CUSTOMERS’ SUCCESS
OUR ACHIEVEMENT

2020 Corporate Social Responsibility Report
(ESG Report)
Thank you for reading the 2020 Social Responsibility and Environmental, Social and Governance ("ESG") Report (the "Report") of Sinotrans Limited (the "Company", together with its subsidiaries, collectively the "Group", "Sinotrans", "we" or "us"). This Report is the seventh annual ESG Report published by Sinotrans, for the purpose of disclosing the Group’s management methods, major practices and achievements in fulfilling social responsibility (including ESG) while providing integrated logistics services.

The board of directors of the Company and all directors thereof guarantee that the information contained in this Report does not contain any false representations, misleading statements or material omissions, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the content of this Report. The board of directors of the Company has reviewed and approved this Report.

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**Chairman’s Statement**

2020 was an unusual year. Facing the severe impact of the COVID-19 pandemic (the “Pandemic”), the Company overcame difficulties together with customers, made concerted efforts with employees, and thoroughly implemented the work policy of “leading the overall situation with strategy and ensuring quality and efficiency throughout”. The Company well fulfilled its social responsibilities and made considerable progress in every work, e.g. preventing and controlling the Pandemic safely and stably, resuming work and production effectively and orderly, steadily increasing income, and continuously deepening the reform and development.

This year, we went retrograde to fight the Pandemic. With priority given to people’s safety and health, we resumed work and production and supported the Pandemic area as soon as possible. Under the severe situation where international and domestic transportation was suspended to some extent, we worked hard in “connections”, and lost no time in building the anti-pandemic lifeline and the transportation line for resumption of work and production. 20,600 tons of emergency anti-pandemic materials have been transported to the front lines of anti-pandemic at home and abroad, demonstrating Sinotrans’ fulfillment of its corporate social responsibility. Our “Volunteer Logistics Team of Emergency Delivery” was rated as “National Exemplary Team of Fighting Against the Pandemic”.

This year, we created value to accomplish our customers. At the time of the Pandemic crisis, we worked hard on "transportation" to actively resolve the pain spots and difficulties of customers not being able to ship in raw materials and ship out products. By implementing innovative models such as chartered cargo planes adapted from passenger planes, additional trains, and special transportation lines, we maintained the stability of customers' production chains and the sustainability of supply chains, effectively promoting the normal operation of social production, circulation and trade.

This year, we proactively integrated into the new development pattern. We launched 1,580 cross-border railway express during the year with a new China-Europe train named the “Bay Area” Railway Express, with the volume of 157.5 thousand TEUs, representing an increase of 21.7% year-on-year. We grasped regional development opportunities, and Shanghai Lingang project, Beijing Logistics Base and Shenyang Railway Express platform have made positive progress.

This year, we continued to make innovation of digital drives. With intelligent logistics as the direction and digital transformation as the main line, we strive to enhance our independent innovation capabilities. Our intelligent logistics project was selected into the “Pilot Project for Building Strong Transportation Network of China”. Our digital platform “Y2T.COM” was included in the list of “Science Reform Demonstration Action Enterprises”. And our “Human-Machine Collaborated Digitalized Warehouse Solution” won the first prize of the first China Digitalized Warehouse Solution Competition.

This year, we continued to reform and achieved success. Centering on the vision of ‘building a world-class intelligent logistics platform enterprise’, we maintained strategic determination and carried out continuous reforms. During the “13th Five Year” Plan period, we formed a development pattern of three major sectors including logistics, forwarding and related business, and e-commerce business. We have completed the operating layout of five major regions and five professional subsidiaries, completed the acquisition of KLG Group being the largest overseas acquisition in the Company’s history, and launched a human resources system and a culture of the “14th Five Year” Plan. Sinotrans will continue to maintain the spirit of "breakthrough", the zeal of "innovation", and the style of "hard-working", and will draw the blueprint of "building a world-class intelligent logistics platform enterprise", to successfully promote industrial progress through logistics!

Struggle to create history, work hard to shape the future. Currently the Pandemic has not been overcome yet, and the changes are still evolving. We will continue to seek opportunities amidst crisis and open new paths amidst the changes. Embarking on the new journey of the “14th Five Year” Plan, Sinotrans will firmly promote the realization of being world-class, and strive to form a digitalized, networked and intelligent development model with data-driven as the core, platform-based ecology as the support, and entire network operation as the main line by 2025. It will initially develop into a world-class intelligent logistics platform enterprise.

We must work harder, as there is a long way to go and there will be many difficulties. 2021 is the first year of the "14th Five Year" Plan. Sinotrans will continue to maintain the spirit of "breakthrough", the zeal of "innovation", and the style of "hard-working", and will draw the blueprint of "building a world-class intelligent logistics platform enterprise", to successfully promote industrial progress through logistics!
Anti-pandemic Topic

In 2020, the sudden Pandemic swept the world. Sinotrans actively participated in the anti-pandemic action. We implemented whole-process, all-staff and full-coverage Pandemic prevention and control internally, and gave full play to the advantages of whole network and whole link externally and built a lifeline for fighting against the Pandemic and a transportation line for resumption of work and production, and effectively fulfilled its corporate social responsibility.

Focused on zero infection and resolutely won the battle of pandemic prevention and control

Sinotrans took the prevention and control of the Pandemic as the most important task with a highly responsible attitude towards the lives and health of its employees. There was no infection from the Pandemic domestically, no mass infection incidents overseas and no overseas import incidents.

Sinotrans has more than 30,000 registered employees and has a network all over the country. Our overseas network covers Asia, Africa, America, Europe areas and other regions. Given large number of personnel and a large span, the task of Pandemic prevention and control is very difficult. Facing the complex situation, Sinotrans implemented full-process, full-staff and full-coverage prevention and control of the Pandemic, formulated prevention and control guidelines, and conducted 78 inspections of Pandemic prevention and control, ensuring the overall stability of the Pandemic prevention and control situation.

Sinotrans attached great importance to employee care during the Pandemic. Firstly, we actively prepared Pandemic prevention materials. In the early stage of the Pandemic, more than 300,000 masks were collected and distributed to employees, which effectively guaranteed the safety of front-line employees in the fight against the Pandemic. We also provided special emergency support to organizations and employees in Hubei. Secondly, we strengthened employee care. We launched a “one-to-one” special action for overseas employee care, sent out Pandemic prevention and life support materials to overseas employees, and granted awards to advanced groups and individuals of Pandemic prevention and control. Thirdly, we launched the Pandemic prevention and psychological counseling courses for all employees, and organized anti-pandemic related activities (such as the online birthday party with the theme of “A Thousand Paper Cranes Flying to Wuhan”, the “Most Beautiful Pandemic Fighter” on the Woman’s Day on March 8, etc.) to cheer for all employees. A warm atmosphere of “isolating viruses without isolating love” has been formed.

Focused on chain supplement and enhancement to give full play to the integration capability throughout the network and platform advantages

Under the severe situation where international and domestic transportation suspended to some extent, Sinotrans delivered anti-pandemic materials to the anti-pandemic front lines at home and abroad, playing an important role in ensuring clear supply chain, and demonstrating the responsibility and strength of Sinotrans.

1. Assisted Wuhan, Hubei at the earliest time, provided storage support and emergency transportation for the Pandemic prevention materials sent nationwide to Hubei, ensuring the smooth flow of the “last mile”. In the first half of 2020, when the Pandemic was relatively severe, nearly 9,000 cubic meters and 4,000 tons of Pandemic prevention materials were transported by Sinotrans through a total of 243 vehicles.

2. We launched the railway express service at the earliest time and maintained its normal operation. It fully undertook the cargoes transferred from sea and air transportation. It has become an important support for the international supply chain. Sinotrans’ Changsha railway express and Xi’an railway express are among the only four “day railway expresses” in the country during the Pandemic period and the Spring Festival, effectively ensuring clear international supply chain. During the Pandemic, Sinotrans opened a number of new China-Europe trains, expanding its service coverage in Europe. In 2020, the aggregate volume of railway of Sinotrans amounted to 1,585 trains and 157 thousand TEUs, which represented a year-on-year increase of 25.6% and 21.7% respectively; among which, China-Europe trains volume was 1,388 trains and 134 thousand TEUs, which represented a year-on-year increase of 23.05% and 22.57% respectively.

3. The Liege-Hangzhou charter flight from Europe to China was launched at the earliest time. This charter flight was the first cargo plane to depart from Europe to China after the outbreak of the Pandemic. When European international flights were widely grounded to China, it became an important air channel linking Europe and China. The pioneering opening of the first domestic “passenger-to-cargo plane” transportation at the earliest time effectively solved the shortage of air transport capacity.

4. We took advantage of the integration of the entire network at the earliest time, created a seamless cross-border anti-pandemic logistics model, and built a bridge for the two-way operation of anti-pandemic materials between China and foreign countries. Under the shortage of domestic anti-pandemic supplies, we adopted the mode of cross-border transportation of anti-pandemic materials featured by “overseas multi-country consolidation + domestic multi-place distribution”. We completed the transportation of more than 2,000 bills and more than 60 million tons of Pandemic prevention materials from Australia, Russia, Mexico, Turkey, India, Brazil, the United States, Spain, Pakistan, Indonesia, Brunei and other countries and regions. In the process of overseas transportation services, multiple batches of anti-pandemic materials were sent by us to Japan, South Korea, Brunei, Italy, Kuwait, Maldives, Belarus, South Africa, Germany, Belgium, and Mongolia by using the mode of “domestic multi-place consolidation + overseas direct shipments”.

5. The Y2T.COM online anti-pandemic platform was opened at the earliest time, and the trade logistics service was pushed from offline to online, ensuring that the Pandemic prevention and control and the resumption of work and production were not delayed; focusing on ensuring the projects along the “Belt and Road” during the Pandemic period, we always stuck to the logistics position, and by leveraging on our professional advantages in years of deep cultivation of overseas markets, we promoted the resumption of overseas projects and helped customers customize the logistics plan for the special train from Changsha to Minsk, shortening the Company’s logistics duration by nearly two-thirds. We organized special trains for customers, and effectively solved the logistics guarantee problems faced by key enterprises in overseas resumption of work and production. We completed transporting projects like super-large and super-wide wind power blades for the Sherek wind power project in Kazakhstan etc.
### Major financial indicators (Unit: RMB 100 million)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>CAGR of 15.94%</em>&lt;br&gt;● Revenue</td>
<td>725.67</td>
<td>773.12</td>
<td>776.50</td>
<td>845.37</td>
<td>748.74</td>
</tr>
<tr>
<td><em>CAGR of 14.02%</em>&lt;br&gt;Net profit attributable to shareholders of the Company</td>
<td>40</td>
<td>45</td>
<td>50</td>
<td>45</td>
<td>40</td>
</tr>
<tr>
<td><em>CAGR of 15.20%</em>&lt;br&gt;Total assets</td>
<td>1,210.19</td>
<td>1,264.14</td>
<td>1,288.86</td>
<td>1,368.18</td>
<td>1,368.18</td>
</tr>
<tr>
<td><em>CAGR of 17.32%</em>&lt;br&gt;Net assets attributable to shareholders of the Company</td>
<td>237.62</td>
<td>245.87</td>
<td>254.41</td>
<td>263.86</td>
<td>273.26</td>
</tr>
</tbody>
</table>

Note: The above data are the audited financial data of the current year, without considering the subsequent adjustment factors of business combination under common control.

