

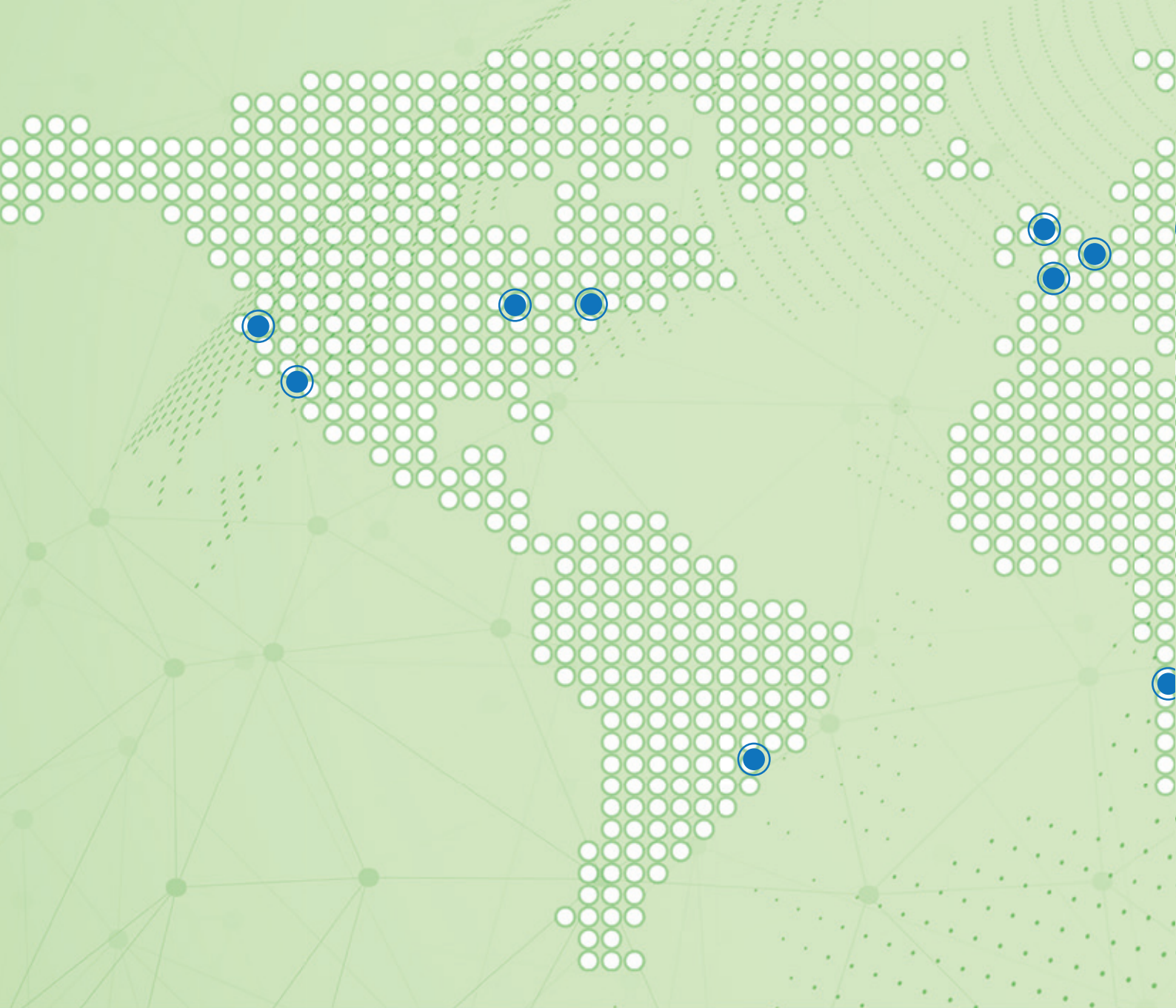


**E**nvironmental,  
**S**ocial and  
**G**overnance  
**R**eport 2015



**中國外運股份有限公司**  
**SINOTRANS LIMITED**

Stock code: 598



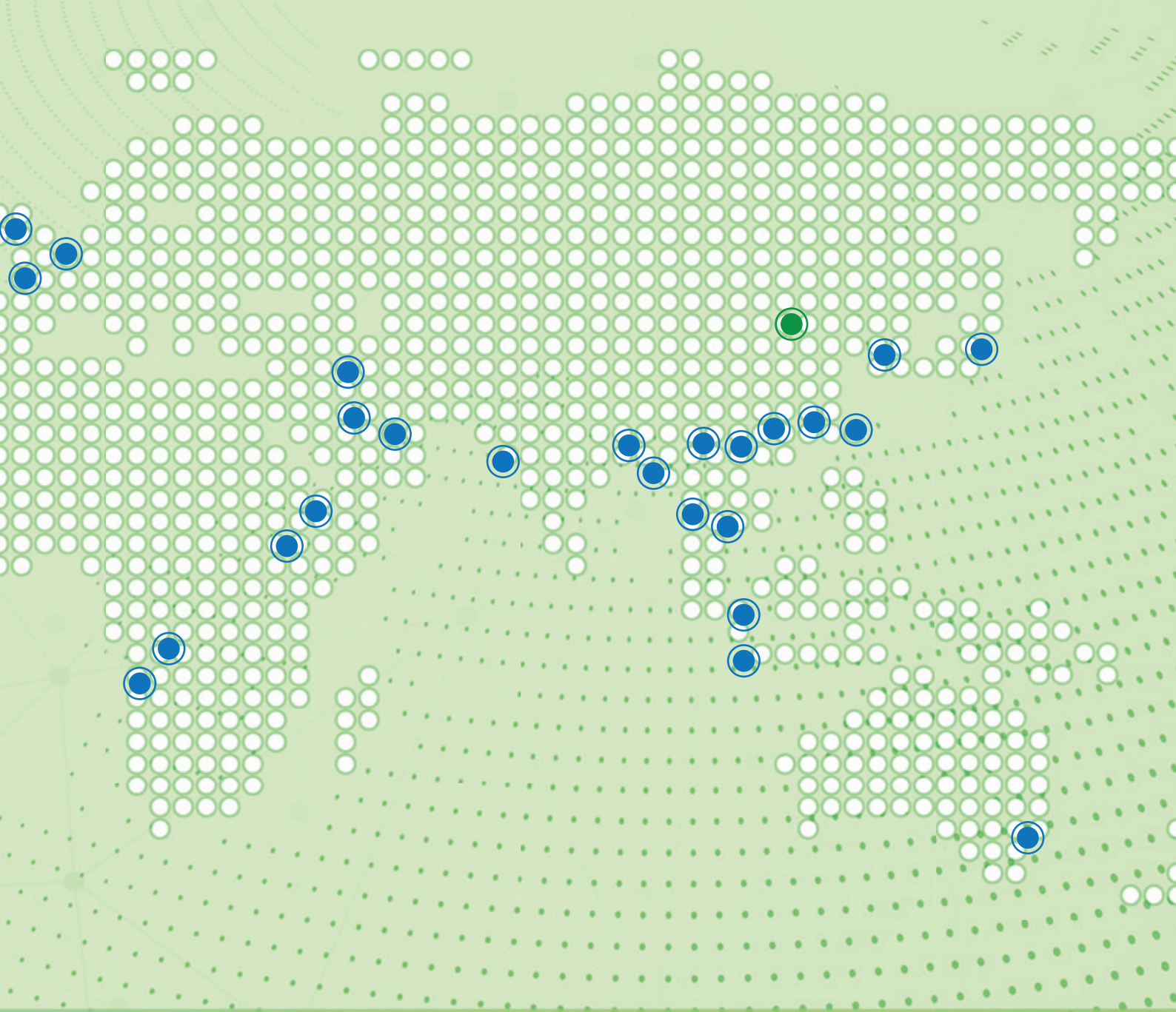
## Corporate Vision

- Initial Vision: To Become a Logistics Service Integrator with International Competitiveness and Leading Domestic Position
- The Ultimate Vision: To Become a Leading Integrated Logistics Service Platform Corporation at Home and Abroad

## Corporate Mission

Focusing on Customer Needs, Continuously Creating Business and Social Value through Best Solutions and Services





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\* Notes: "Stakeholder", i.e. "Shareholder" or "Rights Owner", refers to any group or individual who has a significant effect on or will be subject to an impact from the business of Sinotrans Limited.

# About This Report

This *Environment, Society & Governance Report* is released by Sinotrans Limited for the year of 2015. The content contained herein involves the environment, society & governance performance of Sinotrans Limited and its provincial/municipal subsidiaries, specialized branches/subsidiaries and overseas subsidiaries\* (hereinafter referred to as “Sinotrans” or “the Group”) in their main business locations (i.e. Mainland China). After the Group has further enhanced and refined the work within the range of environment, society & governance, and data collection has become more mature, the report’s coverage will be extended to the business outside China, and continuous optimization and improvement will be made on indicators disclosed.

