



中國外運股份有限公司 SINOTRANS LIMITED

Stock Code: 0598HK 601598SH



CUSTOMERS' SUCCESS
OUR ACHIEVEMENT

2020 Corporate Social Responsibility Report
(ESG Report)

Report Preparation Instructions

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.

Reporting Period

This Report covers the period from 1 January 2020 to 31 December 2020 (the “Reporting Period”) and certain content may reasonably be extended. All the statistics and information in this Report derive from the Company and its subsidiaries.

Basis of Preparation

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) of the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and Guidelines for Environmental Information Disclosure of Listed Companies of the Shanghai Stock Exchange (the “SSE”). As for further information related to the Company’s corporate governance, please refer to the “Corporate Governance Report” section of the Company’s 2020 Annual Report (the “Annual Report”).

Data and Information

All data and information in this Report are from internal data collection and statistics, daily sorting and summary. Unless otherwise specified, the amount of currency involved in this Report is denominated in RMB.

The operating data disclosed in this Report are generated from the Company’s Annual Report. In the event of any discrepancy of data, the Annual Report shall prevail.

Response to ESG Reporting Principles

In the process of preparing this Report, the Company complied with the reporting principles of materiality, quantitative, balance and consistency as indicated in the Guide issued by the Hong Kong Stock Exchange, and will continue to strengthen ESG governance and management of the Group.

Publication

This Report is published in PDF version in Simplified Chinese, Traditional Chinese and English, and can be downloaded from the website of Sinotrans (<http://www.sinotrans.com>). In case of any discrepancy, the Simplified Chinese version shall prevail.

Contact Information

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CONTENTS

01	Report Preparation Instructions	20	Management: Improved Management Efficiency and Enhanced Development Momentum
03	Chairman’s Statement		
05	Anti-pandemic Topic	20	(I) Risk control and compliance management
07	Special Topic on Retrospect of the “13th Five Year” Plan	21	(II) Technological innovation and intellectual property management
09	About Us	22	(III) Customer service and management
09	(I) Corporate profile	22	(IV) Supply chain management
09	(II) Network layout	23	Humanities: Kept in Mind the Original Mission and Built a Beautiful Home Together
10	(III) Business segment		
11	(IV) Innovation culture	23	(I) Talent training and employee care
12	(V) Development strategy	23	Talent training and motivation
13	Listened to the Opinions of all Parties	26	Employee care
14	Brand Promotion	27	(II) Community care
15	Investor Relations	29	(III) Environmental protection
15	Information Disclosure	29	Environmental management
16	Governance: Strengthened Responsibility Management and Promoted Sustainable Development	31	Environment and natural resources
16	(I) Social responsibility management	32	Appendix: Content Index
16	(II) Corporate governance		
18	(III) Production safety		
19	(IV) Integrity construction		

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 strove 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 innovation, further condensing the endogenous driving force for development.

This year, we actively fulfilled our social responsibilities. We 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. At the same time, we devoted to social welfare undertakings to help the poor, and actively carried out volunteer activities to sincerely repay the society. We made great efforts to achieve the harmonious co-construction of enterprises and communities.

Li Guanpeng
Chairman

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 in 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.



Li Guanyang, chairman of Sinotrans, grants a letter of support to the ambassador of Belarus to China in respect of providing anti-pandemic materials to Belarus



Commendation of the Advanced Collective for the Pandemic Prevention and Control

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 1,580 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.



Sinotrans assists in delivering anti-pandemic materials to Italy



The Company completed COVID-19 vaccines transportation services to Djibouti

Currently, the national Pandemic prevention and control is still complicated and arduous. Sinotrans will continue to be cautious as it was, continue to pay close attention to details, persist in winning the battle against the Pandemic, and continue to contribute to clear supply chain, thereby providing strong support for the new development pattern.



