



中國外運股份有限公司
SINOTRANS LIMITED

Stock Code : 598

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2017



CUSTOMERS' SUCCESS
OUR ACHIEVEMENT

Environmental, Social and Governance Report 2017

CONTENTS

1. About this Report	2
2. Communication with Stakeholders	2
3. Environmental	3
3.1 Emissions	3
3.2 Use of Resources	5
3.3 The Environment and Natural Resources	7
4. Employment and Labor Standards	8
4.1 Employment	8
4.2 Health and Safety	11
4.3 Development and Training	13
4.4 Labor Standards	14
5. Supply Chain Management	14
6. Product Responsibility	15
6.1 Observe Logistics Laws and Regulations	15
6.2 Protect Client Privacy	16
6.3 Improve Service Quality	16
6.4 Advertisement labelling	18
7. Anti-corruption	19
8. Community Investment	19
9. Content Index of ESG Reporting Guide	23

Environmental, Social and Governance Report 2017

1. ABOUT THIS REPORT

Sinotrans Limited (“Sinotrans” or the “Company”, collectively with its subsidiaries, the “Group”) is a leading integrated logistics services provider in the PRC whose principal businesses include freight forwarding, logistics, storage and terminal services, logistics equipment leasing, and other services mainly engaged in shipping, trucking and express services. As an integrated logistics service provider, Sinotrans believes that the environment, society and governance are crucial to the sustainable development of the Group’s future, and the Group’s business model has far-reaching influence over the environment and society. At the same time of pursuing maximization of business profit, corporate value and shareholder interests, Sinotrans also lays high emphasis on the Group’s sustainable development, pays attention to the environmental and social effect from the Group’s business operations, and incorporates sustainable development strategies into corporate culture and business plans.

This report is prepared with reference to Environmental, Social and Governance Reporting Guide (hereinafter referred to as “Guide”) issued by the The Stock Exchange of Hong Kong Limited (“HKEX”). This report spans from 1st January 2017 to 31 December 2017. The content contained herein involves the environmental, social and governance performance of 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.

For information regarding our corporate governance, please refer to the “Corporate Governance Report” contained in our Company’s annual report for the year ended 31 December 2017.

2. COMMUNICATION WITH STAKEHOLDERS

The Group maintains ongoing dialogue and engages with key stakeholders, including customers, employees, suppliers, media, shareholders and regulators etc., to understand their expectations and address their concerns. The Group collects views from stakeholders through a range of channels such as meetings, interviews, internal discussions, surveys and feedback plans etc..

Environmental, Social and Governance Report 2017

3. ENVIRONMENTAL

3.1 Emissions

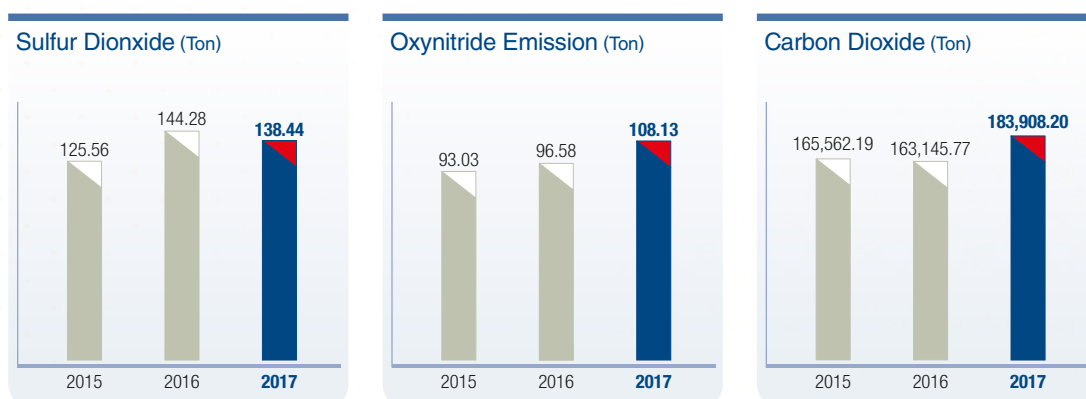
The main emissions of the Group are carbon dioxide and sulfur dioxide, which are mainly discharged from the vehicles and ships in transportation. The Group, at the same time of pursuing economic benefits, will treat environmental protection as an important part of business operations.

As a logistics service provider, the Group has no business involving industrial production and has not produced large quantity of hazardous or non-hazardous waste. Neither has it dumped large quantity of hazardous or non-hazardous waste into water or into land. For this reason, the Group has no specific statistics about hazardous or non-hazardous waste; nor has the Group developed any relevant regulations. However, the Group has set out Management Guidelines for Outdoor Storage of Hazardous Chemicals (《危險化學品露天儲存管理指南》) in accordance with state laws and regulations and relevant requirements as set in the Group's Management Regulations on Safe Production (《安全生產管理規定》). The guidelines clarify that hazardous chemical waste shall not be cast aside without any treatment and shall be under disposal of companies specialized in waste treatment, and that there must be no combustible waste stored in the areas where hazardous chemicals are kept for subsequent treatment. 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. adopts environment-friendly printers and scanners, advocates office automation to cut down paper utilization, and encourages double-sided printing to reduce paper waste. 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.