As an integrated logistics service provider, Sinotrans understands the vital importance of environment, society & governance to the Group’s future, and also realizes the far-reaching influence the Group’s business model has over the environment and society. This report is prepared with reference to *Environment, Society & Governance Reporting Guidelines* (hereinafter referred to as “Guidelines”) issued by Stock Exchange of Hong Kong Limited (hereinafter referred to as “HKEX”). In 2015, HKEX revised the Guidelines by adjusting the disclosure scope and disclosure requirements of *Environment, Society & Governance Report*, and stipulating “An issuer must disclose environmental, social and governance information on an annual basis and regarding the same period covered in its annual report”. Part of provisions made within the new Guidelines will come into force from the beginning of Fiscal Year 2016 and 2017, respectively; the Group has prepared *Environment, Society & Governance Report* for the year of 2015 as instructed by the new Guidelines.

This report spans from January 1st, 2015 to December 31st, 2015. In a simplified form, this report gives an overview of the Group’s environment, society & governance concepts, the overall performance and work highlights of the Group’s core business in respects of economy, environment and society, as well as plans and goals to be achieved in the long/short run. Also, this report has disclosed in detail the Group’s environment, society & governance matters and key performance indicators that have a significant effect on the environment and society or on any rights owner’s evaluation and decision-making.

Data contained in this report comes from the Group’s official documents and statistical reports, as well as summary and statistical data provided by companies under the Group in accordance with relevant company rules and regulations. The final chapter of this report offers a complete content index (including a display of where relevant materials are in this report), for convenience of quick reference by readers.

Whether you are our employee, client, partner, industry association, government agency, or a public person, media or social organization, you are welcome to read this report, and send your comments and suggestions via email to [ir@sinotrans.com](mailto:ir@sinotrans.com), as this will enable the Group to continuously improve its work for environment, society & governance.

\* Notes: This report’s coverage is consistent with enterprises within the range of the Group’s consolidated financial statements.

# Message from the Management



In 2015, a year of reform, innovation and breakthrough for the Group, Sinotrans mainly followed the “One Platform, Three Segments, Five Channels” development thought, stuck to the concept of services creating value, laid high emphasis on the environmental and social impact of products and services, actively built a development view of harmony and win-win results, and strived to join hands with stakeholders to create shared value. By virtue of its well-established service network, integrated logistics service model and professional competence, Sinotrans is able to provide a full range of integrated logistics services for clients, become their professional logistics partner, and take a leading position in market competition. At the same time of pursuing maximization of business profit, corporate value and shareholder interests, we understand the close connection between sustainable development and Sinotrans’ competitiveness; in addition to economic indicators, attention should also be paid to the environmental and social effect from the Group’s business operations, and sustainable development strategies should be incorporated into corporate culture and business plans. This is an integral part of the Group’s major deployments for enhancing competitiveness in the future.

Sinotrans strictly observes all laws and regulations concerning logistics services. Besides, in 2007, Sinotrans established ISO 9001:2008/ISO 14001:2004/OHSAS 18001:2007 quality, environment, safety and health integrated management systems, and formulated environmental factor identification & evaluation control procedures to ensure important environmental factors could receive necessary attention and effective control, so as to reduce adverse impacts on the environment.

Sinotrans always adheres to the “People-oriented” concept to protect the rights, interests, health and safety of employees. The Group gives great importance to the physical and mental health of employees, committed to creating a safe, harmonious working environment for employees, and continuously improving occupational health and safety systems. The Group pays attention to its relationship with employees, follows the “Openness, Fairness, Selecting the Best Talents” principle in recruitment, encourages a rational flow of employees within the Group, and provides more learning/promotion opportunities for employees. To satisfy the physical and mental health needs of

employees, the Group organizes a number of sports events to enrich the life of employees; further, the Group also holds a diverse variety of reading activities. In the meantime, the Group lays high emphasis on the personal safety of employees; in 2015, no major liability accidents or above happened within the Group<sup>1</sup>.

Sinotrans is devoted to increasing the efficiency of energy utilization. In terms of office, the Group actively pushes forward various measures for energy conservation and environmental protection, promotes the use of energy-efficient, environmentally-friendly products; strictly controls the temperature of air conditioning at workplaces, and keeps promoting the use of LED lights; implements unified management of official business vehicles, and reduces separate or repeated vehicle dispatching. In terms of warehousing, the Group strictly restricts the application of heavy energy-consuming equipment and facilities, eliminates old equipment of high energy consumption and low efficiency, and reduces energy consumption from the source. In terms of road transport, the Group controls vehicle selection criteria, and in combination with the enterprise’s practical situation, eliminates heavy energy-consuming vehicles step by step, and steadily improves the enterprise’s ability to reduce energy consumption in road transport.

Looking forward to 2016, the Group will continue to give active play to the synergy of the Group and each stakeholder, use endeavors to create green supply chain systems, increase the efficiency of resource utilization, and perform the enterprise’s environment, society & governance responsibility, so as to continuously enhance the Group’s sustainability and market competitiveness, and take part in building a harmonious society.

**Sinotrans Limited**  
**Li Guanpeng**

*Executive Director & President*

<sup>1</sup> According to the accident classification made by the state.

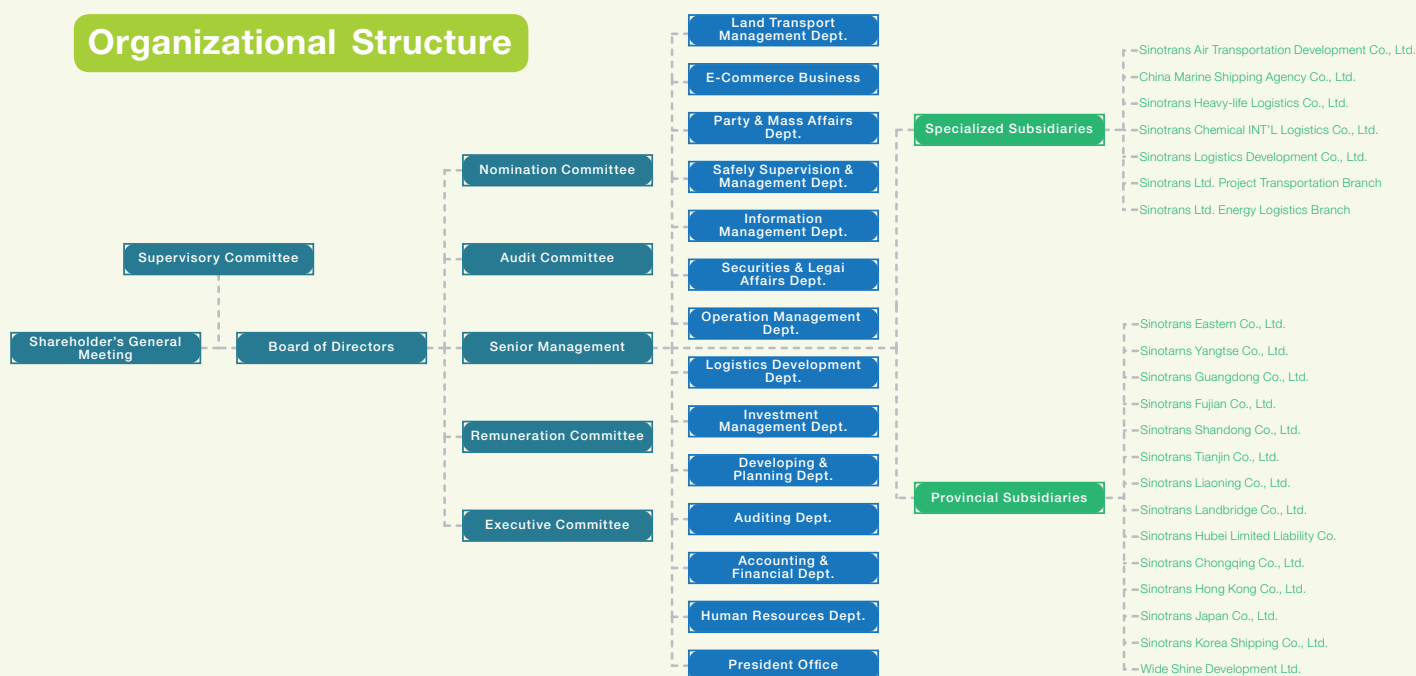
# About Sinotrans

## Group Profile

Sinotrans, listed on Hong Kong Stock Exchange from February 13th, 2003, is a H-share company controlled by Sinotrans & CSC Holdings Co., Ltd. (hereinafter referred to as “Sinotrans & CSC” or “the Parent Company”). Sinotrans & CSC injected its core business, superior assets and professional staff into Sinotrans, making Sinotrans become the flagship for integrated logistics development of Sinotrans & CSC, and also a leading integrated logistics service provider in China. By the end of 2015, State-owned Assets Supervision and Administration Commission (SASAC) approved the strategic reorganization of Sinotrans & CSC and China Merchants Group Limited (hereinafter referred to as “China Merchants”). After completion of reorganization, Sinotrans & CSC will remain as the Group’s controlling shareholder, while China Merchants will become the Group’s actual controller, and SASAC will remain as the Group’s ultimate controller.

