition to economic index, and we also integrate sustainable development strategy into the corporate culture and operation plan. This is an essential and vital arrangement for improving competitiveness of Sinotrans in future.

The *National Plan for Addressing Climate Change (2014–2020)* published by the National Development and Reform Commission sets the objective of “reducing CO₂ emission per unit GDP by 40–45% by 2020 as compared with 2005”. Accelerating development of low-carbon logistics not only is an international trend, but also represents an inevitable direction of development of China's logistics sector. In the *Mid-to-long-term Development Plan for Logistics Industry* published by the State Council, the state stresses the key principles of “energy saving, emission reduction, green and environmental protection”. We take the

opportunity of publishing the plan to encourage exploring and building green logistics positively. Instead of the so-called “greenwashing”, we, closely integrating concept of environmental protection with our strategy, service and product, reduce energy consumption, decrease greenhouse gas emission and avoid environmental pollution by integration of logistics resources, use of environment-friendly and energy-saving technologies, reasonable planning of transport routes and full use of warehouses, which demonstrates our commitment to environmental protection. We will further promote transformation and upgrading of business in order to be geared to international practices.

What Sinotrans provides is integrated logistics service, therefore, we need to and conditions permit us to leverage on synergy of the Group and stakeholders, and we will explore how to build a green supply chain system, improve utilization of resources, so as to minimize negative environmental and social influences.

Looking forward to 2015, we will constantly improve sustainable development performance of the Group and increase its transparency. We will also explore and set strategy and objective of sustainable development, and develop Sinotrans into an internationally-competitive enterprise shouldering social responsibility with our actual deeds.

Sinotrans Limited
Li Guanpeng

President

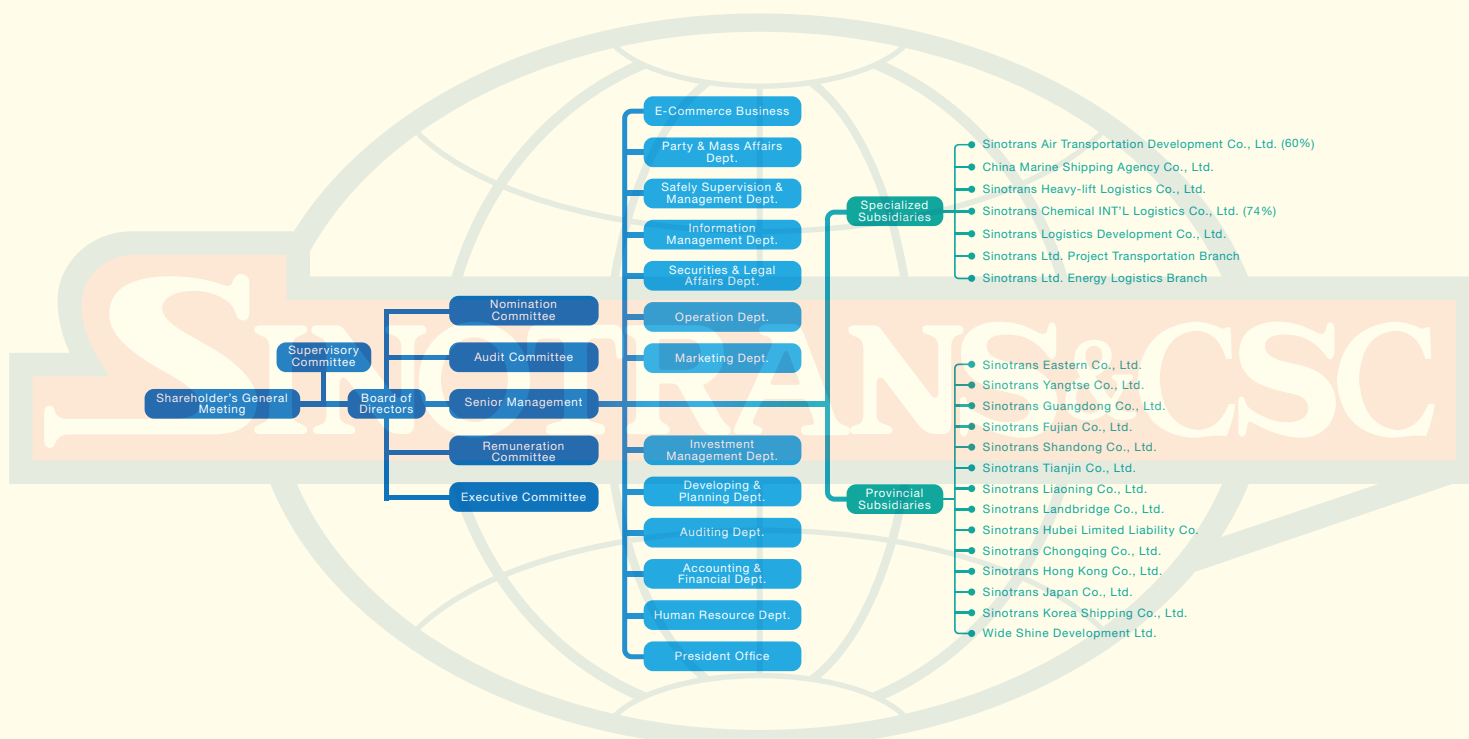
About Sinotrans

Group profile

Sinotrans was listed on the HKEx on 13 February 2003 with Sinotrans & CSC Holdings Co., Ltd (the “Sinotrans & CSC”) as its controlling shareholder. Sinotrans was injected core businesses, superior assets and professional staff of Sinotrans & CSC. Sinotrans has become the flagship of Sinotrans & CSC for developing integrated logistics and also a leading integrated logistics service provider in China.