### The main business accelerated transformation, and technological innovation fueled the development engine

- **Productization**
  - **Logistics**
    - We strengthened “sales industrialization” and continued to improve the ability of providing logistics solutions, trade control towers, algorithms, and automated intelligent technologies to create digital logistics solutions.
    - Retail and consumer goods industry, we extended to the upstream and downstream of the supply chain and to internationalization, obtaining the leading position in the market.
    - **Sinotrans E-Logistics** became the first national-level business and ecological system, successfully put into operation the construction of South Asia, South Asia, Pacific, and Europe route products, and completed the full coverage of the NVOCC system in the field of transportation, promotion of the digital transformation plan.

- **Forwarding and related business**
  - **FCL products** took the lead in procurement of transportation capacity as the starting point, promoted the construction of Southeast Asia, South Asia, Pacific, and Europe route products, and completed the full coverage of the NVOCC system in the field of transportation, promotion of the digital transformation plan.
  - **Railway express products** operated more than 40 cross-border railway express routes, and the cumulative number of lines exceeded 4,400, and ranking number 6 in 2020 in China.
  - **Air transportation products** integrated trunk line transportation resources, forming 15 whole link products and 33 standardized whole link products.

- **E-commerce business**
  - **Logistics e-commerce** We have formed the digital products such as Sinotrans Cloud, sea-rail multi-mode transportation, Europe-Asia-China-Japan-Korea-Southeast Asia full line, and explored the path of “product + platform + model”
  - **Cross-border e-commerce logistics** Based on the business needs of customers, we have created products including e-commerce express products, logistics and digital overseas warehouse distribution products, and China-Japan imported B2B products.

- **Platformization**
  - **Y2T.COM platform** We have created a unified public platform for logistics e-commerce, covering full links, transport by sea, railway, land, air, customs declaration, cross-border trade, Sinotrans E-Logistics, bulk cargo, logistics equipment, online technology, etc.
  - In 2020, there were 6,600 active monthly companies on the Y2T.COM platform on average, and 60,000 page views per day, with public transaction amount (excluding Sinotrans transaction) reaching RMB 0.23 billion.

- **Networking**
  - Further accelerated the globalization layout, fully integrated the national and regional development strategies, formed the layout of five regions and five professional companies, and comprehensively promoted overseas regional construction, with overseas regional railway covering Eurasian silk road region, Southeast Asia, Middle East, South Asia, Africa, Japan, South Korea, Australia, and New Zealand.
  - **Transportation by air, rail, land and sea achieved substantial results in the construction of domestic, overseas and trunk line transportation**

- **Internationalization**
  - Completed the equity injection of China Merchants Logistics and part of the asset injection in intrastadt enterprises.
  - Absorbed and merged Sinotrans Air Transport Development Co., Ltd., to create a unified “A+H” capital operation platform of Sinotrans.
  - Acquired KLG Group, a European logistics company for the first time, and invested in China Southern Air Cargo and JD Logistics.
  - Participation in the “One Belt Hundred Routes” and realized the diversification of DDL/A&M International’s equity.

- **Capitalization**
  - Developed a “Digital Transformation Plan” and established a Digital Transformation Office (DTO), with the “1+4” project team (main business online project + business, e-commerce, operation, management system project team + digital transformation team) as a pilot platform to comprehensively digital transformation in the system, and comprehensively digital transformation in the system, and successfully issued the first blockchain-based NVOCC electronic bill of lading in China.
  - Cloud computing (CC) the basic structure of large infrastructure as a Service for Hybrid Cloud has been established. The implementation of the Hybrid Cloud strategy has reduced 40% of IT infrastructure construction, with service efficiency improved by 3 times, for the recent four years, the independently developed FROS (frontal routing system) which supports the multi-service structure and supports the delivery system have been applied to various business scenarios, which effectively improved the quality and efficiency of services.
  - **Blockchain (BP)** The development of a blockchain-based supply chain financial service platform has been completed, which provided services to more than 100 enterprises and successfully issued the first blockchain-based NVOCC electronic bill of lading in China.
  - **Big data & algorithm (Ga)** It connects 115 internal and external data resources, covering more than 50 shipping companies, 130 airlines and 8 major ports in China, and the regularization control flow and regular control for the reduction of nearly 70% unfilled orders, nearly 10% of the delivery time and nearly 80% of the stocks.
  - **Internet of Things (IoT)** The equipment of Internet of Things has been developed and upgraded, and the solution to the integration of software and hardware of Internet of Things has been applied in more than 60 business projects of the Company.

### Technological innovation (Promoted ABCDT intelligence logistics innovation in all scenarios)

- **Artificial intelligent (AI)** the intelligent decision-making platform is capable of processing 2,700 document types under 5 categories, with a document processing capacity of over 5 million in 2020, among which the 99% intelligent process automation technology, the intelligent loading algorithm and the automated goods receipt and delivery system have been applied to various business scenarios, which effectively improved the quality and efficiency of services.
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About Us

Corporate profile

Sinotrans was incorporated on 20 November 2002, listed on the Hong Kong Stock Exchange on 13 February 2003 (0598.HK) and listed on the Shanghai Stock Exchange on 18 January 2019 (601598.SH). Sinotrans is the subsidiary and unitary logistics platform and brand of China Merchants Group Limited ("China Merchants"). The Company’s principal business includes logistics, forwarding and related business and e-commerce business. As an integrated logistics service provider leading in China, Sinotrans has extensive and comprehensive domestic service network and overseas network.

Network layout

Our own overseas network covers 34 countries and regions, 32 provinces, autonomous regions, municipalities under the Central Government and Hong Kong Special Administrative Region. Our domestic network covers nearly 3 million square meters.

Business segment

Target customer industry clusters

- Consumer goods and retail
- Electronics and high-tech
- Automotive and industrial manufacturing
- Healthcare
- Other services

Accelerated the transformation to value chain integration and focused on high-growth and high-value-added segments

Carried out cluster management according to the target market, extended to the customer’s entire industry chain, and extended from traditional warehousing + transportation services to the full value chain services of in-bound, in-production and out-bound logistics.

Contract logistics | Project logistics | Chemical logistics | Cold chain logistics | Other services

Forwarding and related business

Sea freight forwarding | Air freight forwarding | Rail freight forwarding | Shipping agency | Storage and terminal services | Other services

- Containers sea freight forwarding
- Bulk cargo sea freight forwarding
- Less than container load freight forwarding
- Full container load

- Containers sea freight forwarding
- Bulk cargo sea freight forwarding
- Less than container load freight forwarding
- Full container load

- Provide customers with shipping agency services in more than 70 major river and sea ports in China
- Bulk cargo household info
- Container liner shipping agency
- Marine integrated logistics services
- Storage and terminal services
- Domestic/international railway transportation
- Bulk cargo sea freight forwarding

- Accelerate the transformation to value chain integration and focused on high-growth and high-value-added segments
- Carried out cluster management according to the target market, extended to the customer’s entire industry chain, and extended from traditional warehousing + transportation services to the full value chain services of in-bound, in-production and out-bound logistics.

E-commerce business

cross-border e-commerce logistics | logistics e-commerce platform | logistics equipment sharing platform

- Cross-border e-commerce logistics full-chain products
- The scope of services includes door-to-door collection, domestic (bonded) warehouse management, import and export customs clearance, international transportation, overseas warehouse management, last mile distribution, etc.
- Logistics e-commerce platform
- Provide public services, such as information services such as visualization and tracking, handling services, settlement agency services, freight factoring and technical services
- Products include Sinotrans E-LCL, online freight (trucking and transportation), customs service, air freight forwarding, railway and multimodal transport
- Logistics equipment sharing platform
- Provide logistics equipment leasing service, including container and mobile fridge container, tracking and monitoring services.
Development strategy

Strategic objective: Strive to form a digital, networked and intelligent development model with data-driven as the core, platform-based ecology as the support, and entire network operation as the main line, and initially develop into a world-class intelligent logistics platform enterprise by 2025.

A differentiated strategy of integrating "product + network + model + platform" to achieve a world-class intelligent logistics platform enterprise

Digital transformation

Corporate culture construction

Restructuring of business

Reshaping of operations

Rebuilding of organization

Full-network integration capability, full-chain service capability, full-scenario linkage capability and public aggregation capability

Digital products, networking organization, systematic management, intelligent operation and platform-based ecology

Becoming a world-class intelligent logistics platform enterprise

Digital products + networking organization + intelligent operation + systematic management + platform-based ecology

"World-class", "intelligent logistics" and "platform enterprise" are not only our development vision, but also our way of existence

World-class

Become a top international company and a world-class brand that integrates resources and allocates resources globally

Intelligent logistics

Become a technology-based enterprise led by intelligent logistics with digital products, networking organization, intelligent operation, systematic management and platform-based ecology

Platform enterprise

Become a networking platform-based enterprise based on the organizational pattern of "small front end + strong back office" and realizing transformation, integration and change

Four world-class standards

World-class products and services

World-class technology

World-class network and operation

World-class quality and efficiency

Four core capabilities of intelligent logistics

Full-service linkage capability

Full-service capability

Public integration capability

Pilot operation capability

"Three initiatives" to realize transformation to a platform-based enterprise

"Logistics + Internet" + "Internet + Logistics" + "Logistics + Linkage" + "Logistics + Industry" + "Logistics + Ecology"

Innovation culture

Enterprise mission

"Trinity" business mode

Logistics provider

End-to-end whole-process supply chain products

Logistics integrator

Connect the world through online and offline network

Logistics platform operator

Combining "business flow, material flow, information flow and fund flow"

Creating a logistics ecology system connecting the world

to successfully promote industrial progress

Practice direction

Be a leader of intelligent logistics

Be a builder of the supply chain ecosystem

Be a promoter of high quality logistics industry in China

Enterprise tenet

Exceed customer expectations and create value

Expand customer base and diversify income sources

Never forget the original intention of serving customers

Keep in mind the mission of creating value

Satisfy customers of our products, users of the platform and related parties of the ecosystem

Create value for customers

Create returns for shareholders

Create benefits for society

Create opportunities for employees

Create multi-dimensional ecological value of point, line, surface and body for the logistics industry

Enterprise vision

Become a world-class intelligent logistics platform enterprise

"14th Five-Year" Plan

Hold on one

Focus on two

Pass three barriers

Build four capabilities

New five initiatives

Innovation concept

Customer as Priority, Value as Base, Innovation as Spirit and Hard-working as Foundation

Talent concept

Attaching great importance to hard-working and value-creating staff

SINOTRANS LIMITED
2020 Social Responsibility Report (ESG Report)
## Listened to the Opinions of all Parties

The Company maintained ongoing dialogue and engaged with stakeholders, including regulators, shareholders, employees, customers, partners, media, community and public, etc., to understand their expectations and address their concerns over the environmental, social and governance issues. The Group collected views from stakeholders through a range of channels such as meetings, interviews, informal discussions, surveys, and feedbacks. The Board will identify and assess the environmental, social and governance issues related to the development of the Company, which are of the utmost significance.