Sinotrans’ service network covers all parts of China and major economic regions across the world. The scope of business mainly involves freight forwarding, warehousing & terminal services, logistics services and other services, most of which are operated by branches and subsidiaries (including controlled ones). The Group has complete, balanced-structure strategic assets available. Wherein, as at the end of 2015, Sinotrans’ operational warehouses covered a gross area of 3.09 million square meters, including a variety of categories such as the dry cargo warehouse, temperature control warehouse, bonded warehouse, customs supervision warehouse, dangerous cargo warehouse, etc., which could meet different customer needs; the container yard covered an area of 2.23 million square meters; the proprietary terminal shoreline had a total length of 3,655 meters; the Group’s business locations mainly included fast-developing coastal areas and strategic areas in China, e.g. Guangdong, Fujian, Shanghai, Zhejiang, Jiangsu, Hubei, Shandong, Tianjin, Liaoning, Anhui, Jiangxi, Sichuan, Chongqing, Guangxi, Hong Kong, etc., complemented by a broad, comprehensive domestic service network and overseas network.

## Organizational Structure





# Reporting Principle & Stakeholder Engagement

Although this report is prepared with sole reference to the Guidelines issued by HKSE, the writing of this report has also considered internationally recognized sustainable development reporting principles. The relevant principles are detailed in GRI Guidelines.

**These principles focus primarily on:**

## **Materiality**

Environment, society & governance matters that have a significant effect on investors and other rights owners form the main part of this report.

## **Quantitative**

Quantify key performance indicators specified in this report wherever possible, and provide comparative data if appropriate.

## **Balance**

Give an objective, comprehensive description of content contained in this report, regardless of whether such content is positive or negative, and try to avoid missing any detail important to stakeholders.

## **Consistency**

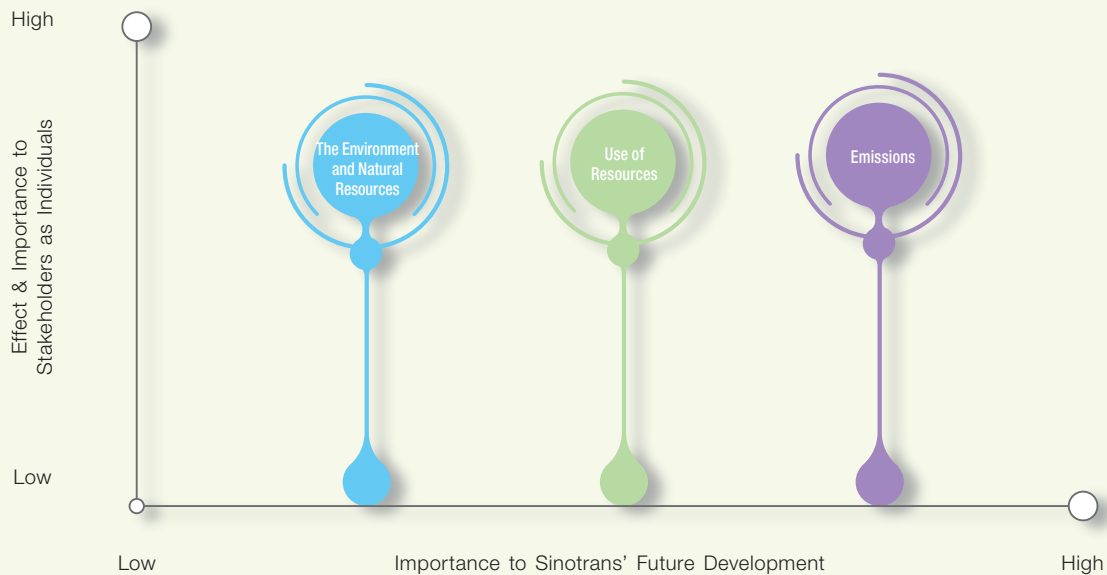
Take the same disclosure statistical approach as previous years in this report wherever possible. If there are any changes in the statistical approach, an explanation will be made in this report.

Another key aspect in the course of report writing is to invite stakeholder engagement. Sinotrans' business operations produce an effect on different stakeholders, while these stakeholders also have different expectations for the Group. Collecting opinions from stakeholders and responding to topics of their concern is one of main purposes of writing this report.

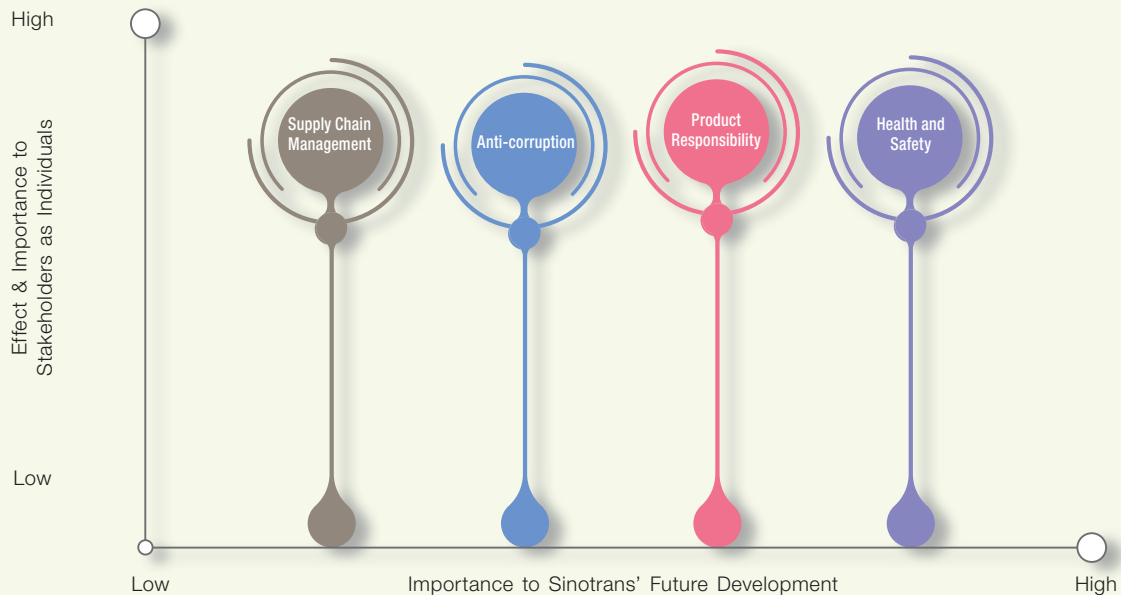
For preparation of this report, the Group carried out a "Stakeholder Engagement" activity by organizing questionnaire surveys to identify topics of most importance to stakeholders. A total of approximately 200 questionnaires were distributed to about 80 internal stakeholders, including managers and general employees of Sinotrans Limited; and to about 120 external stakeholders, including about 50 shareholders and investors, about 50 clients and about 20 industry of Sinotrans Limited association representatives.

Through the aforesaid activity, after summing up opinions from stakeholders, the Group has arrived at the following analytical chart:

### Environment



### Society



The writing of this report has given full consideration to the concern of stakeholders. The following sections will elaborate on each topic of stakeholder concern such as the emissions, use of resources, health and safety, product responsibility and etc. In the future, the Group will further strengthen the relationship with stakeholders through proactive contact and frank communication.



# Promoting Environmental Protection Operations

Sinotrans' business is faced with environmental challenges every day, such as energy consumption and carbon emission. The Group, at the same time of pursuing economic benefits, will treat environmental protection as an important part of business operations.

## Emissions

Sinotrans pays attention to the management of waste produced in the course of operations. As a logistics service provider, the Group's business nature is not industrial production, and no production of massive hazardous waste has been produced during the operations, so specific comprehensive regulations on hazardous waste are absent; despite this, some companies under the Group are involved in waste classification, special treatment of hazardous waste (e.g. oily waste) and *Record on Receiving, Storage & Treatment of Hazardous Waste*, for example, Sinotrans Chengdu Logistics Co., Ltd. has formulated *Regulations on Waste & Energy Conservation Management*. As for non-hazardous waste (e.g. waste paper, waste plastics, etc.), the Group tries to avoid production of waste from the source, e.g. promoting paperless office to reduce the use of paper. The Group has been engaging in a variety of recycling work and performing unified treatment for waste produced in offices, e.g. taking back waste paper for recycling by specialized agencies, taking back waste cartridges, etc. The Group knows, only through mastery of quantitative data to conduct a detailed analysis on the environmental impact of business operations could the environmental performance be improved continuously.