Sinotrans’ network covers all parts of China and main economic areas of the world. Its principal businesses include freight forwarding, storage and terminal services, logistics and other logistics services. Its businesses are mainly operated by its subsidiaries (including holding company) on the basis of trade. The company boasts of complete strategic assets with balanced mix, including 7 self-owned terminals with 3,655m-long water front, and container yards with total area of 2,540,000m². By the end of 2014, Sinotrans has owned warehouses with total area of 3,100,000m², including dry goods warehouses, temperature-controlled warehouses, bonded warehouses, customs supervised warehouses and hazardous product warehouses, allowing Sinotrans to meet different needs of customers.

Branch offices



Principles of Report and Engagement of Stakeholders

The report was prepared with reference to the guide published by the HKEx, but internationally-recognized sustainable development report principles were also considered in compilation of the report to the maximum extent. The detailed relevant principles can be found in the GRI guidelines¹.

Those principles focus on the following:

Relevance

the report focuses on contents relevant to core businesses and stakeholders.

Balance

the report describes all contents, positive or negative, in an objective and unbiased manner.

Completeness

the report make comprehensive representation on all described contents to avoid omission of any detail important for stakeholders.

Accuracy

best efforts are made to ensure accuracy of data, and express the data in a quantitative manner.



Inviting stakeholders to engage in compilation of the report is another key step. Business operation of Sinotrans has a bearing on different stakeholders, and stakeholders have different expectations of the Group. One of the main purposes of preparing the report is to collect opinions from stakeholders and respond to their concerns.

For the purpose of compilation of the report, the Group has appointed Carbon Care Asia Limited, which is an independent professional consultant, to conduct 3 Engagement of Stakeholder activities, including 1 group discussion and 2 questionnaire investigations in order to identify those topics that are the most important to stakeholders. Persons who participated in the group discussion include the company secretary & general counsel, and management of securities & legal affairs department, developing & planning department and operation department. They expressed their opinions regarding degree of importance of different topics to Sinotrans. Questionnaires were issued to approximately 320 respondents including 200 internal stakeholders, including the company's management and ordinary employees, and also approximate 120 external stakeholders including 50 shareholders and investors, approximate 50 customers and approximate 20 members of industry associations. 201 valid questionnaires were received.

Remarks:

¹ Refer to guidelines developed by Global Reporting Initiative (GRI). The GRI guidelines are the world's most widely used framework guidelines to compile sustainability reports. The latest version of GRI guidelines is G4 Sustainability Reporting Guidelines.

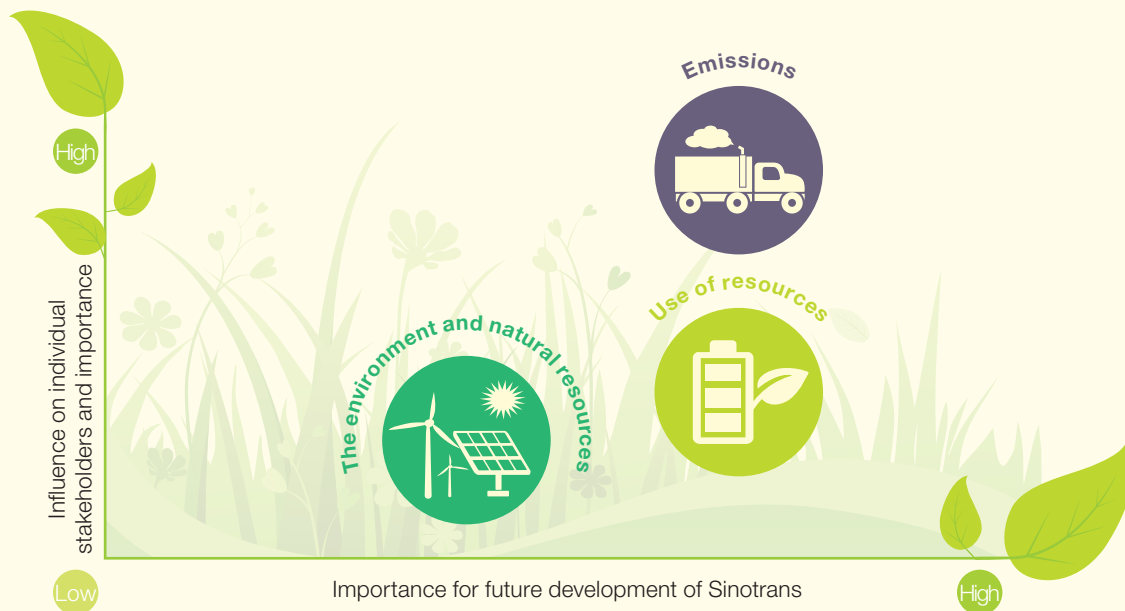
Principles of Report and Engagement of Stakeholders