Sinotrans strictly complies with laws and regulations related to air pollution, such as Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》). The Group has formulated Sinotrans Limited Measures for the Administration of Energy Conservation & Emission Reduction (《中國外運股份有限公司節能減排管理辦法》), 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.

Environmental, Social and Governance Report 2017

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 (《73/78防污公約》), Annex I issued by International Maritime Organization (IMO).



Note: The Group currently does not have formal statistics on the total amount of hazardous waste and non-hazardous waste.

In 2017, in order to transform its way for economic growth to achieve green development, the Company closely focused on pushing forward the implementation of the “Thirteenth Five-year” plan and the working policy of improving quality and increasing efficiency; took measures to constantly lower the energy consumption for operation activities and restrained the growth of capacity featured with high energy consumption, so as to reduce irrational energy consumption from the very beginning, and eliminated backward production capacity; promoted the upgrading and transformation of traditional energy consumption technology; and continued to carry out energy saving and emission reduction work in a planned and targeted way by taking appropriate actions. The specific measures included:

- Reasonable management and control of operation vehicles and station equipment, via which, cost reduction and increase in efficiency were achieved effectively.
- Improvement of production and operation mode and actively exploring the issues as to production and operation quality and efficiency so as to achieve the goal of improving quality and increasing efficiency.
- Implementation of 5MW solar photovoltaic power plant project in high-tech zone of Anhui Hefei and succeeding in grid connection for full use of clean energy.
- Strengthening the recycling of resources to reduce wastes.
- Elimination of backward production capacity and promotion of upgrading and transformation of traditional energy consumption technology.

Environmental, Social and Governance Report 2017



Successful Grid Connection of 5MW
Solar Photovoltaic Power Plant Project in
High-tech Zone of Anhui Hefei

3.2 Use of Resources

Sinotrans is devoted to increasing the efficiency of energy utilization, whether in the field of business operations or office management, and focuses on use of resources and conservation.

- The Group consumes most of energy in its operation, mainly in the field of road transport. For example, regarding to the use of energy, first, the Group Strictly implements of energy regulations and strictly observes the requirements of Measures for the Administration of Inspection and Supervision on the Fuel Consumption of Road Transport Vehicles (《道路運輸車輛燃料消耗量監測和監督管理辦法》), Table of Road Transport Vehicle Models with Standard Consumption of Fuels (《道路運輸車輛燃料消耗量達標車型表》) and Green Freight Vehicle Standards(《綠色貨運車輛標準》), to control vehicle selection criteria. Second, in combination with the enterprise's actual situation, the Group strengthens vehicle management, unifies dispatch vehicles and 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 reduces the energy consumption of vehicle operation. At the same time, 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 addition, the Group focuses on reducing energy consumption in its operation by upgrading relevant equipment and introducing clean energy. For example, equipment originally driven by diesel and gasoline has been replaced with those powered by electricity. Advanced technologies have been introduced, and outdated capacity has been closed down.

Environmental, Social and Governance Report 2017

- With regard to daily office work, resource conservation has been incorporated into the Company's day-to-day management. Member companies of the Group at all levels rigorously promote all measures related to energy conservation and environmental protection, strictly controls the temperature of air conditioning at workplaces, and keep promoting the use of LED lights; implement unified management of official business vehicles, and reduce separate or repeated vehicle dispatching.



Note: The Group currently does not have formal statistics on water consumption and a large number of products or services with excessive packaging.

Environmental, Social and Governance Report 2017

In 2017, the Group has further improved energy consumption and 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. As the Group would not consume large quantity of water and other raw materials, it has no formal statistics on water consumption and product packaging materials. Meanwhile, there is no problem that relates to water sources.

Dedicated to its environmental responsibilities, Sinotrans pays close attention to the idea of green building, strives for optimized energy consumption structure and devotes itself to exploitation of solar energy. In order to significantly improve the proportion of clean energy to total energy consumption, the Group takes advantage of its self-owned warehouses and launches rooftop distributed Solar Photovoltaic project.

To achieve energy saving and emission reduction and effective use of resources, improved management system is needed. More importantly, the implementation of relevant policies lies on the cooperation and support of the employees. Firstly, the Company vigorously promoted to hold video conferences and teleconferences in order to reduce business trips and energy consumption. In 2017, the Company held a total of 273 video conferences and the participants reached 23,113 person times, of which, 18,780 participants were from the subsidiaries of the Company. The use of desktop video conferences and teleconferences respectively reached 36,879 person times and 785 person times. Secondly, the Company replaced its original distributed printing mode by collective printing mode. Meanwhile, the Company also fully promoted the use of recycled paper. Thirdly, in order to save energy, the Company introduced the blacked out period for an hour at lunch break.