## Recycling of Waste Paper at the Group's Headquarters



Sinotrans strictly observes international, domestic laws and regulations in connection with air pollution. The Group has formulated *Sinotrans Measures for the Administration of Energy Conservation & Emission Reduction*, wherein, according to the energy consumption and emission of main pollutants, the Group divides companies under it into three classes: Focused, Attention and General, and makes adjustments on an annual basis as per the energy consumption and emission volume, so as to realize targeted supervision; allocates the responsibility of energy conservation & emission reduction to each relevant branch, management department and working team, and tries to reduce the environmental impact of exhaust gas emission wherever possible, for example, at the time of purchasing official business vehicles, the Group has taken full account of lower displacement to reduce carbon emission; in the meantime, the Group actively responds to the call of Beijing Municipal Government by strictly implementing the system of keeping vehicles off the road on alternate days.

In 2015, Sinotrans took a serious attitude towards the management of energy conservation & emission reduction. First, the Group continuously reinforced the infrastructure of energy conservation & emission reduction, and by pushing forward measures for energy conservation & emission reduction in workplaces, promoted the use of various energy-efficient, environmentally-friendly products and resolutely eliminated old equipment of high energy consumption and low efficiency, so as to increase the efficiency of energy utilization; explored operation model innovation, optimized management processes, and improved operation and management models such as networked transport, unified distribution and multi-modal transport, so as to enhance the management of energy conservation in operations; conducted on-time statistics, proper monitoring and timely tracking, and improved the energy consumption & pollutant emission monitoring system. Second, the Group continued to promote the new energy application and explore the drop-pull transport as a new model. In 2015, there were 41 vehicles using natural gas as feedstock available to replace 2,120 tons of standard oil. Third, the Group actively organized to carry out various activities for energy conservation & emission reduction and the pilot work of inland vessel energy efficiency management system construction, and attended carbon footprint seminars, carbon transaction training, green freight operation seminars and photovoltaic power generation project consulting meetings held by the government or industry authorities, etc.

*"Sinotrans-China Communications Technology Drop-Pull Transport Pilot Project", a Guangdong Yue-Gang-Ao – ASEAN Road Drop-Pull Transport Alliance drop-pull transport theme project under cooperation between Sinotrans Shenzhen Logistics Co., Ltd., through Sinotrans Pinghu Logistics Center Station, and China Communications Technology Company, successfully received capital subsidies of RMB2.1 million for transport energy conservation & emission reduction and road drop-pull transport pilot projects in 2015.*

### Sinotrans Shenzhen Logistics Co., Ltd. Pinghu Logistics Center



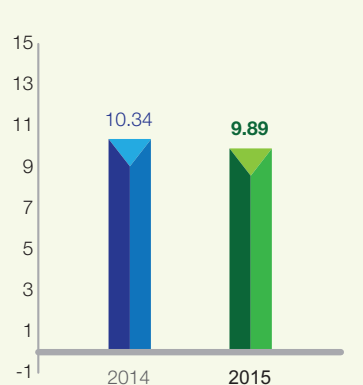
### Use of Resources

In terms of resource utilization statistics, the Group takes the same disclosure statistical approach as previous years in this report wherever possible. As the Group sold the vast majority of shipping business to the Parent Company in 2014 (mainly including 100% of shares in 6 affiliated companies such as Sinotrans Container Transport Co., Ltd. and Sinotrans Sunshine Express Co., Ltd.), the Group's statistical data in 2015 no longer contained data of relevant companies whose shipping business had been sold, and given the energy consumption of shipping business accounted for a fairly large proportion in the Group's total energy consumption, data of the Group's total energy consumption in 2015 fell significantly. In order to ensure consistency of data statistics and comparability of data in this report, the Company has restated data on this part of Environment, Society & Governance Report 2014.

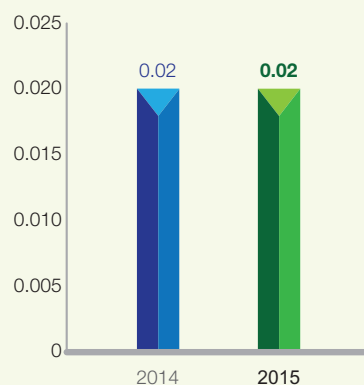
In 2015, the total energy consumption of Sinotrans was 98,900 tons of standard coal, down by 4.33% than last year; the comprehensive energy consumption per RMB10,000 business revenue was 0.02 ton of standard coal/RMB10,000, flat with last year; the comprehensive energy consumption per RMB10,000 added value was 0.22 ton of standard coal/RMB10,000, up by 9.45% than last year.

The overall energy consumption of Sinotrans showed a downward trend, with both gasoline and diesel consumption dropping to some extent compared with that in 2014, wherein, the gasoline consumption was 5,865.51 tons, down by 4.41% than last year; diesel consumption was 45,613.70 tons, down by 0.83% than last year. However, increase was seen in the consumption of both electricity and natural gas. Wherein, the electricity consumption was 103.9317 million KWH, up by 13.17% than last year; the natural gas consumption was 7,532,460.51 SCM, up by 21.50% than last year, mainly because of natural gas vehicle purchase by such companies as Sinotrans Shandong and Sinotrans Landbridge, and extremely cold weather during the winter of 2015, which led to the increase of natural gas consumption.

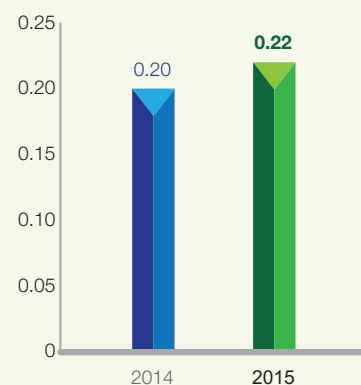
## Energy Consumption



Total Energy Consumption  
(10,000 Tons of Standard Coal)



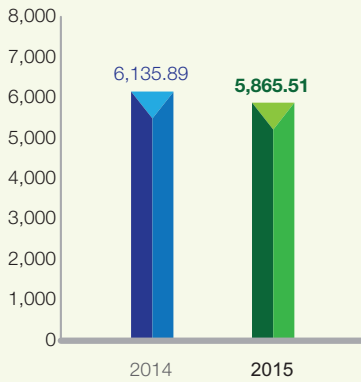
Comprehensive Energy Consumption  
per RMB10,000 Business Revenue  
(Ton Standard Coal/RMB10,000)



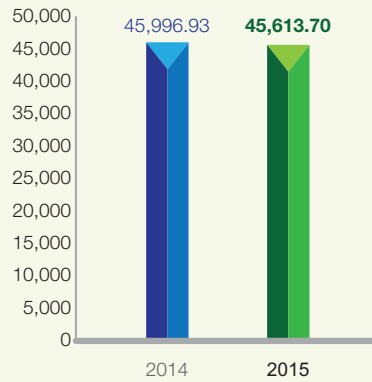
Comprehensive Energy Consumption  
per RMB10,000 Added Value  
(Ton Standard Coal/RMB10,000)



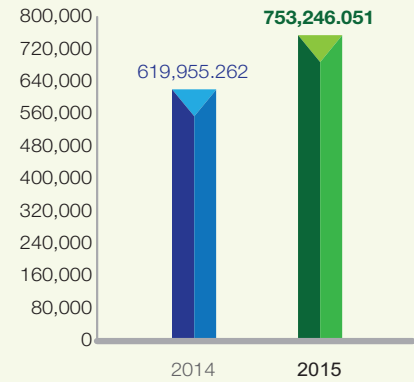
## Energy Conservation & Emission Reduction



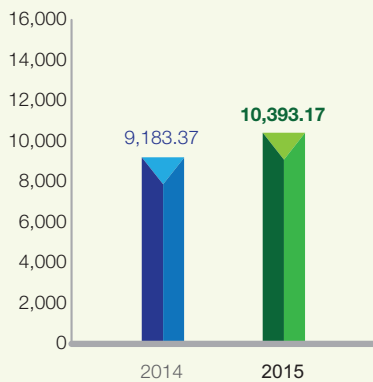
Gasoline  
(Ton)



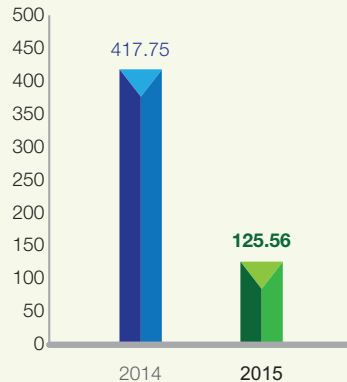
Diesel  
(Ton)



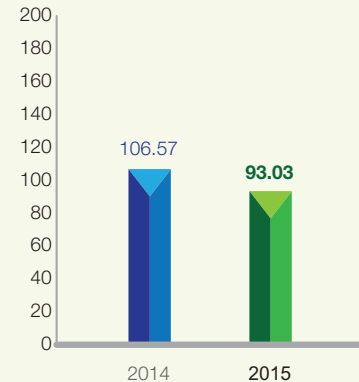
Natural Gas  
(SCM)