The Group derived the following analysis chart from the aforesaid activities and opinions of stakeholders:

Workplace Quality Area

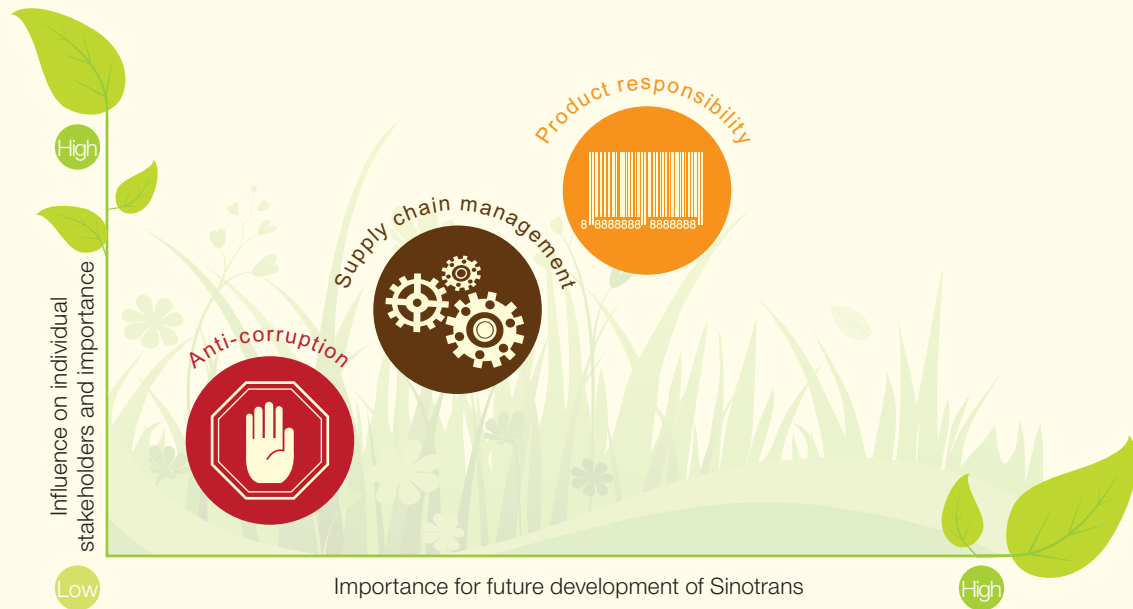


Environmental Protection Area



Principles of Report and Engagement of Stakeholders

Operating Practices Area



Concerns of stakeholders were fully considered in compilation of the report, and the following sections describe topics about which the stakeholders are the most concerned, in particular health and safety, emissions and product responsibility. In future, the Group will further strengthen interaction with stakeholders, and will positively contact and frankly communicate with stakeholders to promote communications between the Group and stakeholders.



Establishing Excellent Team

Health and safety

Employees are the most valuable asset of Sinotrans. Sinotrans has been attaching great importance to its relations with employees, and has been endeavoring to improve performance of the Group in safety. Abiding by the guiding policy of "safety first, prevention crucial, and comprehensive treatment", Sinotrans has been improving its occupational health and safety systems and rules, and providing protective measures for its employees as comprehensive as possible to prevent any potential risk of health and safety. For example, the Group's headquarter arranges special examination agency to examine employees' physical conditions each year, and such agency provides analysis and report for key indexes influencing health of employees in accordance with requirements of the Group.

Sinotrans has developed the *Control Procedures for Identification and Evaluation of Hazardous Installations* to identify hazardous installations at their sources and analyze risks of stages that may influence health and safety during operation. Sinotrans Chemical International Logistics Co., Ltd., a subsidiary of Sinotrans, has studied out the *Procedures for Identification and Evaluation of Risks of Occupational Health & Safety and Environmental Aspects* to manage and control risks of environmental aspects and occupational safety and health during all activities. The Group has rated safety risk of ordinary and extraordinary activities in terms of possibility and degree of seriousness of consequence, and developed the control measures on the basis of result of rating to avoid occurrence of any accident influencing health and safety of employees. The Group has established standard process flow by taking the frequent loading and unloading operations as example, in which the Group has provided a list of potential hazards and developed the preventative actions. Such process flow requires the relevant employees to carry out check and operation in accordance with the designated step. In addition, the Group has developed management and control procedures to ensure safety of employees and avoid environmental pollution due to improper operation.

In 2014, the Group raised focus of safe work to field management in order to decrease occurrences of accidents and consequential deaths by all possible means. The Group prevented major and above accidents within the context of national rating of accident. The Group noticed that most accidents occur during road transportation, therefore, it takes safety of road transportation as the top priority of safe work. The Group urged the relevant enterprises to deepen their internal management, and improved its ability in controlling safety of road transportation by promoting safety operation experience.

In order to improve occupational health and safety constantly, the Group set the following objectives for 2014-2016, expecting that work safety standardization could be reached basically by 2016.

- 1) Rules and regulations for safe work, operation standards and emergency rescue plan will be further improved to ensure systematic safe work management and work safety standardization are realized;

- 2) Major and above safe work accidents due to violation will be prevented, and large safe work accidents due to violation will be controlled, decrease occurrences of road transportation accidents and study to set specific objectives of safe work of storage and terminal services.