3.3 The Environment and Natural Resources

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. The Group formulated identification & evaluation control procedures of environmental factors to ensure important environmental factors could receive necessary attention and effective control, so as to reduce adverse impacts on the environment.

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

Environmental, Social and Governance Report 2017

4 EMPLOYMENT AND LABOR STANDARDS

4.1 Employment

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 personal safety and the physical and mental health of employees, is committed to creating a safe, harmonious working environment for employees, and continuously improves occupational health and safety systems. The Group pays attention to its relationship with employees, encourages a rational transfer of employees within the Group, and provides learning or promotion opportunities for employees. The Group has organized a number of activities to enrich the lives of employees in order to meet the needs of physical and mental health for the Group’s employees.

Sinotrans is devoted to creating a good working environment for employees. The Group has strictly complied with the relevant laws and regulations on labor and personnel such as Labor Law (《勞動法》), Labor Contract Law (《勞動合同法》) and The Regulation on the Implementation of the Labor Contract Law (《勞動合同法實施條例》) of the state. The Group has followed the principles of “Openness, Fairness, Selecting the Best Talents”, and has formulated various regulations in compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and benefits and welfare, including Sinotrans Limited Measures for the Administration of Recruitment at Headquarters (《中國外運股份有限公司總部招聘管理辦法》), Sinotrans Limited Measures for the Administration of Working Hours, Attendances and Leaves (《中國外運股份有限公司工作時間、考勤、請休假管理辦法》), Sinotrans Limited Guiding Opinions towards Reward and Punishment Management for Staff (Temporary) (《中國外運股份有限公司員工獎懲管理(暫行)指導意見》), Sinotrans Limited Measures for the Administration of Dimission for Staff at Headquarters (Temporary) (《中國外運股份有限公司總部員工離職管理(暫行)辦法》), Sinotrans Limited Measures for the Administration of Performance (Trial) (《中國外運股份有限公司績效管理(試行)辦法》), so as to achieve diversified and equal employment, and to absolutely refuse labor discrimination and eliminate the use of child labor.

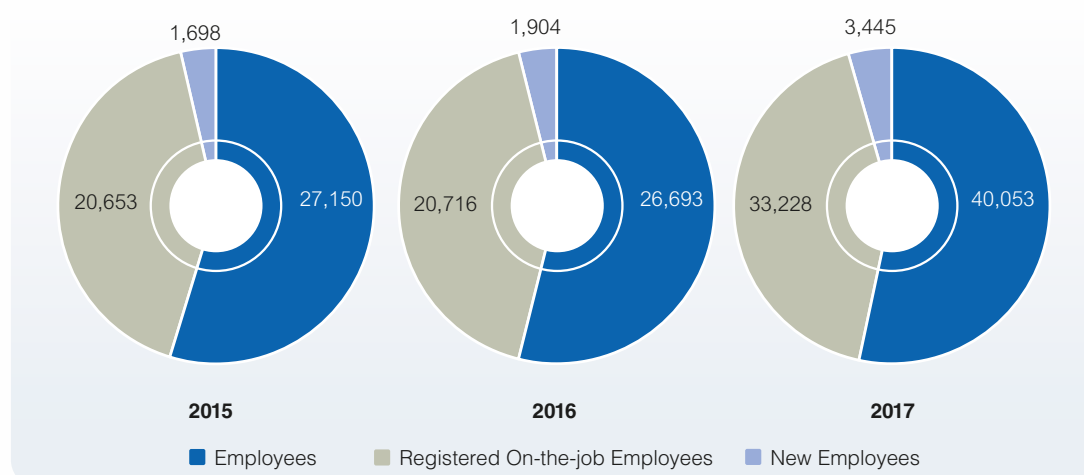
As at 31 December 2017, Sinotrans had a total of 40,053 employees¹, including 33,228 registered on-the-job employee² and 3,445 new employees.

Notes:

1. Employees include contracted employees and employees in other employment forms, e.g. dispatched labor, part-time employees, etc. This data includes all employees of China Merchants Logistics Holdings Company Limited which acquired by the Company on 3 November 2017.
2. Registered on-the-job employees refer to contracted on-the-job employees amongst employees.