Special Topic on Retrospect of the “13th Five Year” Plan



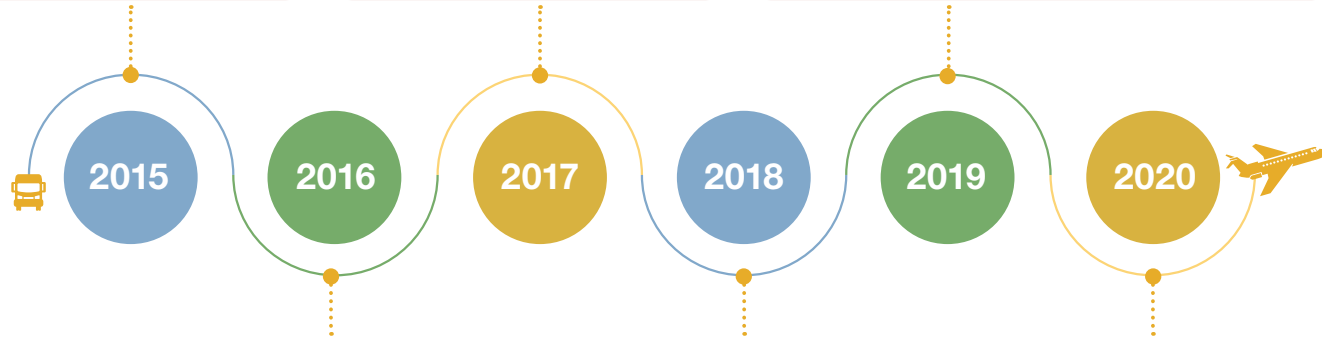
Development strategy: Sinotrans is positioning as the leader of the logistics industry, the integrator of industry, the builder of eco-system of integrated supply chain logistics, the pioneer of intelligent logistics and the promoter of world class Chinese logistics industry. Sinotrans is becoming a world-class intelligent logistics platform enterprise through deepening the transformation and reorganizing the business model.



We formed the “13th Five Year” Plan and determined a new development idea of “one platform, three segments and five channels”

We adjusted our strategic goal to “build a world-class intelligent logistics platform enterprise” and further formed a strategic system

We upgraded our mission to “creating a logistics ecology system around the world to successfully promote industrial progress”, established the operating policy of “implementing the strategy of high quality and efficiency to lead the overall situation”, and completed the digital transformation plan



We adjusted the Company’s vision to “build a world-class integrated logistics platform enterprise”, and further clarified the transformation and upgrading path of the three major business segments (transformation from logistics to value chain integration, transformation from forwarding and related business to full supply chain, transformation from e-commerce business to platform and ecosystem)

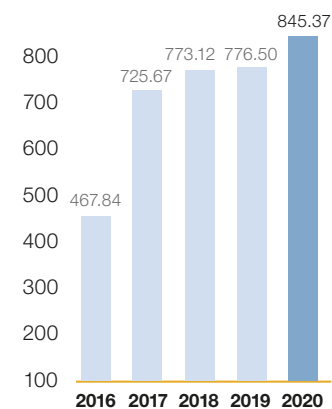
We clarified the development path of intelligent logistics, and put forward the value proposition of “point, line, coverage and organic body”

We upgraded and formulated a new strategic system, and implemented the strategy with “Five Cores”

Major financial indicators (Unit: RMB 100 million)