### Stakeholder Expectation and requirement | Methods and channels | Company response
---|---|---
**Regulators**
- Operate safely
- Abide by law
- Compliant Operation
- Formulate policies
- Information submission
- Daily communication
- High-level meeting
  - Operate and pay taxes in compliance with laws
  - Strictly abide by various laws and regulations
  - Carefully study the policy documents and actively cooperate with the regulatory agencies
  - Promote the use of clean energy and vigorously advocate energy-saving technological transformation

**Shareholders**
- Profit level
- Cash dividend
- Information disclosure
- Corporate governance
- Shareholders’ general meeting
- Company announcement
- Periodic reports
- Roadshow and reverse roadshow
- Shanghai Stock Exchange E-interactive
  - Continuously improve the Company’s profitability
  - Maintain cash dividend policy
  - Increase the Company’s information disclosure efforts
  - Continuously improve corporate governance in compliance with policies, regulations and market opinions

**Employees**
- Remuneration and benefits
- Health and safety
- Career development
- Education and training
- Employee representative
- Employee communication
- Labor contract
- Life care
  - Improve the remuneration performance system and employee protection system
  - Provide good working conditions and environment
  - Provide opportunities for long-term career development
  - Enrich training forms and improve training quality

**Customers**
- Quality service
- Reasonable price
- Service guarantee
- Product supply
- Contract signing
- Customer service
- Company website
  - Apply scientific adjustment and control to ensure the stability and security of services
  - Provide quality, customized products and services
  - Establish convenient and agile sales network

**Partners**
- Open tender
- Fairness and justice
- Honesty
- Contract and agreement
- Service quality
- Cooperative development
- Joint development
  - Open, fair and equitable tender process
  - Strictly execute contracts and agreements

**Media**
- Transparent information
- Report release
- Multi-channel disclosure
  - Regularly disclose social responsibility information and major events of public concern

**Community and Public**
- Harmonious community
- Charitable activities
- Co-construction
- Promotional activity
- Community Building
  - Participate in the construction of a harmonious community
  - Carry out charitable activities
  - Drive economic development in the operating region

Sinotrans attaches great importance to brand management. Through brand promotion, customers can better understand our products and services, employees can better understand our corporate culture and philosophy, shareholders and potential investors can better understand the operation and development of the Company, and we can communicate with partners in the same industry to learn about the latest developments in the industry.

In 2020, in order to strengthen brand promotion, we launched the “Sinotrans Corporate Culture Handbook” and initially established a communication channel for Sinotrans’ integrated media operation platform to enhance the positive perception of the Company’s brand image by the media, the public and employees.

Firstly, strengthened brand promotion. First of all, enriched and perfected Sinotrans’ innovation culture system, released the “Sinotrans Corporate Culture Handbook”, successfully held the “1120 Corporate Culture Day” and “Innovation Actions for Promoting Shekou Spark, Improving Work Style and Efficiency, Sinotrans Corporate Culture and the 13th Five-Year Achievement Exhibition” and other activities; secondly, comprehensively upgraded the content and design of the official website, launched special topics such as “YIT.COM”, “Sinotrans E-LCL”, and “Poverty Aleviation” to achieve a unified platform for attracting traffic and highlighting the role of user diversion; thirdly, created a WeChat public matrix platform, realized unified management of WeChat public accounts of its subsidiaries, and one-click collective push; fourthly, helped the “Sinotrans Cup” National College Students Logistics Design Competition with the theme of “Pursuing Dreams of Intelligent Logistics”, strengthened and continued to deepen the cooperation with major universities, and attracted 50,000 teachers and students from more than 600 universities across the country.

Secondly, increased product promotion. First of all, planned and launched a number of business promotions, which generated a strong social response, including the aid of “YIT.COM” digitalization, Sinotrans “Railway Friend” series, “LCL” retrogrades of Sinotrans, and sky shopping carts chartered products opening up the air “green channel”, and other theme reports; secondly, focused on value communication with stakeholders, with focus on docking with regulatory agencies and key media channel resources (such as Toutiao, People’s Daily, logclub.com, China Shipping Gazette, Logistics Times, etc.), forwarded and reprinted content, and created a good public opinion effect; thirdly, actively connected with industry forums and participated in online and offline forums’ live broadcasts, especially with the help of “China International Import Expo”, “Annual Meeting of Chinese Logistics Entrepreneurs”, “2020 Yangtze River Economic Belt River-Sea Linkage Development Forum” and other activities, shared Sinotrans’ practice with the market, and strengthened communication with peers.

In the future, we will continue to focus on Sinotrans’ brand goals, strengthen corporate culture, tell brand stories, ensure the normal operation of brand promotion channels, and further consolidate the platform of communication with the market.
Investor Relations

The Company has always viewed and promoted investor relations, and on the premise of conformity with relevant laws and regulations, it has always sought to ensure effective communications between investors and the Company. Latest updates on the Group’s business development and operations are communicated in a timely manner through a variety of means, investors’ opinions and suggestions are sorted out and submitted to management in a timely manner, and accurate information disclosure is being conducted in accordance with corporate governance principles. We are deeply convinced that sustained and effective communications with investors will improve the management transparency and corporate governance standards of the Company, and create greater value for shareholders.

The Company always values the interests of all shareholders, especially small and medium shareholders. While the Pandemic spread globally in 2020, the Company maintained smooth communication with the capital market through various methods with safety guaranteed.

Firstly, the Company held the 2019 annual results, 2020 interim results briefings, analyst conference calls, investor meetings and other investor communication activities in online and offline methods. In 2020, the Company participated in more than ten annual conferences and strategy summits of investment banks, received nearly 150 investor meetings, and responded to about 170 Shanghai Stock Exchange E-interactive questions. At present, there are more than ten domestic and foreign mainstream investment banks having analysis reports covering the Company.

Secondly, through careful preparation and active communication, the Company has successfully held a series of reverse roadshows of “Investors Entering into Sinotrans”. A total of nearly 40 investors participated in the reverse roadshow activities of Jiaxing cross-border e-commerce logistics center. “Sinotrans E-LCL” Reverse Roadshow in Shenzhen.

Thirdly, the Company actively participated in Entering “Sinotrans” and online live broadcast of Panorama Cloud Survey of “2020 Shanghai Stock Exchange Listed Company Quality Tour”. Panorama.com and mainstream capital market media interviewed the Company’s chairman, board secretary, securities affairs representatives, etc., aiming to enable investors to have a more comprehensive and in-depth understanding of the Company through this live broadcast.

At the same time, guided by investor issues, the Company summarized and analyzed investors’ concerns and suggestions regularly and occasionally; after major fluctuations in the Company’s stock price or after holding of large-scale capital market activities, the Company’s investor relation team will collect capital market feedback and make analysis as soon as possible, give timely feedback to the management and related departments, and put forward management improvement suggestions.

Social responsibility management

We always believe that active performance of social responsibilities represents an essential quality for a good company, which is not only an external requirement to adapt to the economic and social development, but also an inherent need to enhance the Company’s sustainability. Under the guidance of strategies, Sinotrans will effectively link our fulfillment of social responsibilities with corporate development strategies, incorporate social responsibilities into all aspects of corporate production and operations, and strive to build it as a respectable international company.

In 2020, the Group continued to integrate the concept of social responsibility management and commitments to stakeholders in the operation and management of the Company, and translated them into practical actions. The Board of the Company conducted special review on the Annual Social Responsibility Report, and reviewed and made decision on major social responsibility related issues. The management of the Company actively implemented the concept of social responsibility, promoted social responsibility and carried out social responsibility activities through the establishment of a special social responsibility team, and regularly sorted out or collected information on the performance of social responsibility. At the same time, all subsidiaries were required to actively fulfill social responsibilities and carry out various social responsibility activities in regions.

Corporate governance

As at 31 December 2020, the total issued share capital of Sinotrans was 7,400,803,875 shares, including 5,255,916,875 A shares and 2,144,887,000 H shares. China Merchants, the actual controller of the Company, together with its concert parties held 4,265,791,639 shares of the Company in total, representing approximately 57.64% of the total issued share capital of the Company. The shareholding structure chart of the Company is as follows:

Since the listing of A shares in 2019, the Company has strictly complied with relevant laws and regulations, such as the Code of Corporate Governance for Listed Companies, the Listing Rules of Shanghai Stock Exchange, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as well as the Articles of Association, to fulfill its information disclosure obligations actively, and to make mandatory information disclosure properly, based on the disclosure principle of true, accurate, complete, timely, and compliant.

During the Reporting Period, we continued to improve the level of information disclosure, compiled the Guidelines for the Company’s Daily Listing Compliance Matters, formulated the Information Disclosure Review Checklist, and drafted summary of many listing compliance topics. In addition, the Company organized and carried out multiple listing compliance training sessions, and invited the Company’s directors, supervisors and senior management, the main heads of the headquarter functional departments and regional companies to participate, which enhanced their awareness of listing compliance.

In 2020, Sinotrans disclosed 310 announcement documents in total, including 125 announcement documents for A shares, 68 English announcement documents and 117 Chinese announcement documents for H shares. The Company adhered to the principle of combining mandatory disclosure and voluntary disclosure. While the Company completed mandatory information disclosure such as periodic reports, it also disclosed major matters concerned by shareholders and investors (such as increase of shareholding in H shares by controlling shareholder) to ensure that investors can understand the situation of the Company’s operations in a timely, fair, accurate and complete manner.
In accordance with the requirements of the Company
Law of the People's Republic of China, the Securities Law
of the People's Republic of China and other relevant laws
and regulations, the Company has established a corporate
governance structure consisting of Shareholders' General
Meeting, Board of Directors, Supervisory Committee
and the Management, forming a mechanism of mutual
coordination among the authorities, the decision-making
body, the supervisory authority and the management which
check and balance with each other by clarified power
and responsibilities as well as standardized operation.