Environmental, Social and Governance Report 2017

Employment Status of Sinotrans Limited



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	29	429	710	281	3	1,452
Persons in charge of department	202	1,737	1,348	416	0	3,703
General employees	11,438	10,277	4,677	1,659	22	28,073
Total	11,669	12,443	6,735	2,356	25	33,228

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

Position Grade	Higher than graduate	Technical					Total
		Graduate	Bachelor	College	Secondary school/ Senior high school	Junior high school and below	
Persons in charge of company	6	175	736	446	86	3	1,452
Persons in charge of department	4	207	1,833	1,262	367	30	3,703
General employees	3	967	10,553	8,925	5,514	2,111	28,073
Total	13	1,349	13,123	10,633	5,967	2,144	33,228

Environmental, Social and Governance Report 2017

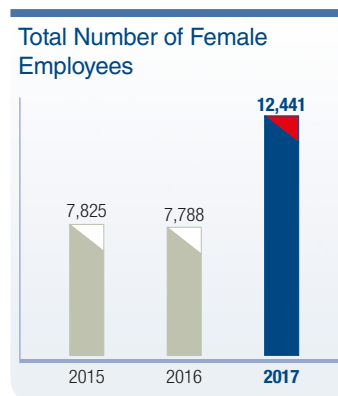
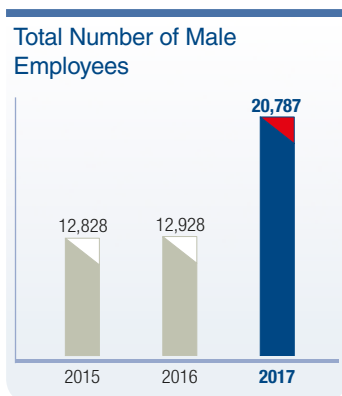
Number of Employees (divided by gender and position grade)

Position Grade	Male	Female	Total
Persons in charge of company	1,202	250	1,452
Persons in charge of department	2,424	1,279	3,703
General employees	17,161	10,912	28,073
Total	20,787	12,441	33,228

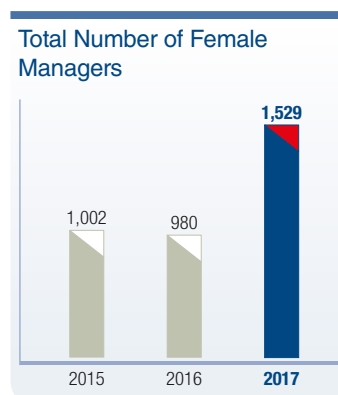
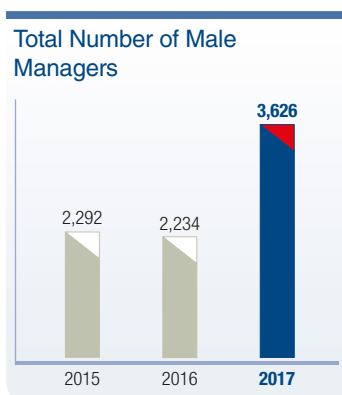
Notes:

1. The above employee statistics is as of 31 December, 2017.
2. Scope of Statistics: Registered on-the-job employees of the Group in 2017.
3. Persons in charge of company refer to company-level managers of the headquarters and each subsidiary of Sinotrans; persons in charge of department refer to department-level managers of the headquarters and each subsidiary of Sinotrans; general employees refer to ordinary employees of the headquarters and each subsidiary of Sinotrans.

Sinotrans Employee Gender Composition



Sinotrans Manager Gender Composition



Environmental, Social and Governance Report 2017

4.2 Health and Safety

Employees are the most valuable treasure of Sinotrans. The Group attaches importance to its relationship with employees, and keeps improving occupational health & safety systems, and provides all-round protective measures for employees, with an expectation of putting an end to all possible health & safety risks. For example, the Group's headquarters arrange 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 employees health.

In 2017, Sinotrans, according to relevant requirements of the national safety laws and regulations and the Group's safety management systems, Sinotrans revised Sinotrans Limited Integrated Emergency Plans for Safety Production Accidents (2017) (《中國外運股份有限公司安全生產事故綜合應急預案(2017版)》), which formed the integrated emergency plans for safety production accidents for Sinotrans, and also formed the integrated plans, special emergency plans, site handling programs, and emergency management system for emergency handling cards for key posts for all of its branches and subsidiaries. Moreover, the Company also formulated and released Sinotrans Limited Measures for Safe Production Objective Management Assessment (2017) (《中國外運股份有限公司安全生產目標管理考核辦法(2017版)》) and Sinotrans Limited Safety Production Standards and Specifications for Road Transport Units (2017) (《中國外運股份有限公司道路運輸單位安全生產標準規範(2017版)》) to further enhance the safety production responsibilities at all levels and improve the safety production management system. Meanwhile, the Company also further strengthened the construction of safety management talents, and established the sixth session of the Company's safety production expert group. In addition, it also focused on the research on safety management in terms of fire fighting, road transport, hazardous chemicals and on-site operations etc. Based on this, it has developed Practical Manual for Safety Production Check (2017) (《安全生產檢查實務手冊(2017版)》).