Working conditions

Sinotrans has been endeavoring to create good working conditions for its employees. The Group has been practicing its recruitment in the principle of openness, fairness, competition and excellence. Recruitment is conducted in such way that top priority is given to internal employee transfer and then to external recruitment. Sinotrans encourages reasonable employee turnover within the Group, and also provides more promotion and study opportunities for employees. In 2014, Sinotrans has 27,016 working employees¹, including 19,878 enrolled regular employees², and 1,839 new comers. The Group will continue improving measures in respect to attraction and retention of employees, providing career development opportunities for employees according to development of the Group's businesses, and maintaining a healthy employee turnover rate.

Sinotrans has been strictly implementing the national and local laws and regulations for labor and personnel. In order to establish an incentive and restraint mechanism in which salary is linked to position and performance of employees, the Group has respectively established a series of rules for salary management, performance evaluation and award & punishment management system applicable for the headquarter and companies of the Group, which not only complies with national and local policies, but also ensures reasonable salary level that is competitive in the market. The Group has also established the President Fund to specially reward individuals or teams who make outstanding contributions to benefits of the Group, and further encourage employees to make innovations positively. Salaries and benefits of employees vary from living standards and operation conditions in their regions, and salaries of employees at the same ranking vary from regions. The Group is dedicated to provide the equal opportunities.

Sinotrans respects gender equality. In Sinotrans, the same salary level and structure are applied to male and female employees. Salaries of male and female employees are determined in the same manner. The Group participated in recruitment fair special for the ethnic minorities, and it recruited 427 employees of ethnic minorities in total. The Group also engages the disabled according to its actual needs, and if the Group fails to meet the proportion of employment of the disabled set by the state, the Group will pay the employment security fund for the disabled.

Remarks:

1. Working employees include contract employees and employees employed in other forms such as service-dispatching employees and non-full-time employees, etc.
2. Enrolled regular employees refer to regular contract employee of the working employee.

Establishing Excellent Team

Number of Employees (by age and ranking)

Ranking	Age					Total
	30-year old and below	31-40	41-50	51-60	Above 60-year old	
Responsible person of company	20	265	427	138	1	851
Responsible person of department	171	1,157	803	236	0	2,367
Ordinary employee	7,307	5,524	2,821	1,004	4	16,660
Total	7,498	6,946	4,051	1,378	5	19,878

Number of Employees (by gender and ranking)

Ranking	Male	Female	Total
Responsible person of company	706 (83%)	145 (17%)	851
Responsible person of department	1,547 (65%)	820 (35%)	2,367
Ordinary employee	10,116 (61%)	6,544 (39%)	16,660
Total	12,369 (62%)	7,509 (38%)	19,878

Number of Employees (by education background and ranking)

Ranking	Above postgraduate	Postgraduate	University	Junior college	Polytechnic school/ senior high school	Junior high school and below	Total
Responsible person of company	4	96	412	275	62	2	851
Responsible person of department	2	129	1,057	844	305	30	2,367
Ordinary employee	4	375	5,958	5,466	3,570	1,287	16,660
Total	10	600	7,427	6,585	3,937	1,319	19,878

Remarks:

1. Statistics data as at December 31, 2014.
2. Statistics cover all enrolled regular employees of the Group in 2014.
3. Responsible person of company refers to the company's management of the Group's headquarter and its subsidiaries; responsible person of department refers to management of departments of the headquarter and its subsidiaries; and ordinary employee refers to ordinary employees of the headquarter and its subsidiaries.



Establishing Excellent Team

Development and training

Sinotrans has been valuing each of its employees. Sinotrans believes that employees develop themselves as the Group expands its businesses. Sinotrans provides specific, systematic and forward-looking trainings for employees, and explores potential of employees to support sustainable development of the Group.

In 2014, 540,582 hours of trainings were provided by the Group through different forms of internal and external trainings, involving 18,959 employees at various levels. Those trainings covered the company's organization strategy and corporate culture, employee's basic working skills, employee's business knowledge, management skill and leadership improvement, orientation, transferred employee training and other specific trainings. In order to ensure quality of the Group's teams improves constantly as the Group develops, the Group will provide more training opportunities for employees, and the Group will also constantly review and improve training courses to support business operation and meet the needs of employees.

Hours of Training and Percentage by Ranking

Ranking	Average hours of training	Average percentage of training
Responsible person of company	14	42%
Responsible person of department	17	53%
Ordinary employee	20	100%

Remarks:

1. Statistic data as at December 31, 2014.
2. Calculation method of average percentage of training: persons trained/number of employees. An employee may attend trainings for several times, therefore, for ordinary employees, average percentage of training 100% does not represent that all employees participate in training.

Labour standards

Sinotrans has been strictly complying with the national laws and regulations, and neither engagement of child laborer nor forced labor involved in any business of the Group. During the reporting period, the Group does not receive any reporting of such case.

Promoting Environment-friendly Operation

During its business operation, Sinotrans is faced with environmental challenges such as energy consumption and carbon emission in each day. The Group considers environmental protection as an important part of business operation in its efforts to maximize economic benefits.