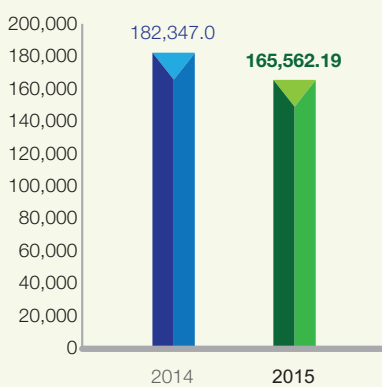
Total Energy Consumption  
(Degree)



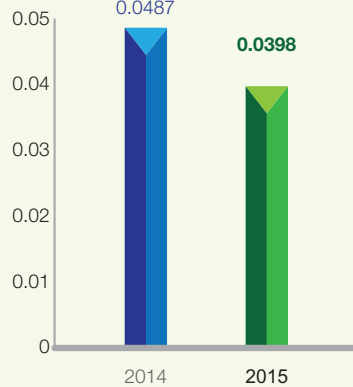
Sulfur Dioxide  
(Ton)



Oxynitride Emission  
(Ton)



Carbon Dioxide  
(Ton)



Coal Consumption  
(10,000 Tons of Standard Coal)

In terms of sewage treatment, the Group conducts examination on companies that store hazardous chemicals, and requires companies to set up sewage pools and possess sewage treatment capabilities; in terms of transport vessels, the Group has formulated relevant requirements, e.g. vessels at anchor or dock are not allowed to discharge sewage overboard; sewage discharge of vessels outside special areas shall comply with the provisions of Article 15 of 73/78 *Pollution Prevention Convention Annex I* issued by International Maritime Organization (IMO).

Sinotrans is devoted to increasing the efficiency of energy utilization. With regard to office, companies at all levels within the system actively push forward various measures for energy conservation and environmental protection, and promote the use of energy-efficient, environmentally-friendly products. Strictly control the temperature of air conditioning at workplaces, keep promoting the use of LED lights and intelligent switches, and encourage to share vehicles in collective business activities; also, implement unified management of gasoline, and registration of fuel consumption per official business vehicle, and lay emphasis on strengthening training of drivers on energy conservation; continue to promote the use of ETC payment devices for official business vehicles to avoid parking payments, increase driving efficiency, reduce energy consumption and save tolls. With regard to warehousing, for construction or reconstruction projects, from design to implementation, strictly control the energy conservation access threshold, require their energy efficiency indicators to reach the advanced or even leading level of same-industry, same-scale enterprises, and reduce irrational energy consumption from the source. Strictly restrict the application of heavy energy-consuming equipment and facilities, and resolutely eliminate old equipment of high energy consumption and low efficiency, e.g. forklifts, reach stackers, stacking machines, etc.; raise the equipment/facility maintenance level, and reduce additional energy consumption caused by technical performance degradation; at the time of purchasing new equipment/facilities, pay attention to choosing energy-efficient equipment, and give priority to handling equipment driven by electricity, such as electric forklifts and electric pallet trucks. With regard to road transport, strictly observe the requirements of *Measures for the Administration of Inspection and Supervision on the Fuel Consumption of Road Transport Vehicles*, act up to *Table of Road Transport Vehicle Models with Standard Consumption of Fuels*, and guided by *Green Freight Vehicle Standards*, control vehicle selection criteria, and in combination with the enterprise's actual situation, eliminate heavy energy-consuming vehicles step by step, and steadily improve the enterprise's ability to reduce energy consumption in road transport. Each transport enterprise, on the basis of reinforcing vehicle management, implements unified management of transport vehicle dispatching through the vehicle dispatching center, makes reasonable planning for vehicle routing, and realizes all-round monitoring with the aid of GPS, so as to further increase the efficiency of vehicle operation, and reduce the energy consumption of vehicle operation.

In 2015, Sinotrans further reinforced the energy consumption monitoring system. The Group has further improved energy consumption & pollutant discharge monitoring systems of companies under it, and on the basis of summing up energy consumption statistics over previous years, strives to conduct on-time statistics and proper monitoring; once anything is found abnormal, efforts would be made to perform timely tracking, investigate causes, identify responsible persons and get appropriate measures in place.

The effective utilization of resources not only requires a well-established management system, but also the implementation of relevant policies relies more upon employee cooperation and support. The Group tries to create a corporate culture of cherishing resources, and through "Earth Hour", National Energy Saving Publicity Week and National Low Carbon Day, encourages employees to engage in a series of duplex printing activities wherever possible, so as to increase their awareness of environmental protection, and encourage employees to actively take part in and practice commitments to environmental protection.

## Sinotrans Energy Conservation & Environmental Protection Publicity Activity



## Environment & Natural Resources

Although the business nature of Sinotrans has no significant effect on the environment or natural resources (e.g. biodiversity), the Group will continuously reinforce the work of environmental protection and reduce any possible impact of business operations on the environment.

According to the provisions of China's environmental laws, regulations and relevant policies, when carrying out certain construction project, the company concerned shall submit an environmental impact report to the environmental authority, involving assessment on such aspects as possible pollutions in the production process, feasibility of control measures, whether the production process and products conform to the clean production requirements, effect of final pollutants on the surrounding environment, etc.

*The environmental impact report Sinotrans Kunshan Supply China Co., Ltd. submitted to Kunshan Bureau of Environmental Protection on its new construction project for warehousing and trade purpose, prepared by an independent environmental impact assessment agency, held that, all pollutants of the new construction project reached the standard in connection with discharge, and pollutants so discharged had little impact on the surrounding environment, basically with no "three wastes" discharged externally, and clean energy including electricity was utilized, conforming to the environmental planning of Kunshan Municipality. Therefore, Kunshan Bureau of Environmental Protection showed an approval.*

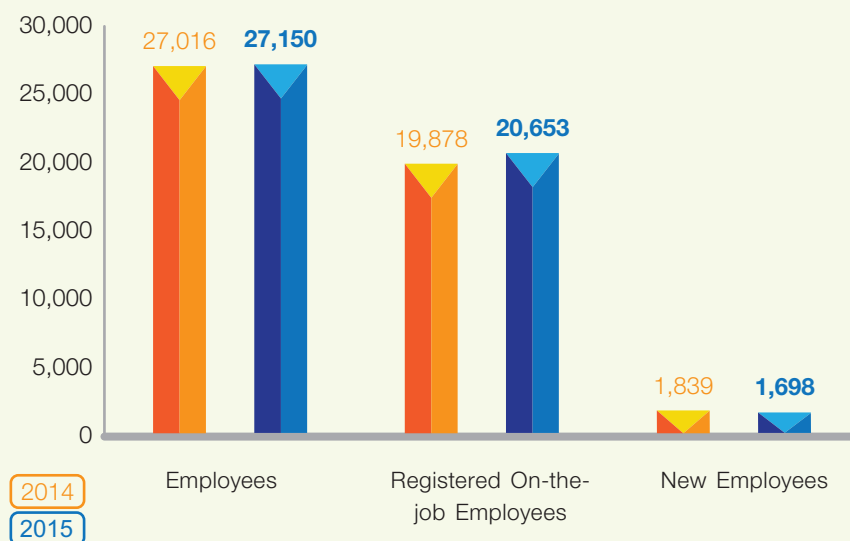


# Establishing an Excellent Team

## Employment & Labor Practices

Sinotrans is devoted to creating a good working environment for employees. The Group follows the “Openness, Fairness, Selecting the Best Talents” in recruitment, considers internal allocation before external recruitment, encourages a rational flow of employees within the Group, and provides more learning/promotion opportunities for employees. In 2015, Sinotrans had a total of 27,150 employees<sup>1</sup>, including 20,653 registered on-the-job employees<sup>2</sup> and 1,698 new employees. The Group will continue to improve measures in respects of absorbing and retaining talents, provide career development opportunities for employees in line with the Group’s business development, and ensure a normal ratio of employee mobility.

## Employment Status of Sinotrans Limited





Sinotrans strictly observes national and local labor laws and regulations, and with a strict recruitment process and entry formalities, resolutely puts an end to illegal behaviors such as the use of child and forced labor. To establish incentive and restraint mechanisms that link employee income and position with performance, the Group has formulated a series of remuneration management, performance assessment and reward & punishment management systems applicable to the headquarters and companies under it, respectively, which would, at the same time of complying with national and local policies, ensure the remuneration stays at a reasonable level of competitiveness in the market. Besides, the Group's headquarters has set up a "President Reward Fund" to give special rewards to individuals or teams with outstanding contributions to the Group's benefits, so as to boost employees' passion for innovation. The remuneration for employees in different regions takes into account the local living standard and operational condition, so the remuneration for the same position grade in different regions might vary to some extent. The Group is committed to providing equal opportunities.

Sinotrans respects gender equality by adopting the same remuneration level and structure for male and female employees, and taking the same way to determine the remuneration. The Group previously attended a job fair specifically towards minorities, and recruited a total of 451 minority employees. The Group also recruits disabled persons according to the actual needs, and if fails to reach the disabled employment proportion stipulated by the state, the Group would pay employment security funds for disabled persons in accordance with the relevant requirements.