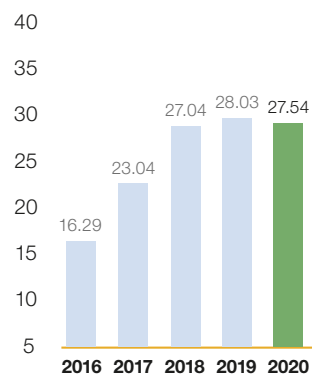
↑CAGR of 15.94%

● Revenue



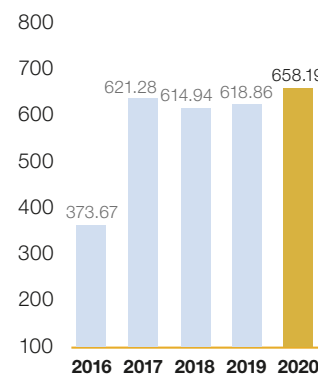
↑CAGR of 14.02%

● Net profit attributable to shareholders of the Company



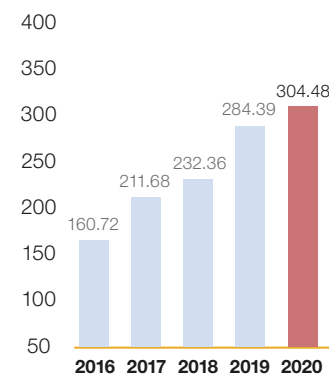
↑CAGR of 15.20%

● Total assets



↑CAGR of 17.32%

● Net assets attributable to shareholders of the Company



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	<ul style="list-style-type: none"> We strengthened “sales industrialization” and continued to improve the ability of providing logistics solutions, iterate control towers, algorithms, and automation innovation 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 Buyer consolidation segment, we strengthened our global sales strategy, successfully expanded business in South America on the basis of consolidating the retail market in Australia, and used new technologies to improve integrated, lean and full-chain operation capabilities
Forwarding and related business	<ul style="list-style-type: none"> “Sinotrans E-LCL” becomes the first national product, ranking forefront in market share FCL products took the centralized procurement of transportation capacity as the starting point, promoted the construction of Southeast Asia, India-Pakistan and Europe route products, and completed the full coverage of the NVOCC system in five major regions Railway express products operated more than 40 cross-border railway express routes, and the cumulative number of lines exceeded 4,400, and ranking Number 4 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	<ul style="list-style-type: none"> Logistics e-commerce: We have formed the digital products such as Customs Cloud, sea-rail combined multi-model transportation, Europe-Asia/China-Japan-Korea/Southeast Asia full link, and we explored the path of “product + network + platform + mode” Cross-border e-commerce logistics: Based on the business needs of customers, we have created products including express parcel (B2C) products, Liege and Dubai overseas warehouse distribution products and China-Japan imported B2B2C products



Platformization

- Y2T.COM platform**: We have created a unified public platform for logistics e-commerce, covering full link, transport by sea, railway, land and air, customs declaration, cross-border parcel, “Sinotrans E-LCL”, bulk cargo, logistics equipment, online technology, etc.
- In 2020, there were 8,650 monthly active companies on the Y2T.COM platform on average, and 60,500 page views per day, with public transaction amount (excluding Sinotrans transaction) reaching RMB1.023 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 radiation covering Eurasian Silk Road region, Southeast Asia, Middle East, South Asia, Africa, Japan, South Korea, Australia, New Zealand and other regions
- Transportation by water, air, land and road** achieved substantial results in the construction of domestic, overseas and trunk line transportation



Internationalization

- Established overseas companies**, built a unified operation platform for overseas business, and promoted regional management
- Improved Sinotrans’ own operating network in Europe** through acquisitions
- There were **65 business outlets** overseas, **distributed in 34 countries and regions**



Capitalization

- Completed the equity injection of China Merchants Logistics** and part of the asset injection in entrusted 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**
- Participated in the “Double Hundred Action” and **realized the diversification of LOSCAM International’s equity**



Digitization

- Developed a “**Digital Transformation Plan**” and established a **Digital Transformation Office (DTO)**, with the “1+3+1” project team (main business online project team + 3 business project teams + operation management system project team) as a pilot, **comprehensively initiating digital transformation**
- Published the industry’s first “Report on China Intelligent Logistics in the New Era”**, and proposed **the road to intelligent logistics construction by point, line, coverage and organic body**
- Developed a main business system integration plan** and aggregated the number of information systems, thus forming the capabilities in end-to-end business status node tracking and trajectory tracking of the transportation by water, railway, air and automobile
- Established Sinotrans Innovative Technology Co., Ltd.**, positioning it as an Internet operation platform, an innovative project investment management platform and a technology R&D competency center