Emissions

Sinotrans has been attaching great importance to management of waste resulted from operation. In terms of nature of business, the Group, as a logistics service provider, does not engage in industrial production, thus without large amounts of hazardous waste in the course of operation (such as chemical waste), so the Group doesn't establish particular general codes related to hazardous waste, however, some subsidiaries of the Group, such as Sinotrans Chengdu Co., Ltd., has developed the *Rules for Management of Waste and Energy Saving* to classify waste and treat hazardous waste (such as oily waste) in special ways, and maintains the *Record for Storage and Treatment of Hazardous Waste*. The Group eliminates appearance of non-hazardous waste (such as used paper) at its source by such means as promoting paperless office to reduce the use of paper. The Group has been conducting recycling of different types and dispose of office-related wastes in a uniform manner. For example, the Group recycles used papers and transported them to paper mill for reuse. The Group understands that by knowing quantitative data so as to analyze influence of business operation on environment carefully, thus improving its environmental performance.

Sinotrans has been strictly complying with international and domestic laws and regulations related to air pollution. The Group has established the *Measures for Management of Energy Saving and Emission Reduction of Sinotrans Limited*. The Group classified its companies into key company, concerned company and ordinary company in terms of energy consumption and emission of main pollutants. Class of the companies is adjusted on the basis of energy consumption and emission annually. These companies are subject to specific supervision by the Group. In addition, the Group breaks responsibility for energy saving and carbon emission reduction down to its subsidiaries, management departments and shifts in order to minimize influence of emission of waste gas on environment.

Shipping is a business powered by non-renewable energy, and fuel for ship is one of the most important sources of greenhouse gas. With a view to reducing emission of greenhouse gas, Sinotrans Guangdong Co.,Ltd. and Sinotrans Yangtze Co., Ltd. under Sinotrans Group improved ship operation capability by adjusting mix of the ship fleet; optimized design of voyage and course and reasonable loading; strengthened communications and coordination with the related parties such as ship, port and agent to reduce anchoring in port of ships and prevent unnecessary anchoring, thus improving loading efficiency; and they positively used mature technologies and developed new technology to lower unit consumption of fuel, integrating energy saving and emission reduction into daily operation of ocean transportation business.

Sinotrans Guangdong Co.,Ltd. navigated during tides to shorten navigation period; promptly carried out mechanical check of ships to ensure mechanical equipment is in the optimum conditions; and also conducted energy-saving & environment-friendly driving skill training activities, requiring the crew to select the economic channel as many as possible provided that safety of navigation is ensured, thus decreasing unnecessary energy consumption.



Promoting Environment-friendly Operation

Road transportation is one of main businesses of Sinotrans. When it comes to hardware, the Group has been attaching importance to optimization of resource allocation, giving more investment into equipment for energy saving and emission reduction, and it has been gradually eliminating obsolete equipment with low output and large energy consumption. When it comes to equipment procurement and scrappage system, Sinotrans Chemical International Logistics Co., Ltd., a subsidiary of the Group, has developed the new *Rules for Management of Special Vehicles*, defining procedures and requirements for procurement of vehicles and disposal of decommissioned vehicles, and requiring comprehensive assessment on procured vehicles and reused vehicles in the principle of “comprehensive evaluation and selection of excellence” to ensure management, use, maintenance and repair of vehicles comply with the purpose of energy saving and emission reduction in future. When it comes to driving operation, the Group has been endeavoring to promote *Specifications for Energy-saving Driving Operation*, and has strengthened supervision of satellite positioning system to control speed of vehicle strictly, thus effectively reducing fuel consumption of vehicles and decreasing emission of greenhouse gas attributable to road transportation.

Sinotrans is promoting the application of new energy in a planned manner. Diesel vehicles are gradually replaced by those fueled by natural gas, which not only decreases carbon emissions greatly, but also reduces vehicle failure rate. The Group positively applies for the innovative scientific program titled Application of Natural Gas in Road Transportation, and has organized Sinotrans Shandong Co., Ltd. (with 4 branches) and Sinotrans Landbridge Co., Ltd. (with 1 branch) to apply for specific fund subsidy for energy saving and emission reduction-themed transportation project for their natural gas vehicles. Being approved by the third-party review agency and expert session, the companies were given financial subsidy of RMB470,000.



Summary Table for Emissions

Emissions	Emissions resulted from main businesses (t)		Annual total emissions (t)			
	2014 Emissions resulted from road transportation	2014 Emissions resulted from marine transportation businesses	2014 vs 2013 (%)	2014	2013	2012
SOx	25.02	11,276.12	-2.36	11,310.50	11,583.38	13,268.06
NOx	—	—	-2.40	548.87	562.39	634.48
CO ₂	134,860.72	624,963.88	-2.89	761,039.93	783,698.80	884,884.62

Remarks:

1. Statistics data as at December 31, 2014.
2. Statistics scope cover the Group and its provincial & municipal subsidiaries, and specialized branches and subsidiaries, excluding overseas subsidiaries.
3. Data statistics only base on the Handbook for Energy-related Statistics of the State Statistics Bureau and the Handbook of Sinotrans Limited for Energy-related Management (Statistics). The Group will further improve greenhouse gas statistics and management system, and explore to give more detailed report regarding emission of greenhouse gas according to the international standard.



Promoting Environment-friendly Operation

Use of resources

In 2014, total energy consumption attributed to Sinotrans was 369,000 tons of standard coal, decreasing by 1.49% compared with the previous year; and comprehensive energy consumption for added value of RMB10, 000 was 0.70 tons of standard coal per RMB10,000, representing a 20.71% decrease compared with 2013.