Notes:

1. Employees include contracted employees and employees in other employment forms, e.g. dispatched labor, part-time employees, etc.
2. Registered on-the-job employees refer to contracted on-the-job employees amongst employees.

### Number of Employees (divided by age and position grade)

Position Grade	Age					Total
	30 and below	31-40	41-50	51-60	60 and above	
Persons in charge of company	24	233	441	154	0	852
Persons in charge of department	127	1,149	896	266	4	2,442
General employees	7,500	5,866	2,859	1,132	2	17,359
<b>Total</b>	<b>7,651</b>	<b>7,248</b>	<b>4,196</b>	<b>1,552</b>	<b>6</b>	<b>20,653</b>

### Number of Employees (divided by degree of education and position grade)

Position Grade	Higher than graduate	Graduate	Bachelor	College	Technical secondary school/ Senior high school	Junior high school and below	Total
Persons in charge of company	3	100	420	269	57	3	852
Persons in charge of department	2	126	1,115	866	308	25	2,442
General employees	4	504	6,260	5,737	3,603	1,251	17,359
<b>Total</b>	<b>9</b>	<b>730</b>	<b>7,795</b>	<b>6,872</b>	<b>3,968</b>	<b>1,279</b>	<b>20,653</b>

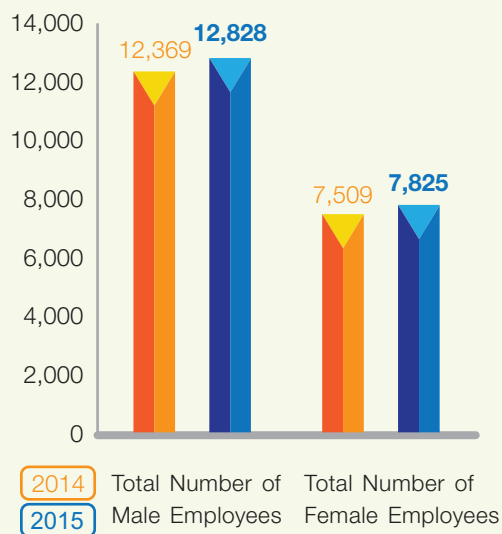
### Number of Employees (divided by gender and position grade)

Position Grade	Male	Female	Total
Persons in charge of company	704 (83%)	148 (17%)	852
Persons in charge of department	1,588 (65%)	854 (35%)	2,442
General employees	10,536 (61%)	6,823 (39%)	17,359
<b>Total</b>	<b>12,828 (62%)</b>	<b>7,825 (38%)</b>	<b>20,653</b>

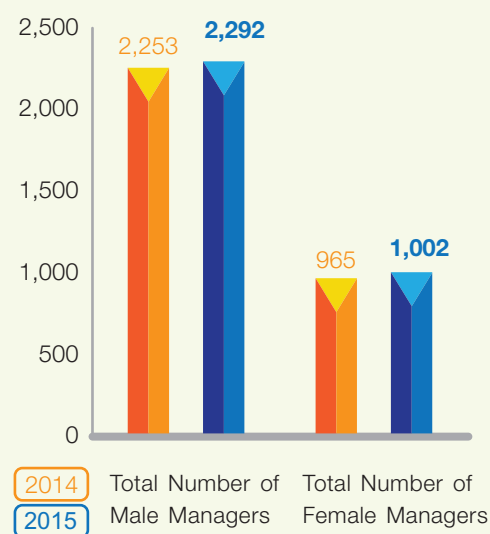
Notes:

1. The above employee statistics is as of December 31st, 2015.
2. Scope of Statistics: Registered on-the-job employees of the Group in 2015.
3. Persons in charge of company refer to company-level managers of the headquarters and each company under the Group; persons in charge of department refer to department-level managers of the headquarters and each company under the Group; general employees refer to ordinary employees of the headquarters and each company under the Group.

### Sinotrans Employee Gender Composition



### Sinotrans Manager Gender Composition



## Health and Safety

Employees are the most valuable treasure of Sinotrans. The Group attaches importance to its relationship with employees, and strives to continuously enhance its safety performance. Following the “Safety First, Prevention Dominance, Comprehensive Governance” guidelines, Sinotrans keeps improving occupational health & safety systems, and provides all-round protective measures for employees wherever possible, with an expectation of putting an end to all possible health & safety risks. For example, the Group’s headquarters arranges physical examination for employees every year, and employ a specialized physical examination agency for analysis and reporting on key indicators that have an effect on employee health in accordance with the Group’s requirements.

Currently, the Group has no data statistics yet regarding the loss of working days due to work-related injury, because the definition of work-related injury needs approval from the work-related injury identification division of the labor authority, while such labor authority is subject to local administration of each province/municipality, where policies might vary to some extent, leading to the present absence of a unified statistical approach.

In 2015, the Group, according to the amendments of *Law of the People’s Republic of China on Safe Production* and the Parent Company’s relevant rules and regulations, revised *Sinotrans Regulations on Safe Production (2015)* and *Sinotrans Measures for Safe Production Objective Management Assessment (2015)*, and issued *Measures for the Administration of Safe Production of Overseas Business Enterprises and Individuals*, with the purpose of further reinforcing the safe production responsibility at all levels and improve the company’s safe production system. The Group has further strengthened the team building for safe production management and set up the fifth session of safe production expert team to focus on safety management research in respects of road transport, port terminal, hazardous chemicals and special equipment. In 2015, the company formed a total of 46 examination teams, who examined more than 110 grass-roots organizations, issued 42 opinions for rectification and conducted safety risk surveys on 21 organizations. According to the accident classification made by the state, no major liability accidents or above happened within the Group.

Sinotrans pays consistent attention to the education and training regarding safe production. In this regard, the Group has organized video training for implementation of safe production rules and regulations, and invited domestic experts to hold training for storage/transport safety management of hazardous chemicals and video training of warehouse/terminal fire safety, so as to effectively improve the on-site management skills and expertise level of safety managers.

## Sinotrans Safe Production Training

### Development and Training

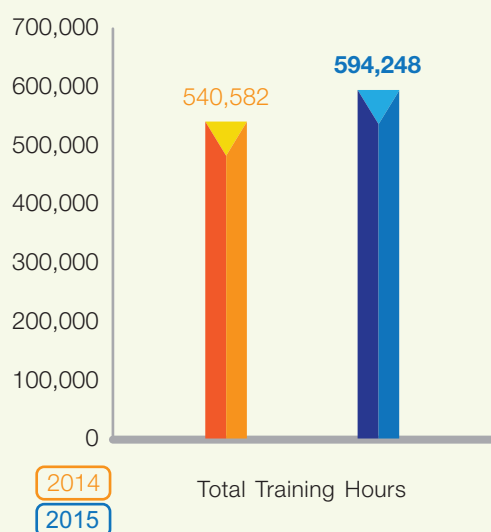
Sinotrans cherishes every employee and believes they will keep growing up along with the Group's business expansion, provides targeted, systematic and forward-looking training for employees, and explores their potential to support the Group's sustainable development.



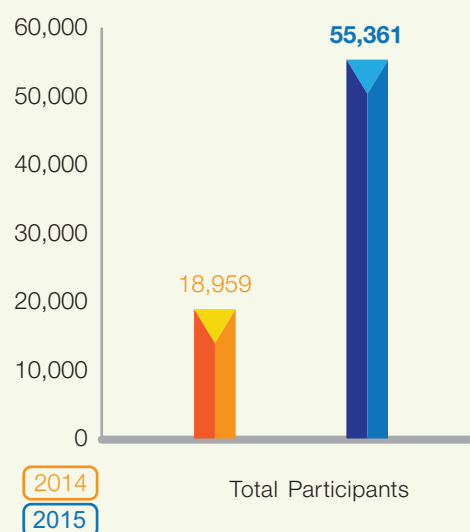
In 2015, the Group's offline training hours were 578,920 in total, with participation of 55,361 employees from all levels; 3,539 online training courses were completed (15,328 hours). The Group's training content mainly included: company organization strategy and corporate culture training, basic work skills training, business knowledge training, management skills & leadership training, new employee training, self-directed learning, etc. As the Group develops, to ensure the constant improvement of team quality, we will increase training opportunities for employees, and keep checking and improving training courses, so as to support business operations and employee needs.



### Sinotrans Total Training Hours



### Sinotrans Employee Training Participation



### Training Hours & Percentage Divided by Position Grade

Position Grade	Average Training Hours	Average Training Percentage
Persons in charge of company	20	213%
Persons in charge of department	35	286%
General Employees	27	268%

#### Notes:

- The above employee statistics data is as of December 31st, 2015.
- Calculation of average training percentage: training participants/employees. As the same employee might participate in multiple training activities, the average training percentage of ordinary employees beyond 100% doesn't mean all employees have participated in training.

### Labor Standards

Sinotrans strictly observe national laws and regulations, and no business of the Group would use child or forced labor. Within the report period, no such case was received by the Group.