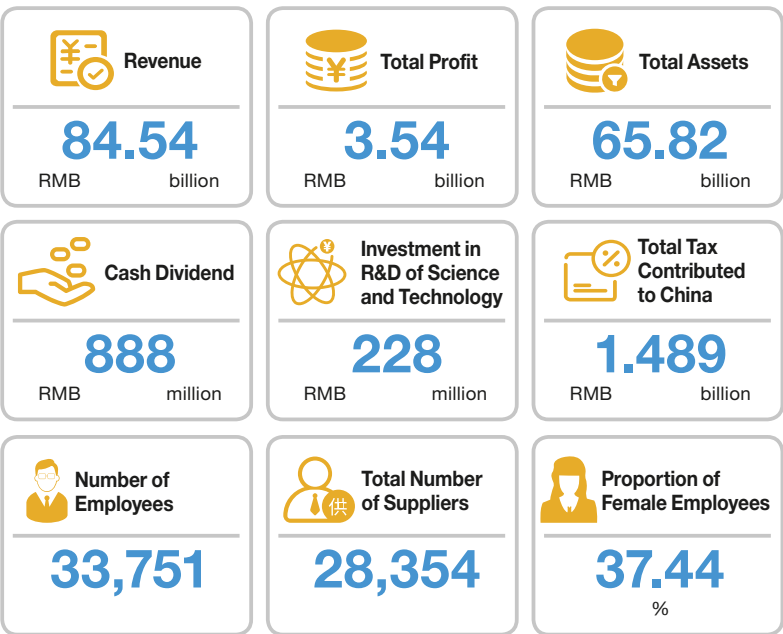
Technological innovation (Promoted ABCDT intelligent logistics innovation in all scenarios)

- Artificial intelligent (A)**: the intelligent document processing 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 RPA (Robotic 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
- Blockchain (B)**: 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.
- Cloud computing (C)**: the basic structure of IaaS (Infrastructure as a Service) for Hybrid Cloud has been established. The implementation of the Hybrid Cloud strategy has reduced 40% cost of IT infrastructure construction, with service efficiency improved by 3 times, for the recent four years; the independently developed FROS (frontal routing of signals) framework fully supports the micro service structure and has been used in more than 50 applications.
- Big data & algorithm (D)**: it connects 115 internal and external data resources, covering more than 60 shipping companies, 120 airlines and 8 major ports in China; and the logistics control tower helped certain core customers to reduce nearly 70% old and obsolete stocks, nearly 10% inactive stocks and nearly 30% redundant stocks
- Internet of Things (T)**: the hardware 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

About Us

Corporate profile

Sinotrans was incorporated on 20 November 2002, listed on the Hong Kong Stock Exchange on 13 February 2003 (0598HK) and listed on the Shanghai Stock Exchange on 18 January 2019 (601598SH). 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


Our domestic network covers
32
provinces, autonomous regions, municipalities under the Central Government and Hong Kong Special Administrative Region


Domestic Enterprises about
750

 **Owned Land**
over 10 million square meters

 **Owned Warehouse**
over 4 million square meters

 **Rented Warehouse**
nearly 3 million square meters

 **60 Container Yard**
over 2.4 million square meters

 **30 Bulk Cargo Yard**
over 90 thousand square meters

 **10 Terminals**
over 4,000 meters

Business segment


Logistics
contract logistics | project logistics | chemical logistics | cold chain logistics | other services

Target customer industry clusters

- consumer goods and retail
- electronics and high-tech
- supply chain finance
- automotive and industrial manufacturing
- healthcare
- buyer concentrated transportation

- 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


Forwarding and related business
sea freight forwarding | air freight forwarding | railway freight forwarding | shipping agency | storage and terminal services | other services

sea freight forwarding
Containers sea freight forwarding
Bulk cargo sea freight forwarding
Full container load
Less than container load - Sinotrans E-LCL
Carrier integrated logistics services

air freight forwarding
Provide professional air freight forwarding services
43 route products
15 full-chain products
33 standardized full-chain products

railway freight forwarding
Domestic/international railway transportation
Bulk cargo sea freight forwarding
Operate more than 40 multi-point cross-border routes in Dongguan, Changsha, Shenyang, Xi'an, Weihai, Xinxiang and other places, and launched over 4,400 trains in total

shipping agency
Provide customers with shipping agency services in more than 70 major river and sea ports in China
Bulk cargo ship/special ship
Container liner shipping agency

storage and terminal services
Terminals: Provide berthing, cargo loading and unloading, stockpiling, dispatching and other services
Yards: Provide container loading and unloading, transshipment storage, handover, container consolidating and devanning, as well as container repair, cargo storage and other services

other services
Freight forwarding related supporting services
Road freight forwarding/customs declaration and inspection/multimodal transportation
Tally business/bonded business, etc.