The Company has formulated a series of rules and
regulations such as the Articles of Association, the Rules
and regulations, the Company has established a corporate
strategy committee, adjusted the operation management
executive committee under the board of directors to the
the Reporting Period, the Company continued to improve
the corporate governance structure, renewed the original
executive committee under the board of directors to the
strategy committee, adjusted the operation management
authorization mechanism, and continuously improved
decision-making efficiency. At the same time, the Company
strengthened system construction, constructed and the
Rules of Procedure for the Shareholders' General Meeting, and
the Rules of Procedure for the Board of Directors. During the Reporting Period, the Company continued to improve
the corporate governance structure, renewed the original
executive committee under the board of directors to the
strategy committee, adjusted the operation management
authorization mechanism, and continuously improved
decision-making efficiency. At the same time, the Company
strengthened system construction, constructed and the
revision of 14 rules including the Rules of Procedure of the
Strategic Committee under the Company's Board of
Directors, and Regulations on the Management of Insiders of the
Company's Inside Information.

Shareholders' General Meeting is the highest
authority of the Company. In order to ensure that all
shareholders, whether they are majority shareholders, enjoy
equal status and fully exercise their rights, the Company
encourages all shareholders to attend general meetings and
will strive to make it an effective channel of communication
through which the Company and the investors may engage
in direct dialogue and foster positive relationships. Voting at
the general meeting shall be taken by two methods, on-site
voting and online voting, during which voting procedures
are implemented strictly to actively safeguard the legitimate
rights and interests of shareholders. In 2020, the Company
held one annual general meeting, two extraordinary
general meetings, and two class meetings in total, with 28
resolutions in total considered. Except for the proposals
related to the Company's share option incentive scheme and
share option incentive scheme (Phase 1), all other
proposals were approved by shareholders via voting. The
Company will continue to optimize the remuneration and
performance appraisal system, fully mobilize the enthusiasm
of the management and professional backbones, and fully
communicate with shareholders. When relevant conditions
are mature, the Company will continue to study and launch
effective long-term incentive plans, improve the Company's
long-term incentive mechanism, attract and retain
outstanding talents, and promote the healthy development
of the Company and maximize shareholder value.

The Board is accountable to the Shareholders’
General Meeting under the principal to pursue the
best interests of the Company. In accordance with
laws and regulations and the authorization of Shareholders' General Meeting, the Board actively performed corporate
governance functions, including developing and reviewing
the Company's policies on corporate governance, reviewing
the Company’s compliance with the Corporate Governance
Code and information disclosure and others. At the
same time, the Board pays close attention to important
issues such as strategic planning, business development,
risk management, material investments, and social
responsibility related issues. All Directors perform their
duties as a Director faithfully, diligently and conscientiously,
and collectively and individually accept the responsibility
for the management and monitoring of the Company in the
interests of shareholders. As at 31 December 2020, the
Board of the Company consisted of 11 Directors (including
1 female), including experts in corporate governance,
corporate management, law, finance and logistics
industries. During the Reporting Period, the Company
focused on improving organizational efficiency of meetings,
and held 5 meetings (12 last year), reviewed 38 resolutions
and heard 4 reports in total during the year.

The Supervisory Committee, as the supervision
and inspection body of the Company, reviews the
financial and major projects of the Company, supervises the
Board and its members as well as the senior management,
so as to safeguard the interests of the shareholders of the
Company. The Supervisory Committee examines the
Company's financial situation, legal compliance
of its operations and the performance of duties by its
senior management through convening meetings of the
Supervisory Committee, attending the meetings of the
Board of the Company, and undertaking checking on the
site of subsidiary and investigation. Each Supervisor
undertook various duties in a proactive manner with
diligence, prudence and integrity. As at 31 December 2020,
the Supervisory Committee of the Company was
composed of 5 Supervisors (including 1 female). In 2020,
the Supervisory Committee held 4 meetings and reviewed
13 resolutions in total.

Secondly, strengthened safety production inspections. A total of 40 professional inspection teams was dispatched throughout the year, covering more than 260 subsidiaries, to conduct in-depth front-line investigations of potential safety hazards, scientific assessment of management status in key areas, key links and key locations, and guide the formulation and implementation of rectification plans, implementing thorough investigations, and conducting rectifications immediately.

Thirdly, attached great importance to safety training and emergency drills. The Company organized various subsidiaries to carry out activities such as “Safety Production Month” and “Safety Warning Education Day”, regularly organized training and communication, established safety production cloud classes, organized safety production knowledge competitions, and made series promotional videos of road transportation security, etc. In 2020, the Company organized a total of 1,838 emergency
drills, with 66,784 participants, comprehensively improving emergency rescue capabilities, and launched safety training with 266,287 participants throughout the year, greatly improving the safety and
civilized quality of all employees.

Fourthly, paid attention to safety informatization management. In 2020, the Company established an integrated comprehensive information platform covering key areas such as fire protection and road transportation and put it into trial operation, realizing real-time supervision and early warning of safety risks, and effectively improving safety risk identification and real-time supervision capabilities; continuously improved online management system, continuously improved the alarm accuracy and management accuracy; promoted subordinate companies to install electrical fire monitoring systems, organized various road transportation companies to apply on-board active safety systems, and further strengthened real-time management and control of safety risks.
Management: Improved Management Efficiency and Enhanced Development Momentum

During the Reporting Period, the rectification rate of latent safety hazards for the year was 98.79%. The existing number and incremental number of latent safety hazards decreased significantly. Obvious results were achieved in the safety rectification. No general production safety dangers require construction and renovation, and it will take some time to complete the rectification. In addition, the number of working days lost had not been fully completed because the Group continued to carry out comprehensive safety inspection activities at the end of 2020. Some hidden dangers require construction and renovation, and it will take some time to complete the rectification. In 2020, the Group further strengthened the integrity and anti-corruption construction of enterprises. By setting up a separate supervision department, it effectively integrated supervision resources, focused on the source of corruption, prevented post crimes and curbed post corruption. Meanwhile, Sinotrans complied with national and local laws and regulations regarding the prevention of corruption, bribery, embezzlement, fraud and money laundering. It has formulated Compliance Manual to regulate the compliance obligations and code of conduct of the Group and its employees in anti-money laundering, anti-corruption, etc. The Measures for the Compliance Management of Business Partners have been formulated, focusing on the ability of business partners to perform compliance obligations in compliant operations, anti-corruption, anti-embezzlement, and anti-money laundering.

In 2020, the Group always maintained a high-pressure posture, strengthened the deterrence of “don't dare to corrupt”, and at the same time continuously strengthened the concept of “supervision should focus on prevention”, so as to prevent the slightest failure. Firstly, the Company formulated the Measures for the Implementation of Routine Supervision and Long-term Supervision Work, completed and perfected the Regulations on the Management of Remuneration for Persons in Charge of Company, and Business Expenses. Detailed Rules for the Implementation of Procurement Management and other systems and measures to strengthen implementation. Secondly, launched anti-corruption publicity, education and training, and typical case warning education to educate and guide the majority of employees and employees. Thirdly, established an inspection organization and steadily advanced inspections of subordinate companies. In addition, the anti-money laundering, anti-corruption and other topics of legal compliance trainings were organized in 2020 in order to provide employees with compliance awareness. The anti-money laundering risks that may arise in the Company’s operations were specifically analyzed and prompted.

During the Reporting Period, there were no concluded corruption lawsuits against the Group or its employees. With the development of the Company, the Group will continue to improve the supervision system, continuously strengthen and increase supervision, and provide a strong guarantee for the sustainable development of the Group.

Risk control and compliance management

Sinotrans aims to build a five-in-one risk control pattern of “risk management, internal control, compliance, auditing, and internal supervision”. It makes full use of quality management system, management improvement tools to continuously improve Sinotrans’ ability to govern according to law and the level of risk prevention and control, by improving system construction, strengthening supervision and management, and actively responding to risks.

In 2020, the Company continued to improve the risk management system, strengthened risk identification, assessment, and response capabilities, effectively guaranteed the stability of major risk management and control, and promoted the improvement of management. Firstly, based on the impact of the pandemic, the economic situation and the annual business plan, special risk assessments have been initiated to assess pandemic risks, liquidity risks, product design risks, IT risks, and foreign-related risks in a qualitative and quantitative combined manner, and an emergency plan has been established. Secondly, the Company’s top ten key risks (including market competition risks, operational risks, safety management system construction risks, accounts receivable and customer credit management risks, supplier management risks, etc.) have been assessed and identified, and the implementation of response plans and measures was regular followed up to ensure the effective implementation of various measures. Thirdly, noted the past risk events, refined and summarized relevant risk characteristics, used digital means to establish basic risk early warning models in five types of risk scenarios (including accounts receivable risk, supplier compliance, etc.), and initially completed digital early-warning and digital tool platform construction.

In 2020, the Company strove to establish internal control construction and evaluation, comprehensively updated the basic internal control evaluation system, and upgraded and improved the internal control system of the newly established companies such as Sinotrans Logistics Investment Holdings Co., Ltd. (Sinotrans Logistics Investment), etc., achieving full coverage of the internal control system construction within the system. Firstly, clarified the special audit on internal control and established the internal control construction and process scope for secondary companies, first-line business units, and overseas companies. Secondly, focused on the in-depth integration of internal control and business, updated the internal control system of logistics e-commerce, “Sinotrans E-LLC”, and improved the management system of Sinotrans Logistics Investment. Thirdly, strengthened the evaluation and supervision of internal control implementation, found problems based on risk identification and responsibility of each line of defense in risk management, and provided risk warnings for key links in business operations such as warehousing, routing supervision and inventory of goods, thereby reducing major hidden dangers and preventing major losses in high-risk areas. In addition, the Audit Committee strengthened the effectiveness of the Company’s risk management and internal control, and after reviewing and approving the annual internal control evaluation report, it is finally submitted to the Board of Directors for review. At the same time, the Company also hired an external audit agency to issue an annual internal control audit report. These measures ensured the effective operation of these internal control systems.