# Ensuring Responsibility Management

## Supply Chain Management

The establishment of supply chain management system is the foundation of business operation risk management. Sinotrans has formulated *Purchasing Control Procedures* and prepared List of Qualified Suppliers according to the process. In 2015, Sinotrans had a total of 1,088 qualified suppliers from all over the world, including 966 from Mainland China.

Advancing the establishment of green supply chain has important strategic significance to the enterprise's sustainable development. The Group controls the process of purchasing materials, purchasing outsourcing services and purchasing on behalf of customers involved in business operations as per the specified procedures, so as to avoid any possible economic loss or brand impact on the Group or related parties. As for key aspects like operational equipment, the Group performs centralized purchasing, and has formulated the corresponding process to standardize procedures and improve the quality of after-sale services. For example, in terms of handling equipment, the Group has gradually begun to select imported engines of less fuel consumption; diesel vehicles purchased for transport are required to reach or exceed National IV Standard to control or reduce pollutant discharge; as to forklifts purchased for warehousing, priority is given to electric vehicles for effective energy saving and carbon reduction.

## Natural Gas Vehicles Used by Sinotrans



Sinotrans will strengthen supplier management, and from top to bottom, further promote such concepts as low carbon logistics and green purchasing to suppliers in each region. The Group lays particular emphasis on the work of energy saving management in business operations, and insists on exploring operation model innovation, optimizing management process and improving such operation & management models as networked transport, joint distribution, unified distribution and multi-modal transport to increase operation & management efficiency and reduce logistics costs. Intensify information technology support to the work of energy conservation & emission reduction, further raise the level of standardized, refined management of energy consumption, and put hands to the establishment of energy efficiency management system. Sinotrans, through a variety of channels and approaches, makes full use of operation platforms at all levels to strengthen exchange of freight information, strive for return cargo, and increase the actual load rate by way of full and down stowage, mixed loading, etc.

## Product Responsibility

### *Observe Logistics Laws and Regulations*

Sinotrans strictly observes all laws and regulations in connection with logistics services (including: regulations on the carriage of dangerous goods, overload transport, embargo, etc.).

Taking hazardous chemicals for example, Sinotrans attaches great importance to safe handling, transport and warehousing of hazardous chemicals. Sinotrans Chemical International Logistics Co., Ltd. ("Sinotrans Chemical Logistics") is a subsidiary of the Group, specialized in transport and warehousing of hazardous chemicals; since 2011, the company has suffered no production accident such as leakage or pollution of hazardous chemicals that might threaten social security for four years in a row, and has three times assisted the local government in emergency rescue of hazardous chemicals. From the year of 2008 when Sinotrans Chemical Logistics built the first emergency team in Shanghai, it now has established a nation-wide network for emergency rescue of hazardous chemicals, with an emergency team who has received overseas professional training and advanced emergency equipment available. Sinotrans Chemical Logistics' emergency network is able to handle all kinds of off-site emergency events, including disposal of liquid gas, large bulk liquid chemicals, flammables & explosives, hazardous & toxic chemicals, etc., and upon occurrence of any accident within 200 kilometers, basically can arrive at the scene within two hours. Sinotrans Chemical Logistics has held relevant training and joint emergency drills with multinational chemical corporations including Bayer, Dow, DuPont, Shell, etc., and has many times taken part in handling such events as leakage of dangerous goods at Dalian Port and Tianjin Port, liquid bag leakage in Hong Kong, phenol leakage in Huizhou, etc.

In August 2015, when the explosion accident happened in Tianjin, Sinotrans Chemical Logistics started an emergency plan in the first place, set up an accident emergency handling team, and after receipt of emergency rescue instructions from government organs, formed an emergency team consisting of 11 specific-purpose vehicles, 11 drivers, 11 supercargoes and 2 standby persons, who carried advanced rescue equipment to the accident scene as quickly as possible. On the basis of ensuring their own safety, the rescue team successfully transferred and assisted in dealing with multiple vehicles of highly toxic goods from the scene.



### *Protect Client Privacy*

At the time of executing any contract with a client, Sinotrans would agree upon terms and conditions with the client to avoid disclosure of client information and protect client privacy. Within the report period, no complaint caused by disclosure of client information was received by the Group. In the future, the Group will further improve measures for protecting client privacy and information, so as to avoid disclosure of client information (including: name, contact, content of consignment, etc.).

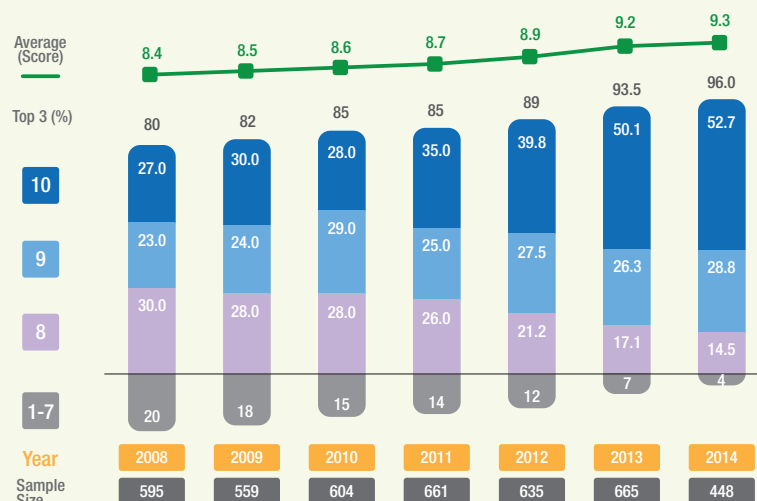
### Improve Service Quality

Sinotrans strictly performs service contracts, and lays emphasis on improving service quality to increase client satisfaction. The Group has established an inspection mechanism to evaluate client satisfaction of business operations from time to time, investigate and analyze shortcomings, monitor the contract execution, logistics distribution and warehousing service quality, formulate preventive measures and supervise their implementation.

Over the past few years, Sinotrans has entrusted independent investigation agencies for client satisfaction surveys from time to time, covering clients of provincial/municipal subsidiaries and specialized subsidiaries under the Group (other than clients of Sinotrans (Hong Kong) Logistics Co., Ltd. and China Shipping Agency Co., Ltd.). Survey results show that, client scores for the Group's services have increased year by year. Below is the result of the Group's survey conducted in 2015 regarding the client satisfaction in 2014:

### Sinotrans Client Satisfaction Survey Result 2014-1

Figure: Sinotrans Overall Client Satisfaction Comparison over the Years (1-10 Scores) (%)



Note: 8-10 scores account for 96.0% of client scores, up by 2.5% than 2013.

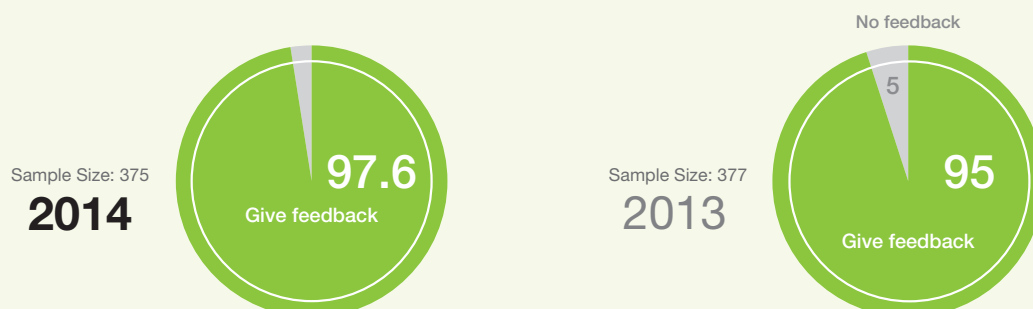
Client opinions are key to the enterprise's sustainable development. In 2014, 77.1% of clients expressed Sinotrans made significant improvements, apparently higher than 68.6% than 2013, wherein 97.6% of clients expressed Sinotrans communicated improvement actions to them, with a slightly higher proportion than 95% in 2013.

### Sinotrans Client Satisfaction Survey Result-2

Sinotrans improvements (%)



## Whether improvement actions are communicated to clients (%)



## Notes:

- 77.1% of clients expressed SinoTrans made improvements based on suggestions/complaints, apparently higher than 2013 (68.6%).
- 97.6% of clients expressed improvement actions were communicated to them, with a slightly higher proportion than 2013 (95%).

As for client complaints, the Group has explicitly stipulated that complaint investigation and feedback should be completed within one working day; in the case of relatively complex complaints, the work should be completed within three working days, ensuring timely handling of these complaints.

## Anti-corruption

In 2015, the company further improved systems of punishing and preventing corruption. According to the requirements of *Measures for the Implementation of Punishing & Preventing System Work Planning 2013–2017* formulated by the Group, the company conscientiously followed several principles regarding incorruptibility of state-owned enterprise leaders, reinforced restriction and supervision on power operation, and realized institutionalization, normalization and standardization with respect to power supervision. The Group strengthened anti-corruption education by a variety of ways, including: setting up a publicity column on the intranet, display board, warning education video, WeChat subscription account, visiting the anti-corruption education base, etc., and created a positive learning atmosphere across the Group.