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

cross-border e-commerce logistics

- 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.

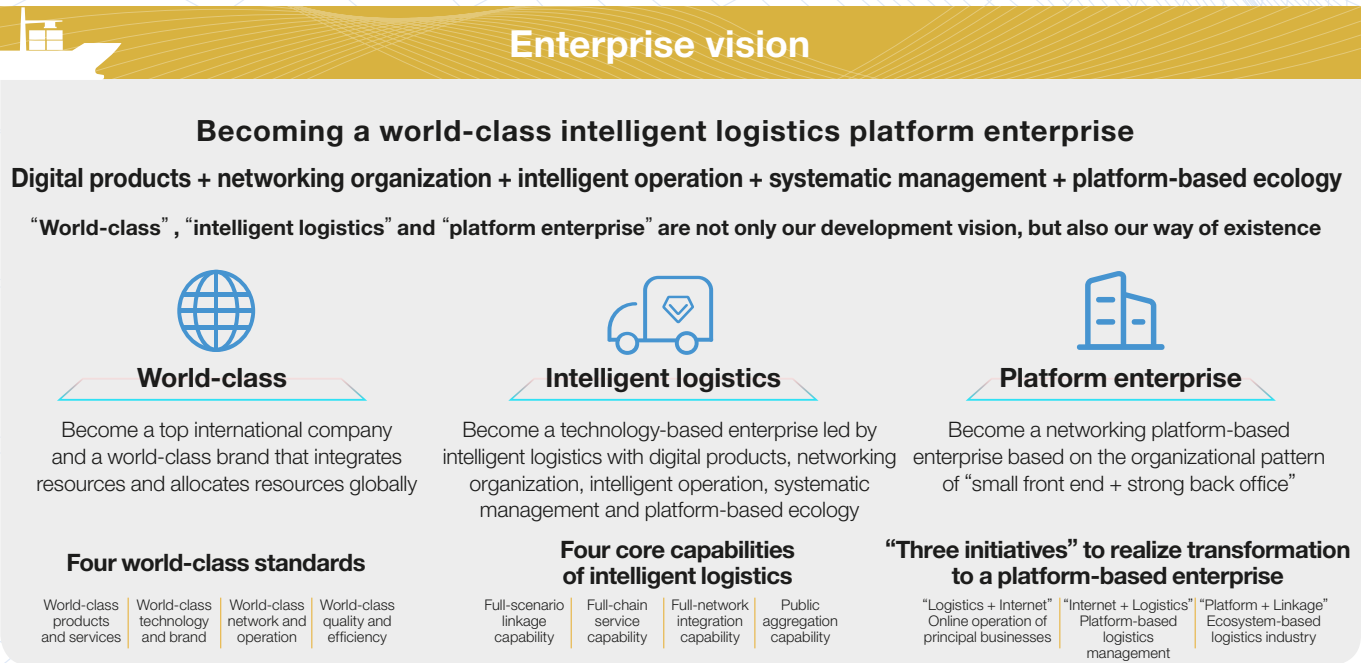
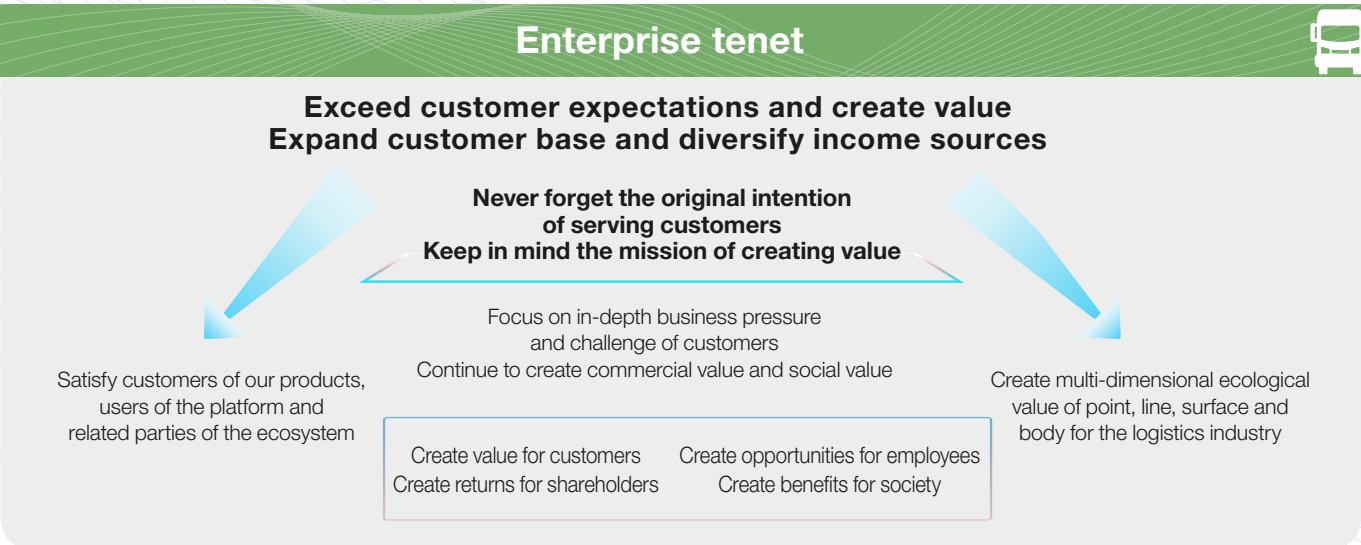