In 2020, the Company continued to deepen the construction of the compliance management system, further clarified the compliance review responsibilities of the Board of Directors, and while systematically promoting the full coverage of the compliance management system, focused on the key areas, key units, key links and key personnel of compliance management, to effectively strengthen the prevention of compliance risks. Firstly, in accordance with the actual management and the principle of “comprehensive construction, highlighted focus, pragmatic and efficient”, promoted coverage to secondary companies. Secondly, based on in-depth contact with business reality, formulated guidelines for the contract review process, and promoted the refinement of the contract management system and online review coverage. Thirdly, sorted out the requirements on system management, and required subsidiaries to find the differences between the current rules and regulations and management requirements and make rectifications, to ensure that the management requirements of various rules and regulations of the headquarters can be penetrated and implemented to the end business units. Fourthly, strengthened the investigation of and response to compliance risks, strengthened the risk management and control work in the main risk areas of the Company’s operations, and strengthened the basic capabilities in supplier management, accounts receivable management, contract management, and seal management. The prevention and control capabilities were gradually improved. Fifthly, made and organized the broadcasting of compliance promotion videos, published compliance courses on the learning platform, organized risk knowledge tests and questionnaire surveys, carried out a series of special trainings on business and compliance risks, and enhanced the awareness and awareness and coping ability of key enterprises and key personnel.

In addition, the Group strictly complied with all laws and regulations related to logistics services (including transportation and storage, over-load transportation, embargo regulations, etc.), as well as national and local safety policies, laws and regulations. The Group has formulated inspection control procedures, and coordinated with external agencies to inspect the entire process of various business management activities, the quality specified in business activities, and environmental management activities and the results of each stage, to ensure that each process link and overall task is within the range of the regulations, and that products, services and the environment meet the requirements of the regulations and related laws and regulations.

During the Reporting Period, the Company successfully completed its internal control audit, and the internal control and compliance work plan, with its risk management and control capabilities gradually enhanced, and made effective progress in handling risk incidents. The risk awareness and responsibility awareness of the headquarters and its subsidiaries have further improved. The risk management and control capabilities have been effectively improved. The Company did not find any major internal control defects related to compliance operations, and the risk loss was also controlled within an acceptable range.

Meeting on the Exchange of Production Safety Experience 2020

Integrity construction

Sinotrans vigorously strengthened and deepened the integrity and anti-corruption construction of enterprises. By setting up a separate supervision department, it effectively integrated supervision resources, focused on the source of corruption, prevented post crimes and curbed post corruption. Meanwhile, Sinotrans complied with national and local laws and regulations regarding the prevention of corruption, bribery, embezzlement, fraud and money laundering. It has formulated Compliance Manual to regulate the compliance obligations and code of conduct of the Group and its employees in anti-money laundering, anti-corruption, etc. The Measures for the Compliance Management of Business Partners have been formulated, focusing on the ability of business partners to perform compliance obligations in compliant operations, anti-corruption, anti-embezzlement, and anti-money laundering.

In 2020, the Group always maintained a high-pressure posture, strengthened the deterrence of “don't dare to corrupt”, and at the same time continuously strengthened the concept of “supervision should focus on prevention”, so as to prevent the slightest failure. Firstly, the Company formulated the Measures for the Implementation of Routine Supervision and Long-term Supervision Work, completed and perfected the Regulations on the Management of Remuneration for Persons in Charge of Company, and Business Expenses. Detailed Rules for the Implementation of Procurement Management and other systems and measures to strengthen implementation. Secondly, launched anti-corruption publicity, education and training activities and typical case warning education to educate and guide the majority of employees and employees. Thirdly, established an inspection organization and steadily advanced inspections of subordinate companies. In addition, the anti-money laundering, anti-corruption and other topics of legal compliance trainings were organized in 2020 in order to provide employees with compliance awareness. The anti-money laundering risks that may arise in the Company’s operations were specifically analyzed and prompted.

During the Reporting Period, there were no concluded corruption lawsuits against the Group or its employees. With the development of the Company, the Group will continue to improve the supervision system, continuously strengthen and increase supervision, and provide a strong guarantee for the sustainable development of the Group.
Technological innovation and intellectual property management

Relying on its relatively extensive advantages of all scenarios and big data of comprehensive logistics, the Company actively implemented the innovative activities based on “scenario + technology” and “customer + technology”. The Company developed a digitalization plan, established an innovative technology company and an intelligent logistics technology center, and applied AICDT (artificial intelligent, blockchain, cloud computing, big data and internet of things) and other intelligent technologies to all logistics scenarios, and has applied the five key intelligent technologies. As of the end of the Reporting Period, the members of the research and development team of the Company increased to 603. The Company declared 75 new invention patents and 185 software copyrights and received 16 awards for innovation granted by the government at all levels (above the provincial and ministerial level) and organizations in the industry.

In order to enhance its core competitiveness, Sinotrans is continuing to strengthen scientific and technological R&D and intellectual property protection, increase patent and intellectual property declaration, and strengthen the docking and cooperation with leading-edge technology companies, scientific research institutes, and innovation incubation platforms. Our trend tracking and technical reserve in invention patents and 185 software copyrights and received 16 awards for innovation granted by the government at all levels.

During the Reporting Period, Sinotrans had 34 patents (including 22 invention patents) declared, 22 software copyrights declared and authorized, and 3 proprietary software brand trademarks declared.

Case 1: the Company’s “Human-Machine Collaborated Digitalized Warehouse Solution” won the first prize of the first China Digitalized Warehouse Solutions Competition organized by China Federation of Logistics & Purchasing in November 2020.

Technological features

The Company peruses and collects all essential information of vehicles, cargo and warehouse with the integrated application of RFID, intelligent mobile terminal, video capture, automatic size and weight measurement, AR/VR and other technologies, which significantly optimized the key business processes of service scenarios and made notable breakthrough in the application of the five key intelligent technologies. The technology has been applied to various scenarios, including some customers bonded warehouses, chemical logistics and the central warehouse of “Sinotrans E-LCL”.

Business value

It automatically studies the rules of classification based on surface image and adopts the data set enhancement algorithm to identify the classification in a semi-supervised manner based on the panoramic picture obtained through the collaboration of various sensors; and significantly decreases the difficulties of algorithm development and deployment duration by marking with drag and drop, training and algorithm iteration.

It effectively achieves the target of quality improvement and efficiency increase. With optimized business efficiency, the operational efficiency of goods scanning and sorting during the process of goods receipt and delivery of the warehouse may improve by at least 2 times and the overall identification accuracy may reach nearly 100%. The integration with RFID and sensor technology enables the real-time collection and perception of all kinds of information of goods and actually realizes the digitization and visualization of logistics resources. Currently, it has been applied to individual projects of technology and electronics industry and is intended to be applied to chemical and auto parts projects.

Case 2: research and development and promotion of intelligent cargo receipt and delivery system

Technological features

The solution promotes process automation, management visualization and digitalized operation in respect of the operation and management of warehouse businesses at a reasonable cost; intensifies the research and development of the automation application and large-scale marketing of the warehouse business and effectively realizes cost reduction, efficiency increase and lean operation. The technology has been applied to various scenarios, including some customers bonded warehouses, chemical logistics and the central warehouse of “Sinotrans E-LCL”.

Business value

It effectively achieves the target of quality improvement and efficiency increase. With optimized business efficiency, the operational efficiency of goods scanning and sorting during the process of goods receipt and delivery of the warehouse may improve by at least 2 times and the overall identification accuracy may reach nearly 100%. The integration with RFID and sensor technology enables the real-time collection and perception of all kinds of information of goods and actually realizes the digitization and visualization of logistics resources. Currently, it has been applied to individual projects of technology and electronics industry and is intended to be applied to chemical and auto parts projects.

Case 3: research and development and promotion of block-chain technology backed digital NVOCC bill-of-lading

Technological features

As the first alliance network based on independent and controllable blockchain technology and innovation in China, Sinotrans successfully implemented the blockchain technology backed digital NVOCC bill-of-lading.

Business value

It improves document circulation efficiency, accelerates cross-border trade, mitigates trading risk, drives the changes of trust system, sales channels, trading mode and payment system in the whole circulation process. Currently, it has been applied by each major regional company of the Company.

Case 4: upgrade and development of the phase 2 project of logistics control tower

Technological features

It develops an analysis-ready and optimizable industrial service model and technology structure on the basis of visualized and controllable logistics, which connects the end-to-end data flow of the supply chain, provides inventory analysis (including the health condition analysis, redundant stock analysis and stock alert, etc.) and Integrated warehouse & distribution analysis (including transportation operation analysis, procurement operation analysis and customer profile, etc.) in charts to customers.

Business value

It provides customers with supply chain optimization service in all scenarios, solve the pain points in practical business operation, and help the core businesses to reduce costs and improve efficiency. Currently, it has been applied by the top customers in the petrochemical industry, auto and parts industry. As of the end of 2020, it helped certain core customers to reduce nearly 70% old and obsolete stocks, nearly 10% inactive stocks and nearly 30% redundant stocks.

Customer service and management

The Company adhered to the service concept of “achieving multi-dimensional customers and creating multi-dimensional value”, became the related party of the customers of our products, the customers of the platform and the ecosystem, and created multi-dimensional ecological value of points, lines, areas and bodies for the logistics industry. In addition, through digitalization means and tools, the Company continuously created new value for customers and enhanced the satisfaction and loyalty of the Company’s customers. Based on decades of accumulation of customer relationships, the Company has commissioned independent survey agencies to conduct customer satisfaction surveys from time to time for many consecutive years, and analyzed the shortcomings of procurement and supplier management services, so as to continuously improve service quality and promote product innovation. During the Reporting Period, the Group found no cases where products and services did not comply with relevant health and safety laws.

In 2020, the Company continued to conduct customer satisfaction surveys. The survey expanded the number and quality of customer samples, and increased the survey of “Sinotrans E-LCL” products and digital services, and formed detailed opinions and suggestions for improvement. The scope of this survey included customers of regional companies and specialized subsidiaries under Sinotrans. Through quantitative survey and qualitative survey, email survey and telephone survey, a total of 1,869 feedback samples (with an increase of 54.8% from the same period last year) were collected. Among them, there were 740 customers (with an increase of 103.8% from the same period last year) with revenue contribution above RMB5 million, accounting for 39.56% of the collected feedback samples. According to the survey results, the overall customer satisfaction in 2020 remained at a high level and has improved from the previous year, and the composite scores of customer satisfaction evaluation was 92.40, with the satisfied customers accounting for 94.8%. In 2020, the recommendation degree of customers was 95.17, the degree of continued cooperation was 95.62%, and the loyalty analysis index – the net recommendation percentage was higher than 80%, indicating that Sinotrans is an enterprise with a number of highly loyal customers. In addition, customer complaints accounted for 10.38%, mainly due to the expectation for further optimization and improvement of quality and process of services, and the score of satisfaction of the handling results was 76.54.

In addition, Sinotrans has attached importance to protect customer privacy. In the course of the participation in major projects bidding and the execution of the logistics contract, Sinotrans will enter into a confidentiality agreement with customers and avoid revealing customers’ information. During the Reporting Period, the Company had not received any complaints caused by leaking customers’ information. We will further improve customer privacy and data protection, prevent leakage of customers’ data (including but not limited to customer name, contact method and checked items, etc.).