Although overall energy consumption and unit energy consumption showed a trend to decrease, electricity, gasoline and gas saw increase in their consumptions. Compared with 2013, consumption of electricity was increased by 19.89% in 2014, which is mainly attributable to construction and expansion of logistics warehouses, new businesses and growth of warehousing businesses (including extended operation duration and new electrical equipment); consumption of gasoline was increased by 3.98% in 2014, which is mainly attributable to growth of throughput of operation of terminals, and expansion of container yard, which increases container loading & unloading operations and vehicles used in operation; and consumption of gas was significantly increased by 79.35% in 2014, which is mainly attributable to more gas vehicles used in operations of Sinotrans Shandong Co., Ltd. and Sinotrans Landbridge Co., Ltd. of the Group.

When it comes to sewage disposal, the Group has checked company engaging in storing hazardous chemical products (the “HCP”), during which the Group required such company to build the waste water tank and develop capability to treat waste water. When it comes to transportation ship, the Group has also set the basic requirements, for example, waste water shall not be discharged out of ships when they are at the anchorage or port; and waste water of ships in areas other than special areas shall be discharged in accordance with the Clause 15 of the Appendix I to *73/78 Convention for the Prevention of Pollution* of the International Maritime Organization.

Effective use of resources not only calls for a perfect management system, but also needs implementation of the relevant policies, which relies on cooperation and support from the employees. The Group endeavors to create the corporate culture of valuing resources, improves environment awareness of employees and encourages employees to positively participate in and practice environmental commitment through activities such as the Earth Hour, National Energy Efficiency Publicity Week and National Low Carbon Day.

The environment and natural resources

Due to nature of business, Sinotrans' businesses have no material influence on environment and natural resources (such as biological diversity), but the Group will keep strengthening environmental protection and minimize possible influence of its operation on environment.

In the next year, the Group will focus its environmental protection on shipping, road transportation and storage and terminal services. The Group will not only improve energy efficiency of hardware (such as new ship, new vehicle and equipment), but also promote energy-saving and carbon-reducing technologies and systems for operation with more investments into environmental protection.



Ensuring Responsibility Management

Supply chain management

The establishment of supply chain management system is the basis for enterprise operational risk management. Sinotrans has developed the *Procurement Control Procedure* and prepared the *List of Qualified Suppliers* according to workflow. In 2014, Sinotrans totally attracted 1,094 qualified suppliers from around the world, including 969 from mainland China.

Promoting the establishment of green supply chain is of great strategic significance for enterprise sustainable development. The Group has controlled material procurement, outsourcing service procurement, agent procurement (on behalf of customers) and other processes involved in business operation according to procedures to protect the Group and interested parties from any potential economic loss or brand influence. For business equipment and other key links, the Group has carried out centralized procurement and developed corresponding workflow to standardize the procedure and improve after-sales service quality. For instance, in terms of handling equipment, the Group starts to select imported engines with less fuel consumption gradually; diesel vehicles procured for transportation aim at reaching state level-4 standard, so as to control and reduce the emission of pollutants; and forklifts procured for warehouse also give priority to electric vehicles for effective energy saving and carbon reduction.

In addition to the Group's top-down policy guidelines, different departments have also developed some internal regulations to strengthen supplier management. For example, Sinotrans Ltd. Energy Logistics Branch has evaluated and selected suppliers involved in their work. If the service from the provider may cause any environmental influence or potential hazard, the Energy Logistics Branch would ask for risk management and control in the primary supplier selection stage.

Moreover, business contract management is also a key task in supply chain management. The Group's *Business Contract Management Regulations* defines contract category and different departments' rights and responsibilities, and specifies requirements which must be followed during contract negotiation, review, signing, performance and document management, so as to avoid possible risks.

Sinotrans will strengthen supplier management, further spread low-carbon logistics, green procurement and similar ideas to all its suppliers around the world in a top-down form. In the future, the Group will research how to incorporate environmental protection clauses into the procurement contract, require suppliers to provide efficient and energy-saving technologies and services (e.g. energy-efficient vehicles, equipment, etc.), discuss and practice sustainable operation.

Product responsibility

Complying with logistics regulations

Sinotrans will strictly comply with all laws and regulations in respect of logistics services (including transport of dangerous goods, overload transportation, embargo regulations, etc.).

Taking hazardous chemicals for example, Sinotrans attaches great importance to the handling, transportation and storage of hazardous chemicals. The Group has developed clear guidelines for the management of open storage of hazardous chemicals, which clearly defines prohibited hazardous chemicals for open storage, details requirements for open storage of hazardous chemicals in different circumstances, and requires relevant company to organize an emergency drill at least semiannually. Sinotrans Chemical International Logistics Co., Ltd. is a specialized subsidiary of the Group specializing in transportation and warehousing of hazardous chemicals. The company has succeeded in zero hazardous chemical spill/pollution and other production accidents endangering social safety for 4 consecutive years since 2011 when it was established. Moreover, it once assisted local governments with emergency rescue of hazardous chemicals for three times.