According to the requirements of the law on safe production and relevant laws and regulations of the state, the Group organized a Dangerous Chemicals Logistics Emergency Rescue Drill and an exercise of contingency plans for fire accident in 2017. Through exercise of contingency plans, each company has exercised the responsive capability of its emergency team, and improved the capability of emergency staff to properly handle the accident.



Environmental, Social and Governance Report 2017

On the basis of guaranteeing the Company's stable safety production, Sinotrans has participated in social safety emergency rescue work for a couple of times to perform its social responsibilities, for which, it was highly praised by relevant local authorities.



Sinotrans has always insisted in focusing on trainings for safe production, and in 2017 the Group has organized "Training Course from Demonstrative Units on Road Transport Safety Management", which in deed enhanced the safety awareness of leaders at all levels and the safety management skills of safety management personnel.



Environmental, Social and Governance Report 2017

4.3 Development and Training

Sinotrans cherishes every employee and believes they will keep growing up along with the Group's business expansion, and the Group provides targeted, systematic and forward-looking training for employees, and explores their potential to support the Group's sustainable development. The Group has formulated Sinotrans Limited Guiding Opinions towards Training Management (《中國外運股份有限公司培訓管理指導意見》) and Sinotrans Limited Rules for Training Management at Headquarters (《中國外運股份有限公司總部培訓管理細則》), in order to guide and standardize the development and training for the employees of the Group in a better way.

In 2017, the Group's offline training hours were 1,931,300 in total; 3,065 online training courses were completed (equivalent to 11,256 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.

Training Hours & Percentage Divided by Position Grade

Position Grade	Average Training Hours	Average Training Percentage
Persons in charge of company	16.8	153%
Persons in charge of department	33.5	333%
General Employees	63.4	307%

Notes:

1. The above employee statistics data is as of 31st December, 2017.
2. 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.

Environmental, Social and Governance Report 2017

4.4 Labor Standards

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 employees 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 its subsidiaries, 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 have 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 so that employees are hired, promoted and assigned on the basis of their skills and abilities.

Sinotrans respects gender equality by adopting the same remuneration level and structure for male and female employees, and taking the same way to determine their remuneration. The Group attended a job fair specifically towards minorities, and recruited a total of 655 minority employees. The Group also recruits disabled persons according to the actual needs, and if it 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. The Group did not have statistics in relation to employee turnover ratio.

5. SUPPLY CHAIN MANAGEMENT

For the long-term operation of the Group, the Group continues to deepen its understanding in the industry and tailors the optimal supply chain solutions for customers. Towards the supply chain management, the Group has formulated the policies including Sinotrans Limited Measures for the Administration of Overseas Network (《中國外運股份有限公司海外網絡管理辦法》) and Purchasing Control Procedures (《採購控制程序》), and prepared List of Qualified Suppliers (《合格供方名錄》).

To strengthen the management on the suppliers, the Group utilizes a supplier data management platform in 2017 to provide a comprehensive record for all suppliers. In 2017, Sinotrans had a total of 22,096 qualified suppliers, including 21,962 from Mainland China, and many other qualified suppliers mainly from Asia, Europe and America. The Group conducted at least one review on suppliers under long-term cooperation (i.e. more than two years) annually, and for suppliers that failed to meet the requirements, the Group would decide whether to disqualify them according to the specified process.

Environmental, Social and Governance Report 2017

The Group has a sound quality and EHS (Environment, Safety and Health) management system, which has passed through ISO9001:2008, ISO14001:2004 and OHSAS18001:2007, certified by the internationally renowned certification institution. The Group has obtained more than 60 certificates with its system, and a total of more than 1,400 management staff has been trained for its professional system, with over 700 internal auditors registered. The Group has implemented standard operating procedures and management requirements for safe operation, and has established detailed and feasible contingency plans for all sections of logistics to ensure the security and efficient operation of the goods.

In terms of management of suppliers for centralized purchase, Sinotrans established a supplier management group at its headquarters in 2017. In the same year, via discussions, it drew up the general provisions of Sinotrans Limited Measures for Management of Suppliers (《中國外運股份有限公司供應商管理辦法》). In addition, it also drew up, according to the management responsibilities of all departments, the rules for management of suppliers in terms of water transport, land transport, vehicle transport and information technology etc.. In the supplier management system, requirements on admittance, audit, filing and assessment of suppliers were provided for. Meanwhile, Sinotrans also initiated to build up supplier management information system to achieve whole life cycle management of the filing, admittance, certification, and review of suppliers.

In 2017, Sinotrans completed its work to invite tenders from strategic suppliers for centralized purchase via electronic tendering, procurement and trading platform, further optimized allocation of resources and achieved cost reduction and increase in efficiency. The scope of tenders included 5 major types of operation equipment within the systems of Sinotrans, i.e. forklift, reach stacker, empty container handler, cargo truck, tractor and storage rack etc..