Supply chain management

Stable supply chain is the guarantee of the Company’s normal and effective operation, which has an important impact on the Company’s service quality and working level. In accordance with the principles of “centralized management, layered implementation, integrated application”, the Company has continuously optimized and streamlined the logistics service life cycle, including supplier evaluation, cultivation and withdrawal of suppliers to realize the mutual development of the Company and suppliers. The Company has formulated the Implementation Rules of Procurement Management of the Company (trial) to strengthen the legal supervision of procurement activities, requiring that procurement activities shall be carried out in accordance with the internal control principle of separation of management, implementation and supervision and the working principle of sunshine, fairness, justice and honesty. The Group carries out a performance evaluation on suppliers annually. For the suppliers who fail to meet the requirements, the trading qualification of such suppliers will be suspended for one year and shall not be restored until they make correction and pass the evaluation of the Company.

In 2020, we continued to improve the construction of procurement management organizations and management systems at all levels to systematically ensure the effective implementation of procurement and supplier management and reduce procurement costs.

At present, the Company’s supplier management system has 28,354 qualified suppliers worldwide, 8,103 more than that in 2019, of which 27,584 qualified suppliers in Mainland China, and 28 suppliers have been disabled since they could not meet the requirements.
Humanities: Kept in Mind the Original Mission and Built a Beautiful Home Together

Talent training and employee care

Sinotrans always adheres to the “People-oriented” concept to protect the rights, interests, health and safety of employees. The Group attaches great importance to the relationship with employees, encourages a rational transfer of employees within the Group, and provides learning or promotion opportunities for employees. In order to meet the needs of physical and mental health of the Group’s employees, the Group organized a number of activities to enrich the lives of employees. At the same time, the Group attaches great importance to the personal safety and physical and mental health of employees, is committed to creating a safe and harmonious working environment for employees, and constantly improving the occupational health and safety system.

The Group has strictly complied with the relevant laws and regulations on labor and personnel such as Labor Law of the People’s Republic of China (中华人民共和国劳动法), Labor Contract Law of the People’s Republic of China (中华人民共和国劳动合同法) and The Regulation on the Implementation of the Labor Contract Law of the People’s Republic of China (中华人民共和国劳动合同法实施条例). The Group has followed the principles of “Openness, Fairness, Selecting the Best Talents in the Competition”, and has formulated various regulations such as Headquarters Recruitment Management Measures of the Company, Position and Career Development Management Measures of the Company, Performance Management (Trial) Measures of the Company, in relation to remuneration and dismissal, recruitment and promotion, working hours, leaves, equal opportunity, diversity, anti-discrimination and benefits and welfare, so as to achieve diversified and equal employment, and to absolutely refuse labor discrimination and eliminate the use of child labor. In addition, the Company strictly observes national and local labor laws and regulations, and with a strict recruitment process and entry formalities, resolutely forbids illegal behaviors such as the use of child and forced labor. During the Reporting Period, the Group did not receive any reported cases on the violation of the regulations such as Headquarters Recruitment Management Measures of the Company, Performance Management (Trial) Measures of the Company, in relation to remuneration and dismissal, recruitment and promotion, working hours, leaves, equal opportunity, diversity, anti-discrimination and benefits and welfare.

Sinotrans has established a remuneration and welfare management system which is in line with the Company’s situation to standardize the remuneration management behavior. For all employees, the Company follows the principles of “payment for posts, payment for performance and payment for individual”. Within the scope of cost budget management of the Company, standards and adjustment plans for remuneration should be determined with reference to market data. The Company aims to firmly performance and strategy indicators for the senior management of the Company for assessment, and the assessment results are linked to the performance bonus. The Board of Directors and the Remuneration Committee of the Company shall determine the incentive standards for senior managers in the year in accordance with the relevant performance and remuneration management measures with the combination of the assessment results.

The Company successfully held an internal trainer competition

In order to promote the strategy of strengthening the Company with talents, build a team of loyal, clean and responsible cadres, and strengthen the establishment of the Company’s talent information, Sinotrans initiates on organizing core talent training courses every year. The 2020 training class has been upgraded in the scale, coverage, and course design. The members covered 80 managers and business backbones from the Company’s headquarters and its secondary and tertiary units in various fields. The training courses were designed based on the characteristics of core management personnel and the members of the high-potential talent training class, with focusing on specific focus, aiming to improve the political quality, macro vision, business management capabilities and comprehensive quality of participants at different stages, help them grow into the main force of promoting the Company’s high-quality development, and build a communication platform to further promote collaboration, sharing and integration.

As at 31 December 2020, Sinotrans had a total of 34,628 employees, including 32,276 registered on-the-job employees and 5,092 newly enrolled employees. As at 31 December 2019, Sinotrans had a total of 33,751 employees, including 31,389 registered on-the-job employees and 5,626 newly enrolled employees. Among above mentioned, employees include contracted employees and employees in other employment forms (e.g. dispatched labor, part-time employees, etc.), and registered on-the-job employees refer to contracted on-the-job employees.

During the Reporting Period, the employee turnover of Sinotrans was 10.40% (2019: 12.02%), among which, 8.99% was initiated by the employees; and the majority of the resigning employees were of operational level (including drivers, warehouse keepers, handling personnel and customer service personnel), which accounted for 82.5% of the resigning employees. The major reasons for their resignation included that the nature of their business operation was homogeneous and the turnover was high. The relevant employee turnover was lower than the industrial average, which was in line with the nature of the logistics industry.

As at 31 December 2020, registered on-the-job employees divided by ages, position grade, degree of education and gender are as follows:
**Number of employees divided by ages and position grade**

<table>
<thead>
<tr>
<th>Position grade</th>
<th>30 and below</th>
<th>31-40</th>
<th>41-50</th>
<th>51-60</th>
<th>60 and above</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons in charge of company</td>
<td>15</td>
<td>272</td>
<td>568</td>
<td>379</td>
<td>3</td>
<td>1,237</td>
</tr>
<tr>
<td>Persons in charge of department</td>
<td>73</td>
<td>1,094</td>
<td>1,060</td>
<td>400</td>
<td>0</td>
<td>2,627</td>
</tr>
<tr>
<td>General employees</td>
<td>8,751</td>
<td>11,583</td>
<td>5,618</td>
<td>2,450</td>
<td>10</td>
<td>28,412</td>
</tr>
<tr>
<td>Total</td>
<td>8,839</td>
<td>12,949</td>
<td>7,246</td>
<td>3,229</td>
<td>13</td>
<td>32,276</td>
</tr>
</tbody>
</table>

**Number of employees divided by degree of education and position grade**

<table>
<thead>
<tr>
<th>Position grade</th>
<th>Higher than graduate</th>
<th>Graduate</th>
<th>Bachelor</th>
<th>College</th>
<th>Technical secondary/senior high school</th>
<th>Junior high school and below</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons in charge of company</td>
<td>6</td>
<td>121</td>
<td>618</td>
<td>396</td>
<td>91</td>
<td>51</td>
<td>1,237</td>
</tr>
<tr>
<td>Persons in charge of department</td>
<td>1</td>
<td>119</td>
<td>1,450</td>
<td>809</td>
<td>215</td>
<td>33</td>
<td>2,627</td>
</tr>
<tr>
<td>General employees</td>
<td>11</td>
<td>1,183</td>
<td>10,573</td>
<td>8,641</td>
<td>5,735</td>
<td>2,269</td>
<td>28,412</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>1,423</td>
<td>12,641</td>
<td>9,948</td>
<td>6,041</td>
<td>2,307</td>
<td>32,276</td>
</tr>
</tbody>
</table>

**Number of employees divided by gender and position grade**

<table>
<thead>
<tr>
<th>Position grade</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons in charge of company</td>
<td>992</td>
<td>245</td>
<td>1,237</td>
</tr>
<tr>
<td>Persons in charge of department</td>
<td>1,720</td>
<td>907</td>
<td>2,627</td>
</tr>
<tr>
<td>General employees</td>
<td>17,481</td>
<td>10,931</td>
<td>28,412</td>
</tr>
<tr>
<td>Total</td>
<td>20,190</td>
<td>12,083</td>
<td>32,276</td>
</tr>
</tbody>
</table>

**During the Reporting Period, the training conditions of the employees divided by position grade**

<table>
<thead>
<tr>
<th>Position grade</th>
<th>Average Training Hours</th>
<th>Average Training Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons in charge of company</td>
<td>21.73</td>
<td>347.45%</td>
</tr>
<tr>
<td>Persons in charge of department</td>
<td>19.96</td>
<td>291.53%</td>
</tr>
<tr>
<td>General employees</td>
<td>23.59</td>
<td>420.78%</td>
</tr>
</tbody>
</table>

Notes: Calculation of average training ratio is training participants/employee number. As the same employee might participate in multiple training activities, the average training ratio of employee was higher than 100%.

**Employee care**

The Group has always attached great importance to the health and safety risks of employees, and provided comprehensive protective measures for employees as much as possible. At the same time, the Company paid attention to the living and health of employees, organized various employee activities and enriched the healthy and cultural life of employees. We continued to provide physical examination for on-the-job employees, paid visits and provided assistance to employees who were ill or badly off, and granted allowances to employees to help solve their practical difficulties. At the same time, the Company attached great importance to democratic construction, to secure employees’ right to know, participate, express and supervise in the sense of “ownership”.

In 2020, in order to safeguard the democratic rights of employees and give full play to their democratic participation and supervision, the Company headquarter convened two employee representative meetings for discussion and voting on systems and issues concerning the vital interests of employees, and to earnestly perform democratic supervision responsibilities. At the same time, in order to effectively improve the production, life, culture, entertainment and other conditions of the employees, nine “Home of Staff” projects were built in 2020 to improve the labor union construction work.