Sinotrans Reach Logistics Co., Ltd., a subsidiary of Sinotrans Chemical International Logistics Co., Ltd.:

In 2010, it successfully implemented field emergency rescue and completed transportation of phenol, being highly praised by local emergency headquarters and Guangdong provincial government departments;

In 2011, it helped the law enforcement unit of Guangdong Daya Bay Transportation Bureau as well as other departments in charge of firefighting, environmental protection and safety supervision successfully complete the safety transfer of a private vehicle overloaded with crude toluene on Huiao Road;

In 2012, it helped Guangdong Huizhou Transportation Bureau successfully complete the collection and transfer of rejected material owing to xylene leakage from a private vehicle, being widely praised by local community.

Protecting customer privacy

When signing a contract with its client, Sinotrans will also sign confidentiality agreements with the client, so as to avoid disclosure of client information and protect client privacy. In the report period, the Group has not received complaints from clients due to disclosure of information. The Group will further improve customer privacy and data protection measures to avoid disclosure of consigner information (including name, contact information, consignment contents, etc.).



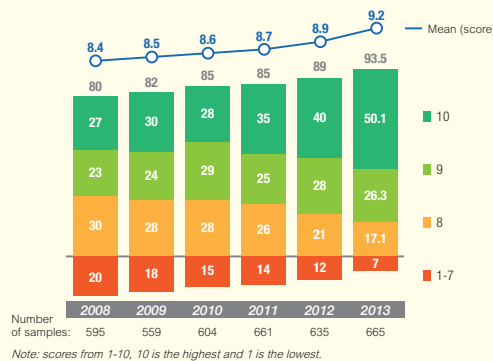
Ensuring Responsibility Management

Improving service quality

Sinotrans will strictly implement service contracts, pay attention to improvement of service quality and customer satisfaction. The Group establishes inspection mechanisms, irregularly evaluate customer satisfaction for business operation, investigate and analyze shortcomings, monitor contract signing, logistics distribution service and storage service quality, develop and supervise the implementation of preventive measures.

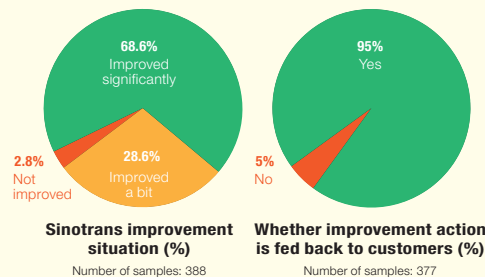
In the past few years, Sinotrans has entrusted an independent survey organ for customer satisfaction survey on an occasional basis. The survey range covers customers of provincial and municipal subsidiaries and specialized subsidiaries of the Group (excluding customers of Sinotrans Hong Kong Co., Ltd. and China Marine Shipping Agency Co., Ltd.). Survey results show that customers' evaluation on the Group's services improves year by year:

Sinotrans customer satisfaction survey results — 1



Customer advice is the key to promoting enterprise sustainable development. In 2013, for suggestions or complaints from customers for Sinotrans' services, 68.6% customers think that Sinotrans has made significant improvement, the proportion is higher than 60.2% in 2012; while 95% customers think that Sinotrans has fed back improvement action to customers, the proportion basically holds the line with 94.7% in 2012.

Sinotrans customer satisfaction survey results — 2



For customer complaints, the Group clearly defines that complaint investigation and feedback handling should be completed in 1 working day; for individual complex complaints, investigation and feedback handling should also be completed in 3 working days, so that complaints can be handled promptly.

Anti-corruption

To implement the spirit of the document of the *Regulations on Implementing Responsibility System for Ethical Party and Government Construction* issued by the State Council, Sinotrans has developed relevant implementation measures several years ago, defined the responsibility range of management for anti-corruption.

Every year, the Group will require all heads of subordinate units to sign a liability statement with their superiors in a top-down form, clarify responsibilities and strengthen supervision; in daily work, the Group will set up suggestion boxes, informants' hotlines and mailboxes to strengthen the supervision over management, and promote anti-corruption work ethic inside the Group to create a honest working environment. In terms of financial management, the Group will require subsidiaries to implement *Enterprise Accounting Standards*, strengthen financial sampling audit for key and weak links in operation management, improve asset quality and prevent from financial risks. In the report period, the Group hasn't any corruption case related to Sinotrans or their employees. With the development of business, the Group will further improve the system of anti-corruption, continuously strengthen and intensify supervision, so as to provide effective protection for the Group's sustainable development.



Building a Better Community

Sinotrans has actively fulfilled corporate citizen responsibility and participated in social welfare activities. In the report period, it totally provided 600h volunteer service.



“Give a hand readily and pass on love”



The Group encourages employees to collect and donate old clothes, books, toys and household items to “Suishou Public Welfare Fund” and then to needy people. In 2014, this activity totally collected 1,675 items.

Building a Better Community



Love funding activity



The Group has funded Shaanxi Hanzhong Middle School for 7 consecutive years to help children from poverty-stricken family. For seven years, a total of 73 children have received funding, including 37 ones admitted to the university.

“Spend the Lantern Festival with children”

The Group has held charitable activities in Tangxian, Hebei Province for 4 consecutive years. In 2014, volunteers not only brought lunches to local children, but also taught them how to DIY, for which children spent a different Mid-Autumn Festival.