6. PRODUCT RESPONSIBILITY

6.1 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 specializing in transport and warehousing 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. For example, it has equipped with an emergency operation vehicle featured with 7*24 rapid response and night-time emergency operation functions, and a specialized chemical fire engine. Sinotrans Chemical Logistics' emergency network is able to handle all kinds of off-site emergency events, including disposal of large bulk liquid chemicals, flammables & explosives, hazardous & toxic chemicals, etc., and upon occurrence of any accident within 200 kilometers, it basically can arrive at the scene within two hours. Sinotrans Chemicals Logistics has strived to explore the value of emergency response solutions and strived to develop the chemicals emergency resolutions into its specialized products, to provide more professional off-site emergency services to chemical manufacturers.

Environmental, Social and Governance Report 2017

The Group has established its examination and control procedures for examining the required quality of its various operation management and business operations, environment management, to ensure all products, services and environment meeting the standards and requirements of related regulations. The Group also observes the national policies, laws and regulations on health and safety. There is no product recall as the Group only provides integrated logistics services to its clients.

6.2 Protect Client Privacy

During any bidding process of major projects and when signing logistic contracts, Sinotrans signs Confidential Agreement with its clients, avoiding disclosure of the clients' information and safeguarding the clients' 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.).

6.3 Improve Service Quality

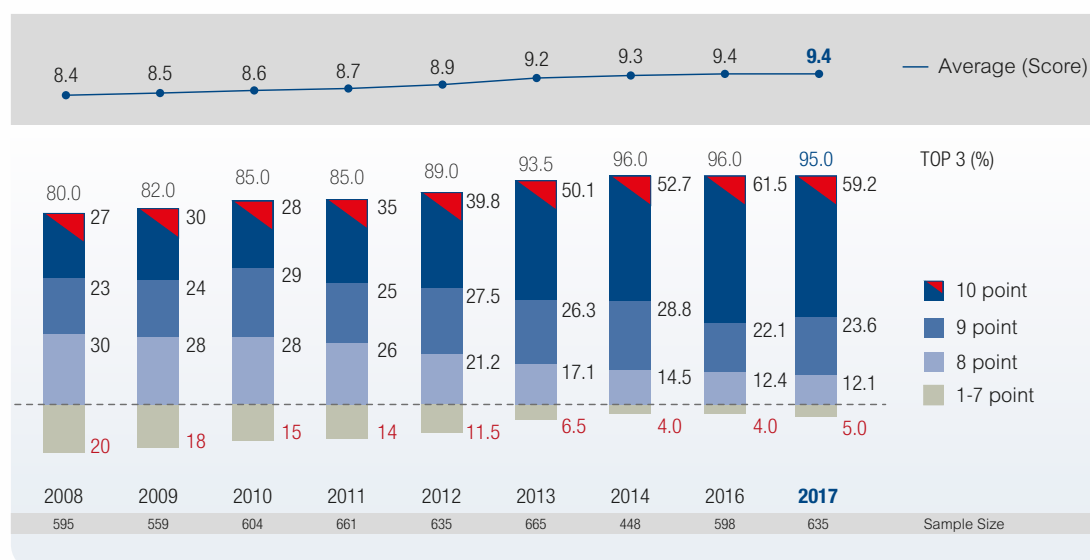
Sinotrans strictly performs service contracts, and lays emphasis on improving service quality to enhance client satisfaction. The Group has established an inspection mechanism to evaluate client satisfaction of business operations from time to time, investigate and analyze shortcomings, monitor the contract 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.). In 2017, the Company accelerated its restructuring of principal business innovation and proactively promoted the transformation and upgrading of its business segments. The Company also made proper adjustments of its system of measuring customer satisfaction.

Environmental, Social and Governance Report 2017

In order to better serve the customers, constantly improve service quality, and enhance customer satisfaction and loyalty degree, the Company carried out a 2017 annual customer satisfaction survey. This survey covered 16 of the Company's regional branches, provincial/municipal subsidiaries, specialized subsidiaries and operation units at headquarters, which were mainly located in North China, Central China, South China, North East of China, North West of China, South West of China and many other regions. There were a total of 635 samples. The average value of 2017 annual customer satisfaction was flat when compared with last year. The Group will continue to uphold the idea that services can create values for customers to enhance the experience of customers and their satisfaction. The historical survey results are analyzed as follows:

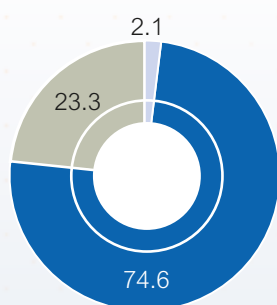
Sinotrans Overall Client Satisfaction Comparison over the Years (1-10 Scores) (%)



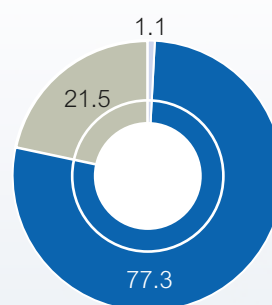
Client opinions are key to the enterprise's sustainable development. In 2017, 74.6% of clients expressed that Sinotrans made significant improvements, slightly lower than 77.3% in 2016, wherein 96.8% of clients expressed that Sinotrans communicated improvement actions to them, with a slightly lower proportion than 97.7% in 2016.