In 2020, during the trend of normalization of COVID-19 prevention and control, the Company’s labor union organized the selection of “the most beautiful woman in the pandemic prevention” and “the paper cranes flying to Wuhan” love and mutual assistance activities, “stick to the original aspiration to create first-class, keep in mind the mission and set off again” company day activities, “Love Passing” donation and charity activities, company honors and awards ceremony, etc. through a combination of online and offline forms, effectively enhancing employees’ sense of identity, belonging and happiness to the Company. In addition, the Company continued to organize activities to help the poor with the theme of “caring for employees, love to thousands of homes”, paid visits and provided assistance to employees who are sick and living in difficulties to help solve practical difficulties.
The main activities of Sinotrans for its employees in 2020

<table>
<thead>
<tr>
<th>Activity</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>The most beautiful woman in the pandemic prevention</td>
<td>80</td>
</tr>
<tr>
<td>“Depend on each other in difficulties and celebrate with each other in joy” first quarter birthday party</td>
<td>80</td>
</tr>
<tr>
<td>Young employees’ donation for the pandemic prevention</td>
<td>1,010</td>
</tr>
<tr>
<td>The spirit of the May 4th Movement is passed down from generation to generation, driving Sinotrans youths forward</td>
<td>29</td>
</tr>
<tr>
<td>Ingenious innovation for everyone to guess and lifetime loyalty to the party</td>
<td>3,000</td>
</tr>
<tr>
<td>Stick to the original aspiration to create first-class, keep in mind the mission and set off again</td>
<td>200</td>
</tr>
<tr>
<td>Enthusiastic to charity and unpaid blood donation by Sinotrans youths</td>
<td>15</td>
</tr>
</tbody>
</table>

Community care

Taking social responsibility and dedication as the criterion, Sinotrans is eager to support public welfare undertakings, give assistance to poverty alleviation, gives back to the society in good faith, and strives to realize the harmonious development between the company and communities. In 2020, the Company carried out various volunteer welfare activities, golden-autumn student assistance activities, unpaid blood donation activities, “dream plan” employee education assistance activities, etc., and the targeted consumption expenditure for poverty alleviation amounted to RMB6.31 million.

The social care activities organized by Sinotrans in 2020

<table>
<thead>
<tr>
<th>Activity</th>
<th>Number of Participants</th>
<th>Number of Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>“When the Country is in Need, Sinotrans Delivers”, and bravely assume the “Emergency Delivery” public welfare responsibility of China Merchants</td>
<td>50</td>
<td>10,000</td>
</tr>
<tr>
<td>“Love to Subao Village”-Love Computers Help E-commerce Poverty Alleviation</td>
<td>15</td>
<td>300</td>
</tr>
<tr>
<td>“Love to Nongpao”- continuous implementation of the Nongpao Primary School Poverty Alleviation Plan</td>
<td>20</td>
<td>200</td>
</tr>
<tr>
<td>“Great Love Without Borders, Warmth as Ever”- Spring Bud Class Student Assistance Activity and Online Talent Competition in Fighting Against the Pandemic</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>“Take family portrait photos and record the brightest smile”- theme volunteer activities</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>“Express packaging green governance”- theme promotion and volunteer activities</td>
<td>25</td>
<td>2,000</td>
</tr>
<tr>
<td>Create China Merchants’ “Plateau Vegetable Pack” products to help Weining get rid of poverty through consumption</td>
<td>10</td>
<td>3,000</td>
</tr>
</tbody>
</table>

During the Reporting Period, Sinotrans donated RMB1.12 billion through the China Merchants Group Foundation, which would be planned to be used for poverty alleviation by such Foundation. As at the end of 2020, the China Merchants Group Foundation actually spent RMB62.441 million in targeted poverty alleviation, and launched 23 poverty alleviation projects, of which, RMB91.661 million was spent in national poverty-stricken counties located in districts like Weinling, Guilin Prefecture, Qionghai, Hubei Province, Yecheng and Shache, Xinjiang Autonomous Region; RMB6.762 million was contributed to the aid funds granted to Zhenxiong County, Yongren of Chuxiong Prefecture, and Wuding County, Yunnan Province, RMB6.018 million was spent in other poverty-stricken areas. The main targeted poverty alleviation projects that Sinotrans has participated in were as follows:

China Merchants·27° Agricultural Charity Act Project
With focus on brand building, continuously enhanced the brand recognition of agricultural products, enhanced market competitiveness, and helped poor households to increase their employment and income. Up to now, “27° Agricultural” has developed more than 60 special agricultural products, covering 13 national poverty-stricken counties, including 12 new products developed in 2020, innovated and developed gift customization models, and further expanded sales channels.

Hubei Qichun Poor Rural Community Development Project
In Qichun, professional social organizations were introduced to participate in poverty alleviation, implement poverty-stricken rural community development projects, support farmers to form mutual aid groups and cooperatives, provide breeding technology and industry development training, and help poor families become self-reliant. In 2020, the project cultivated 7 cooperatives such as poultry, Chinese mugwort, sasanqua, tea, etc., benefiting 1,075 farmers from the project, effectively boosting the income of farmers.

Hubei Qichun Village Kindergarten Program
In Qichun County, social resources were introduced to organize the construction of kindergartens, and teachers of rural kindergartens were trained, to solve the problem of children’s preschool education in remote villages. In 2020, the project continuously operated 16 preschool classes, newly built 5 preschool classes in Tanlin Township in the northern mountainous area of Qichun, benefiting more than 600 pre-school children and parents.

Huabei·27° Agricultural Charity Project
A women’s entrepreneurship and employment incubation base was built in Oujiang (103 Village, Boxireke Township, Yecheng County, aiming to improve women’s employment skills, which can cover nearly 1,000 women and increase their income stably.

Sinotrans supported the infrastructure improvement project of Waipula Village, Yongren County, the Yongren County Community Development Project, the Wuding County Rural Education Poverty Alleviation Project, and Haku Village Clinic Project in Huanggua Town, Yuanmou County, which improved the living environment of the people in poverty-stricken counties and the education of children in need. In 2020, the Waipula project site was selected by Hunan Satellite Mango TV as the “Field of Hope” shooting site, which drove the local revenue growth. The Yongren County Community Development Project and the Wuding County Rural Education Poverty Alleviation Project carried out inclusive psychological support training for 980 primary and middle school teachers, and supported the Haku Village Clinic Project in Huanggua Town, Yuanmou County to build a village clinic in the local area to improve the village’s medical conditions.

Through the two sub-projects of the “Future + Township” Community Project and the Social Organization Capacity Building Support Program, nationwide professional social organizations were supported to take root in rural communities. With the “cultivation of community self-organization” as a starting point, cultivated villagers’ awareness and ability of public participation in community public affairs, and enhanced the positive role of rural governance in poverty alleviation.
SinoTrans practiced the environmental protection concept of "lucid waters and lush mountains are invaluable assets". We deeply implemented the strategy of promoting green development by intelligent logistics, adhered to the path of ecological priority and green development, with strict control on ecological environmental risks, eliminated environmental pollution incidents, and strengthened energy conservation and emission reduction, vigorously promoting sustainable development.

As a logistics service provider, most of energy consumed by SinoTrans was mainly in the field of road transport. Its main emissions are carbon dioxide, nitrogen oxide and sulfur dioxide, which are mainly discharged from the vehicles and ships in transportation. SinoTrans does not have industrial production activities thus does not dump large quantity of hazardous or non-hazardous waste into water or into land during the operation. For this reason, SinoTrans has no specific statistics about hazardous or non-hazardous waste. In addition, SinoTrans has no business involving product recycling. SinoTrans is not included in the list of Key Pollutant Discharging Units in Beijing City 2020 issued by the Beijing Municipal Environmental Protection Bureau. As the Group does not consume large quantity of water and other raw materials, there is no problem that relates to water sources, and as the Group does no business involving large quantity of over-packaged products or services, it has no official statistics on product packaging materials.

In 2020, the emissions volume of major emissions generated from operations of the Company decreased significantly as compared to previous years. The total resource consumption, including total energy consumption, total electricity consumption and total gas consumption, also decreased significantly as compared to previous years, demonstrating that the emission management capability of the Company was further enhanced and the resource utilization efficiency was further improved.

During the Reporting Period, SinoTrans mainly made efforts in the following five aspects to strengthen environmental management and protection:

Firstly, strictly complied with laws and regulations, improved systems and mechanisms, and improved management systems. SinoTrans strictly complied with laws and regulations related to air pollution, sewage discharge, energy consumption and waste disposal, including Environmental Protection Law of the People’s Republic of China (中华人民共和国环境保护法), Atmospheric Protection and Control Law of the People’s Republic of China (中华人民共和国大气污染防治法), Water Pollution Prevention Law of the People’s Republic of China (中华人民共和国水污染防治法), Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the People’s Republic of China (中华人民共和国固体废物污染环境防治法), Law of the People’s Republic of China on Conserving Energy (中华人民共和国节约能源法), and Article 15 in Appendix I of 73/78 Pollution Prevention Convention (73/78 regimen on the pollution and control of oil pollution in the sea) of International Maritime Organization, to control the discharge of pollutants in air and water environment. Some subsidiaries produced a small amount of sewage in the production and operation process, and to avoid environmental pollution, they set up treatment facilities such as sedimentation tanks and biochemical tanks, and regularly conducted facility maintenance and treatment results testing to ensure compliance with discharge; the Regulations on the Management of Hazardous Waste Disposal (危险废物处置管理办法), the Measures on the Safety Management of Hazardous Chemicals (危险化学品安全管理规定), and other regulations have been formulated, to prohibit the random discarding, storing, and handling of hazardous wastes and hazardous chemicals, and avoid environmental pollution caused by improper storage and disposal.

Secondly, followed the guidelines of synchronizing development and energy conservation, and emphasizing both development and conservation, with focus on strengthening routine management and central, optimizing processes, improving technology, and integrating resources to further enhance the efficiency of resource use. Firstly, intensified the efforts to remove the old and deploy the new, eliminated old vehicles, ships, facilities and equipment, promoted the upgrading and transformation of traditional energy-consuming equipment and technologies, and realized green operation with low-carbon production; secondly, vigorously promoted the production and use of new energy. For example, SinoTrans Central China Co., Ltd. completed the construction of photovoltaic power generation, fully implemented shore power construction at ports and terminals, increased investment in new energy transport vehicles and forklifts, and reduced unreasonable energy consumption from the sources, controlled the emission of greenhouse gases and pollutants, and promoted the development of green transportation; thirdly, promoted the energy-saving renovation of warehouse lighting, required all warehouses to use energy-saving lamps, and adopted zoned lighting control to reduce power consumption and increase the service life of lamps. All units were required to minimize the time for lighting and avoid permanent lights and daylights.

Thirdly, persisted in digital transformation and promoted green development with intelligent logistics. Firstly, built intelligent applications through the application of intelligent document platform, warehouse visual recognition and automatic receipt and delivery, intelligent sorting and storage system, cold storage information management system, etc., improved operation final warehousing accuracy, improved operating quality and efficiency, optimized the quality and efficiency of personnel structure, and greatly reduced the cost of operating energy consumption; secondly, optimized the transportation process, used years of data accumulation to introduce an intelligent line optimization engine, optimized the dispatch mode, and reduced fuel costs; thirdly, actively adjusted the transportation structure, combined the Y2T platform, promoted the development of multimodal transportation and continued to promote drop and pull transportation and train transportation modes to improve transportation efficiency and reduce pollutant emissions.