In 2015, the Group entered into a written responsibility document with 34 subsidiaries to clarify anti-corruption responsibility and reinforce supervision, and carry out supervision, inspection and assessment on the implementation; in daily work, the Group, by setting up a suggestion box, hotline and mail, intensified supervision on the management team, and advocated the anti-corruption concept and created an honest working atmosphere within the Group. With regard to financial management, the Group required its companies to strictly follow *Accounting Standards for Business Enterprises* to strengthen spot check and audit on key aspects and weak aspects in business operations, improve asset quality and prevent financial risks. Within the report period, no corruption case of SinoTrans or its employees was seen in the Group's headquarters. Along with the business development, the Group will further improve anti-corruption systems, and continuously intensify supervision so as to provide strong guarantee for the Group's sustainable development.



# Building a Better Community Together

Sinotrans pays attention to corporate culture construction, and increase efforts to publicity of corporation culture via such media as window column, electronic display screen, cultural banner, cultural wall newspaper, cultural video, cultural MMS, WeChat, Weibo, electronic weekly, etc., and by a variety of means, including volunteer activities and essay competitions.

## The Group's Corporate Culture Publicity Activity



Sinotrans lays high emphasis on physical and mental health of employees. The company arranges health check for on-the-job employees and retired cadres, improves the safeguard mechanism for employees in difficulties, and has formulated *Sinotrans Measures for the Administration of Subsidies for Employees in Difficulties (Tentative)*. Pay visits to employees in difficulties, retired employees and sick employees at important festivals such as New Year's Day and Spring Festival. To ensure employees have a strong body and satisfy their health needs, the Group's headquarters, in addition to continuously organizing such activities as badminton, football, table tennis, basketball and billiards, also invites teachers to offer the Tai Chi class and yoga class, twice a week, with an expectation of enriching employees' cultural life and corporate culture construction. In early 2015, the Group launched a "Read More Books, Read Good Books" initiative and carried out a variety of reading activities. The Group's headquarters has created a "Reading Room for Employees", which collects more than 1,000 books by way of purchasing and employee donations.

## Sports Activity





### Reading Party



### Cultural Activity



Sinotrans has been active in performing corporate citizenship responsibility and social activities for public good. In 2015, the Group organized many times employees of the headquarters and Beijing business units to carry out public welfare activities at the "Suishou" foundation in Tongzhou; and on the eve of Mid-Autumn Festival, organized employees to enjoy the festival together with teachers and students of Hebei Hope Primary School for the fifth consecutive year. Within the report period, volunteers provided 600 hours of services in total.

### “Care & Love” Activity

The Group's headquarters encourages employees to collect idle clothes, books, toys and living supplies, which would be forwarded by the Group to “Suishou Welfare Foundation” and then donated to people in need. In 2015, a total of 2,870 items were collected through this activity.

The Group's headquarters has carried out public welfare activities in Tang County, Hebei for five years in a row. In 2015, volunteers, in addition to bringing lunches for local children, also gave drawing lessons to them, spending a different Mid-Autumn Festival with those children.



### Financial Assistance Activity

The Group's headquarters has provided financial assistance to Shaanxi Hanzhong Middle School for eight years in a row, aiming to help those children whose families were unable to afford their education at school. Over eight years, a total of 73 children have received financial assistance, wherein 37 were admitted to universities.

In addition to organizing activities, the Group also makes use of columns and display boards to promote these activities and convey positive energy to more colleagues. In the future, the Group will, at the same time of continuing to maintain a good relationship with communities where business operations are located, adopt a more active way to acquire a deeper understanding of community needs, ensure the process of business operation takes into account community interests, and avoid any adverse impact of business operations on the society.

# Overview of Sustainable Development

This report uses important indicators specified in the Guidelines issued by SEHK to provide an overview of Sinotrans' performance in sustainable development.

A Environment	ESG Key Performance Indicator
<b>A1 Emissions</b>	
Sulfur dioxide emission = 125.56 tons (down by 69.94% than 2014) Oxynitride emission = 93.03 tons (down by 12.71% than 2014)	A1.1
Total emission of greenhouse gas = 165,562.19 tons of carbon dioxide equivalent Total emission of greenhouse gas is down by 9.20% than 2014	A1.2 A1.5
Currently, the Group has no official statistics about the gross amount of hazardous waste and non-hazardous waste.	A1.3 A1.4 A1.6
<b>A2 Use of Resources</b>	
Total energy consumption = 98,900 tons of standard coal (down by 4.33% than 2014) — Total electricity consumption = 103.9317 million KWH (up by 13.17% than 2014) — Total gasoline consumption = 5,865.51 tons (down by 4.41% than 2014) — Total diesel consumption = 45,613.70 tons (down by 0.83% than 2014) — Total natural gas consumption = 7,532,460.51 CBM (up by 21.50% than 2014) — Total coal consumption = 0.0398 (10,000 tons of standard coal) (down by 18.28% than 2014)	A2.1 A2.3
Currently, the Group has no official statistics about the water consumption.	A2.2 A2.4
The Group is not involved in a large amount of products or services with excessive packaging.	A2.5
<b>A3 The Environment and Natural Resources</b>	
Although the business nature of the Group has no significant effect on the environment or natural resources (e.g. biodiversity), the Group will continuously reinforce the work of environmental protection and reduce any possible impact of business operations on the environment. When the Group carries out certain construction project, it will submit an environmental impact report to the environmental authority pursuant to the PRC laws and regulations.	A3.1

B Society	ESG Key Performance Indicator
<b>B1 Employment</b>	
Total number of employees = 27,150 Total number of registered on-the-job employees = 20,653 — Divided by position grade: Persons in charge of company/persons in charge of department/general employees = 852/2,442/17,359 — Divided by age group: 30 and below/31-40/41-50/51-60/above 60 = 7,651/7,248/4,196/1,552/6 — Divided by gender: Male/female = 12,828/7,825 — Divided by degree of education: Higher than graduate/graduate/bachelor/college/technical secondary school or senior high school/junior high school and below = 9/730/7,795/6,872/3,968/1,279	B1.1
Total number of new employees = 1,698 — Currently, the Group has no official statistics about the employee turnover ratio.	B1.2



B Society	ESG Key Performance Indicator
<b>B2 Health and Safety</b>	
Currently, the Group has no official statistics about the death toll or ratio, or the loss of working days due to work-related injury.	B2.1, B2.2
Following the “Safety First, Prevention Dominance, Comprehensive Governance” guidelines, Sinotrans keeps improving occupational health & safety systems, and provides all-round protective measures for employees wherever possible, with an expectation of putting an end to all possible health & safety risks.	B2.3
<b>B3 Development and Training</b>	
Training hours and percentage divided by position grade: Persons in charge of company = 20 hours (213%) Persons in charge of department = 35 hours (286%) General employees = 27 hours (268%)	B3.1, B3.2
<b>B4 Labor Standards</b>	
The Group strictly observes national laws and regulations, and no business would use child or forced labor. Within the report period, no such case was received by the Group.	B4.1, B4.2
<b>B5 Supply Chain Management</b>	
Total number of qualified supplies on a global scale = 1,088 Total number of qualified suppliers in Mainland China = 966	B5.1
The Group conduct at least one review on supplies under long-term cooperation (i.e. more than two years), and for suppliers that fail to meet the requirements, the Group would decide whether to disqualify them according to the specified process.	B5.2
<b>B6 Product Responsibility</b>	
No case of products or services inconsistent with relevant health or safety regulations has been found within the Group.	B6.1
According to the client satisfaction survey 2014: Client satisfaction score for the Group = 9.3 (10 in full) Proportion of clients expressing the Group has made significant improvements based on suggestions or complaints = 77.1%, apparently higher than 2013	B6.2
The Group is committed to observing national policies, laws and regulations concerning protection of intellectual property rights. Within the report period, no case in connection with maintenance or protection of intellectual property rights was received by the Group.	B6.3
The Group establishes inspection mechanisms, irregularly evaluates customer satisfaction for business operation, investigates and analyzes shortcomings, monitors contract signing, logistics distribution service and storage service quality, develops and supervises the implementation of preventive measures.	B6.4
Within the report term, no complaint caused by disclosure of client information was received by the Group's headquarters.	B6.5
<b>B7 Anti-corruption</b>	
Within the report period, no corruption case of Sinotrans or its employees was seen in the Group's headquarters.	B7.1
Along with the business development, the Group will further improve anti-corruption systems, and continuously intensify supervision so as to provide strong guarantee for the Group's sustainable development.	B7.2
<b>B8 Community Investment</b>	
Currently, the Group has no specific definition regarding the range of focused contribution.	B8.1
Total hours of employee volunteer work = 600 hours	B8.2