Environmental, Social and Governance Report 2017

Sinotrans improvements (%)



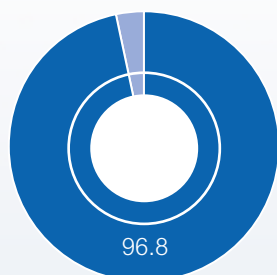
2017
Sample Size: 386



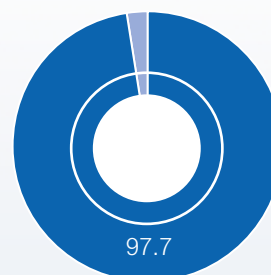
2016
Sample Size: 353

■ Apparent improvements ■ Slight improvements ■ No improvements

Whether improvement actions are got back to clients (%)



2017
Sample Size: 378



2016
Sample Size: 349

■ Give feedback

6.4 Advertisement labelling

The Group has no general regulation and system for advertisements and tags. To maintain a standardized visual image of the Group and to enhance the brand name and reputation of the Group, the policy relating to advertisement and labelling of the Group will make reference to Administrative Measures of Corporate Visual Image of Sinotrans & CSC (《中國外運長航集團企業視覺形象管理辦法》), which was established by Sinotrans & CSC, the controlling shareholder of the Group.

Environmental, Social and Governance Report 2017

7. ANTI-CORRUPTION

In 2017, the Group 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 (《2013-2017懲防體系工作規劃實施辦法》) formulated by the Group, the Group conscientiously followed several principles regarding preventive measures on corruption 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, subscribe to alert books, showing warning education video, visiting the anti-corruption education base, etc., and created a positive learning atmosphere across the Group.

In 2017, the Group entered into a written responsibility document with 21 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. The Group also complies with the national and local laws and regulations relating to bribery, extortion, fraud and money laundering. Within the reporting period, no concluded legal case regarding corrupt practices was brought against the Group or its employees. 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.

8. COMMUNITY INVESTMENT

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

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 Limited Measures for the Administration of Subsidies for Employees in Difficulties (Tentative) (《中國外運股份有限公司職工困難補助管理(暫行)辦法》). The Group is solicitous of and pays great attention to the lives of its employees who are ill or have difficulties. Visits and assistance are given to employees with illness and difficulties. Allowances are paid to employees to help solving their difficulties.

Environmental, Social and Governance Report 2017

To ensure employees have a strong body and satisfy their health needs, the Company active organizes activities such as badminton, billiards, basketball and table tennis, also offers the Tai Chi class and yoga class, with an expectation of enriching employees' healthy cultural life and corporate culture construction. The employees and charitable activities organized by Sinotrans in 2017 are as follows:

The Employees Care and Charitable Activities organized by Sinotrans in 2017

2017	Name of Activity	Number of Participants of the Group	Beneficiaries
14 March	Lecture on Knowledge on Safety of Women	40	Female employees
21 April	Dumpling Making Contest	200	Employees
5 May	Table Tennis Game	40	Employees
23 May	Billiard Game	40	Employees
4 August	Parent-Child Day Activity	50	Employees
18 August	Fun Swimming Competition	60	Employees
26 August	Basketball League Match	200	Employees
15 September	Construction of Reading Corner	All employees	Employees
28 September	Tug of War	50	Employees
28 September	Flower Arrangement	40	Employees
28 September	Baking Salon	20	Employees
10 November	Healthy Walk for Improving Intelligence	60	Employees
16 December	Match-making Party Activity	40	Employees
22 September	Carried out activities to help and support the poor in Hebei Primary School	30	Public Welfare Activities
12 October	Donated clothes to Ren Ai Charity Foundation	40	Public Welfare Activities



Employees' Healthy Walk Activity



Employees' Parent-Child Day Activity

Environmental, Social and Governance Report 2017



Public Welfare Activity



Table Tennis Game

Sinotrans Mak-er Team was set up in 2016 and organized by the Group's internal cross-company and cross-department volunteers with an aim to explore a new mode of work to break departmental boundary, and to, via the platform and resources provided by the Group, encourage employees to be bold in innovation, willing to share, and actively pursuing the realization of their own creativity. Since its inception, this team has been actively making full use of the advantages of media publicity to carry out, online or offline, the Company's various internal activities and the innovative activities organized by itself. It has played an important role in publicizing and carrying out the Group's development strategies, improving the Company's corporate cohesive force, and encouraging the employees to improve their qualities and abilities. The team has greatly boosted the Company's corporate culture construction.