Fourthly, extensively carried out energy conservation and environmental protection publicity and education activities, encouraged all employees to strengthen environmental protection awareness, participate in energy conservation, environmental protection, green and low-carbon actions, and establish the concept of diligence and thrift. Through activities such as Energy Conservation Promotion Week, National Low-Carbon Day, and 'Telling the Energy Conservation Stories' essay contest, the enthusiasm of employees to participate in energy conservation and emission reduction activities has been greatly mobilized, and the awareness of energy conservation and environmental protection has been raised. At the same time, the Company actively implemented garbage classification, in accordance with national classification standards and the requirements of government departments, for example, setting up classified garbage bins, and classifying garbage generated in office activities and production operations, and delivered them to qualified unit for recycling processing.

Fifthly, focused on energy conservation and environmental protection of office resources, implemented the no-waste office environment, and carried out the activities of "Practicing the Concept of Green Development and Advocating Diligence and Frugality". Promoted the concept of green office and paperless office, broke departmental office boundaries, established a shared workstation office mode at the Company headquarter, and reduced office costs; required employees to turn off computers, printers, lighting, air conditioning, etc. in time when leaving the Company after work; advocated the economical use of office supplies and consumables, required double-sided printing of documents, and in principle not using color printing for internal circulation documents; strictly managed and controlled various meetings based on the principles of shortness, pragmatism and efficiency, and improved the utilization rate of video conference systems and meeting rooms. In addition, we adopted water conservation signs in water-use areas, and required that conservation signs be closed in time after use; strengthened the inspection and maintenance of water supply facilities to prevent "running, spilling, dripping, and leaking", and effectively reduced the consumption of water and so on.

Emissions and relevant intensity of SinoTrans in the recent two years1

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2020/2019 data comparison</th>
<th>Intensity per RMB100 million revenue in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sulfur dioxide emission (ton)</td>
<td>99.86</td>
<td>104.88</td>
<td>95.23%</td>
<td>0.12</td>
</tr>
<tr>
<td>Oxynitrde emission (ton)</td>
<td>69.93</td>
<td>83.96</td>
<td>83.39%</td>
<td>0.08</td>
</tr>
<tr>
<td>Total emission of greenhouse gas (carbon dioxide) (ton)</td>
<td>133,738.28</td>
<td>154,758.16</td>
<td>96.42%</td>
<td>158.20</td>
</tr>
</tbody>
</table>

1 The amount of non-hazardous waste (office waste) generated by the Group was very small, so the data was not counted and disclosed.
### Use of resources and relevant intensity by Sinotrans in the recent two years

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2020/2019 data comparison</th>
<th>Intensity per RMB100 million revenue in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy consumption (ton of standard coal)</td>
<td>84,896</td>
<td>95,200</td>
<td>89.18%</td>
<td>100.42</td>
</tr>
<tr>
<td>Water consumption (ton)</td>
<td>3,765,096.99</td>
<td>3,003,751.85*</td>
<td>107.48%</td>
<td>4,453.79</td>
</tr>
<tr>
<td>Total electricity consumption (10,000 kilowatt hour)</td>
<td>14,211.90</td>
<td>14,044.78</td>
<td>101.19%</td>
<td>16.81</td>
</tr>
<tr>
<td>Total gasoline consumption (ton)</td>
<td>3,886.07</td>
<td>5,224.52</td>
<td>74.38%</td>
<td>4.60</td>
</tr>
<tr>
<td>Total diesel consumption (ton)</td>
<td>37,232.97</td>
<td>42,529.02</td>
<td>87.55%</td>
<td>44.04</td>
</tr>
<tr>
<td>Total natural gas consumption (cubic meter)</td>
<td>4,626,997.92</td>
<td>5,596,085.04</td>
<td>82.68%</td>
<td>5,473.34</td>
</tr>
<tr>
<td>Total coal consumption (ton of standard coal)</td>
<td>256</td>
<td>384.00</td>
<td>64.97%</td>
<td>0.30</td>
</tr>
</tbody>
</table>

### Environment and natural resources

The business nature of Sinotrans has no significant impact 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 and 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. The Comprehensive Emergency Plan for Environmental Emergencies, which includes the classification of environmental emergencies, emergency organization system and responsibilities, early warning and information reporting, emergency response, information release, post-processing, emergency protection, plan management, etc. It is planned to be internally approved and implemented within 2021.

In accordance with the provisions of China’s environmental laws, regulations and relevant policies, when carrying out certain construction project such as the logistics center construction project, the Group will analyze, predict and evaluate the possible impact of the project implementation on the environment, put forward countermeasures and measures to prevent or reduce adverse environmental impacts, evaluate whether the production process and products meet the requirements of clean production, and evaluate the impact of the final pollutants discharged on the environment, etc., and submit an environmental impact report to the environmental authority.

Appendix: Content Index

This Report adopts indicators in the Environmental, Social and Governance Reporting Guide under the Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, aiming to provide an overview of Sinotrans’ performance in sustainable development.

#### A. Environmental

<table>
<thead>
<tr>
<th>Level</th>
<th>Aspect number</th>
<th>“Comply or explain” Provisions</th>
<th>Location in the report</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>General Disclosure</td>
<td>Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</td>
<td>P29-31</td>
</tr>
</tbody>
</table>

The types of emissions and respective emissions data.

Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).

Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).

Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).

Description of measures to mitigate emissions and results achieved.

Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.

Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources can be used for production, storage, transportation, buildings, electronic equipment, etc.

Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (1,000s) and intensity (e.g. per unit of production volume, per facility).

Water consumption in total and intensity (e.g. per unit of production volume, per facility).

Description of energy use efficiency initiatives and results achieved.

Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.

Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.

Policies on minimising the issuer’s significant impact on the environment and natural resources.

Policies on ensuring the issuer’s significant impact on the environment and natural resources.

Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

There are discrepancies in the water consumption caliber in the ESG report of last year, and this data shall prevail.
### B. Social

<table>
<thead>
<tr>
<th>Level</th>
<th>Aspect number</th>
<th>&quot;Comply or explain&quot; Provisions</th>
<th>Location in the report</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1: Employment</td>
<td>General Disclosure</td>
<td>Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issue relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</td>
<td>P23-26</td>
</tr>
<tr>
<td>B1.1</td>
<td>Total workforce by gender, employment type, age group and geographical region.</td>
<td></td>
<td>P25</td>
</tr>
<tr>
<td>B1.2</td>
<td>Employee turnover rate by gender, age group and geographical region.</td>
<td>The statistics are not available.</td>
<td></td>
</tr>
<tr>
<td>B2: Health and Safety</td>
<td>General Disclosure</td>
<td>Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issue relating to providing a safe working environment and protecting employees from occupational hazards.</td>
<td>P18-19</td>
</tr>
<tr>
<td>B2.1</td>
<td>Number and rate of work-related fatalities.</td>
<td></td>
<td>P19</td>
</tr>
<tr>
<td>B2.2</td>
<td>Lost days due to work injury.</td>
<td></td>
<td>P19</td>
</tr>
<tr>
<td>B2.3</td>
<td>Description of occupational health and safety measures adopted, how they are implemented and monitored.</td>
<td></td>
<td>P18</td>
</tr>
<tr>
<td>B3: Development and Training</td>
<td>General Disclosure</td>
<td>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</td>
<td>P23-25</td>
</tr>
<tr>
<td>B3.1</td>
<td>The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</td>
<td></td>
<td>P25</td>
</tr>
<tr>
<td>B3.2</td>
<td>The average training hours completed per employee by gender and employee category.</td>
<td></td>
<td>P25</td>
</tr>
<tr>
<td>B4: Labour Standards</td>
<td>General Disclosure</td>
<td>Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issue relating to preventing child or forced labour.</td>
<td>P23</td>
</tr>
<tr>
<td>B4.1</td>
<td>Description of measures to review employment practices to avoid child and forced labour.</td>
<td></td>
<td>P23</td>
</tr>
<tr>
<td>B4.2</td>
<td>Description of steps taken to eliminate such practices when discovered.</td>
<td>There is no case on the use of child or forced labor received by the Company.</td>
<td></td>
</tr>
</tbody>
</table>

### B. Social

<table>
<thead>
<tr>
<th>Level</th>
<th>Aspect number</th>
<th>&quot;Comply or explain&quot; Provisions</th>
<th>Location in the report</th>
</tr>
</thead>
<tbody>
<tr>
<td>B5: Supply Chain Management</td>
<td>General Disclosure</td>
<td>Policies on managing environmental and social risks of the supply chain.</td>
<td>P22</td>
</tr>
<tr>
<td>B5.1</td>
<td>Number of suppliers by geographical region.</td>
<td></td>
<td>P22</td>
</tr>
<tr>
<td>B5.2</td>
<td>Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.</td>
<td></td>
<td>P22</td>
</tr>
<tr>
<td>B6: Product Responsibility</td>
<td>General Disclosure</td>
<td>Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issue relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.</td>
<td>P14, 18, 22</td>
</tr>
<tr>
<td>B6.1</td>
<td>Percentage of total products sold or shipped subject to recalls for safety and health reasons.</td>
<td>Not available for the transportation industry</td>
<td></td>
</tr>
<tr>
<td>B6.2</td>
<td>Number of products and service related complaints received and how they are dealt with.</td>
<td>P22</td>
<td></td>
</tr>
<tr>
<td>B6.3</td>
<td>Description of practices relating to protecting intellectual property rights.</td>
<td>P21</td>
<td></td>
</tr>
<tr>
<td>B6.4</td>
<td>Description of quality assurance process and recall procedures.</td>
<td>Not available for the transportation industry</td>
<td></td>
</tr>
<tr>
<td>B6.5</td>
<td>Description of consumer data protection and privacy policies, how they are implemented and monitored.</td>
<td>P22</td>
<td></td>
</tr>
<tr>
<td>B7: Anti-Corruption</td>
<td>General Disclosure</td>
<td>Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issue relating to bribery, extortion, fraud and money laundering.</td>
<td>P19</td>
</tr>
<tr>
<td>B7.1</td>
<td>Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.</td>
<td>P19</td>
<td></td>
</tr>
<tr>
<td>B7.2</td>
<td>Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.</td>
<td>P19</td>
<td></td>
</tr>
<tr>
<td>B8: Community Investment</td>
<td>General Disclosure</td>
<td>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</td>
<td>P27-28</td>
</tr>
<tr>
<td>B8.1</td>
<td>Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</td>
<td>P27-28</td>
<td></td>
</tr>
<tr>
<td>B8.2</td>
<td>Resources contributed (e.g. money or time) to the focus area.</td>
<td>P27-28</td>
<td></td>
</tr>
</tbody>
</table>
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