In addition to organizing activities, the Group has also spread and conveyed positive attitudes to more colleagues by means of special column and poster. In the future, the Group will not only continuously keep a good relationship with local community, but also actively understand community needs, consider community interests in the process of operation, and avoid adverse impact on community due to operation.



Overview of Sustainable Development

Key performance indicators (“KPIs”) contained in the HKEx Guide are used in the report to provide an overview of sustainable development of Sinotrans for readers.

A Workplace Quality	ESG KPIs
Aspect A1 Working conditions	
Total number of working employees = 27,016 Total number of enrolled regular employees = 19,878 — By ranking: Responsible person of company/responsible person of department/ordinary employee = 851/2,367/16,660. — By age: 30 and below/31–40/41–50/51–60/Above 60 = 7,498/6,946/4,051/1,378/5 — By gender: Male/female = 12,369/7,509 — By education background: Above postgraduate/postgraduate/university/junior college/polytechnic school or senior middle school/junior middle school and below = 10/600/7,427/6,585/3,937/1,319	A1.1
Total number of new employees = 1,839 No official statistics of employee turnover rate	A1.2
Aspect A2 Health and safety	
No official statistics of number of death and death rate, and lost days due to work injury available.	A2.1, A2.2
Abiding by the guiding policy of “Safety first, prevention crucial, and comprehensive treatment”, Sinotrans has been improving its occupational health and safety systems and rules, and providing protective measures for its employees as comprehensive as possible to prevent any potential risk of health and safety.	A2.3
Aspect A3 Development and training	
Hours of training and percentage by ranking Responsible person of company = 14h (42%) Responsible person of department = 17h (53%) Ordinary employee = 20h (100%)	A3.1, A3.2
Aspect A4 Labour standards	
The Group has been strictly complying with the national laws and regulations, and neither engagement of child laborer nor forced labor involved in any business of the Group. During the reporting period, the Group does not receive any reporting of such case.	A4.1, A4.2



Overview of Sustainable Development

B Environmental Protection	ESG KPIs
Aspect B1 Emissions	
Emissions of SO _x = 11,310.50t Emissions of NO _x = 548.87t	B1.1
Total emissions of greenhouse gas = 761,039.93 tons of carbon dioxide equivalent Compared with 2013, total emissions of greenhouse gas reduced by 2.89%	B1.2, B1.5
No official statistics regarding total quantity of hazardous waste and non-hazardous waste available.	B1.3, B1.4, B1.6
Aspect B2 Use of resources	
Total energy consumption = 369,000 tons of standard coal (1.49% decrease compared with 2013); comprehensive energy consumption for added value of RMB10,000 = 0.70 tons of standard coal per RMB10,000 (20.71% decrease compared with 2013) — Total electricity consumption = 92,569,600kwh (19.89% increase compared with 2013) — Total gasoline consumption = 6,320.92t (3.98% increase compared with 2013) — Total diesel consumption = 50,812.20t (5.26% decrease compared with 2013) — Total fuel consumption = 185,424.01t (2.49% decrease compared with 2013) — Total gas consumption = 6,199,552.62 standard cubic meter (79.35% increase compared with 2013)	B2.1, B2.3
No official statistics regarding water consumption available.	B2.2, B2.4
The Group has not involved amounts of over-packaged products or services.	B2.5
Aspect B3 The environment and natural resources	
No official statistics regarding paper consumption available.	B3.1, B3.2
The Group has not identified or analyzed influence of its business activities on environment and natural resources (such as biological diversity).	B3.3

Overview of Sustainable Development

C Operating Practices	ESG KPIs
Aspect C1 Supply chain management	
Total number of eligible suppliers in the world = 1,094 Total number of eligible suppliers in the Chinese mainland = 969	C1.1
The Group assesses suppliers who have been in long-term cooperation with the Group (namely for more than 2 years) at least once each year, and the Group determines if eligibility of any supplier failing to meet the requirements is canceled in accordance with the procedures.	C1.2
Aspect C2 Product responsibility	
The Group has not discovered any case in which its product or service does not comply with legislation regarding health and safety.	C2.1
According to customer's satisfaction research 2013: Score of customer's satisfaction with the Group = 9.2 (10 scores represent full score) Percentage of customers who considers the Group makes remarkable improvement against suggestions or complaint = 68.6% (8.4% increase compared with 2012)	C2.2
The Group endeavors to comply with the national policies, laws and regulations concerning protection of intellectual property right. During the reporting period, the Group does not receive any reporting of case related to maintenance and protection of intellectual property right.	C2.3
The Group establishes inspection mechanisms, irregularly evaluate customer satisfaction for business operation, investigate and analyze shortcomings, monitor contract signing, logistics distribution service and storage service quality, develop and supervise the implementation of preventive measures.	C2.4
Within the reporting period, the Group has not received any complaint due to disclosure of customer's data.	C2.5
Aspect C3 Anti-corruption	
Within the reporting period, the Group has not received any case concerning corruption of Sinotrans or its employee.	C3.1
As business develops, the Group will further perfect its anti-corruption system, and constantly intensify supervision to provide powerful support for its sustainable development.	C3.2
D Community Involvement	
The Group does not especially define scope of its focus area of contribution.	D1.1
Total volunteer work hours of employees = 600h	D1.2