We are the members of Mak-er Team of Sinotrans

Environmental, Social and Governance Report 2017

Activities of Mak-er Team of Sinotrans in 2017

2017	Name of Activity	Number of Participants of the Group
April 2017	English Corner for Mak-ers	40
October 2017	A Visit to South China by Mak-ers	9
November 2017	Company Day & Birthday of Mak-er – Themed Activities	200
December 2017	Debate Competition of Mak-ers	150



A Visit to South China by Mak-ers



English Corner for Mak-ers



Debate Competition of Mak-ers



Company Day & Birthday of Mak-er – Themed Activities

Environmental, Social and Governance Report 2017

9. CONTENT INDEX OF ESG REPORTING GUIDE

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

A Environment	ESG Key Performance Indicator
A1 Emissions	
Sulfur dioxide emission = 138.44 tons (down by 4.05% than 2016)	A1.1
Oxynitride emission = 108.13 tons (up by 11.95% than 2016)	
Total emission of greenhouse gas = 183,908.20 tons of carbon dioxide equivalent	A1.2
Total emission of greenhouse gas is up by 12.73% than 2016, mainly due to the increase in business volume and revenue of the company.	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
A2 Use of Resources	
Total energy consumption = 110,991 tons of standard coal (up by 13.85% than 2016)	A2.1
– Total electricity consumption = 134.2496 million KWH (up by 18.2% than 2016)	A2.3
– Total gasoline consumption = 6,796.22 tons (up by 19.52% than 2016)	
– Total diesel consumption = 50,071.22 tons (up by 13.79% than 2016)	
– Total natural gas consumption = 6,853,086.49 SCM (up by 9.97% than 2016)	
– Total coal consumption = 0.0827 (10,000 tons of standard coal) (up by 10.41% than 2016)	
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
A3 The Environment and Natural Resources	
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

Environmental, Social and Governance Report 2017

B Society	ESG Key Performance Indicator
B1 Employment	
<p>Total number of employees = 40,053</p> <p>Total number of registered on-the-job employees = 33,228</p> <p>– Divided by position grade: Persons in charge of company/persons in charge of department/general employees = 1,452/3,703/28,073</p> <p>– Divided by age group:</p> <p>30 and below/31-40/41-50/51-60/above 60 = 11,669/12,443/6,735/2,356/25</p> <p>– Divided by gender: Male/female = 20,787/12,441</p> <p>– Divided by degree of education: Higher than graduate/graduate/bachelor/college/technical secondary school or senior high school/junior high school and below=13/1,349/13,123/10,633/5,967/2,144</p> <p>Total number of new employees in 2017 = 3,445</p> <p>– Currently, the Group has no official statistics about the employee turnover ratio.</p>	<p>B1.1</p> <p>B1.2</p>
B2 Health and Safety	
<p>Currently, the Group has no official statistics about the death toll or ratio, or the loss of working days due to work-related injury.</p> <p>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.</p>	<p>B2.1, B2.2</p> <p>B2.3</p>
B3 Development and Training	
<p>Average training hours and percentage of training participants divided by number of persons in a position grade:</p> <p>Persons in charge of company = 16.8 hours (153%)</p> <p>Persons in charge of department = 33.5 hours (333%)</p> <p>General employees = 63.4 hours (307%)</p>	<p>B3.1, B3.2</p>
B4 Labor Standards	
<p>The Group strictly observes national laws and regulations, and no business would use child or forced labor.</p> <p>Within the reporting period, no such case was received by the Group.</p>	<p>B4.1, B4.2</p>

Environmental, Social and Governance Report 2017

B Society	ESG Key Performance Indicator
B5 Supply Chain Management	
Total number of qualified supplies on a global scale = 22,096	B5.1
Total number of qualified suppliers in Mainland China = 21,962	
The Group conducted at least one review on suppliers under long-term cooperation (i.e. more than two years) annually, and for suppliers that failed to meet the requirements, the Group would decide whether to disqualify them according to the specified process.	B5.2
B6 Product Responsibility	
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 2017:	B6.2
Client satisfaction score for the Group = 9.4 (10 in full)	
Proportion of clients expressing the Group has made significant improvements based on suggestions or complaints = 74.6%, slightly lower than 2016	
The Group is committed to observing national policies, laws and regulations concerning protection of intellectual property rights. Within the reporting 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 reporting period, no complaint caused by disclosure of client information was received by the Group's headquarters.	B6.5
B7 Anti-corruption	
Within the reporting period, no concluded legal case regarding corrupt practices was brought against the Group or its employees.	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
B8 Community Investment	
The Group currently does not specifically define the scope of its focus areas of contribution. The Group's operations are unlikely to have a direct impact on local communities. The Group is still very concerned about the development and needs of the communities in which we operate and would provide appropriate support.	B8.1, B8.2



中國外運股份有限公司
SINOTRANS LIMITED

Stock Code : 598

www.sinotrans.com