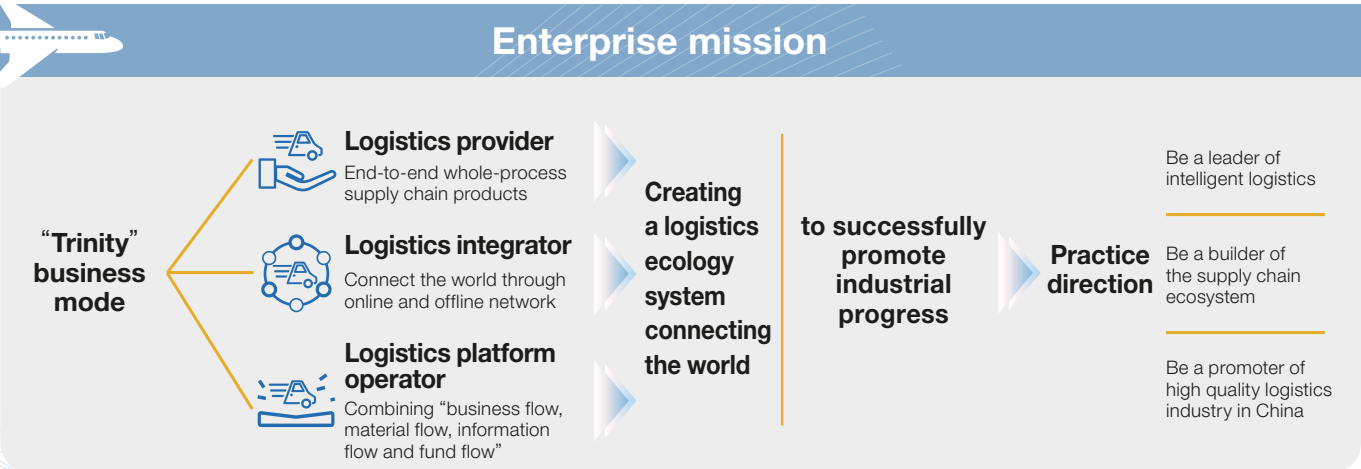
logistics e-commerce platform

- 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 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

Innovation culture



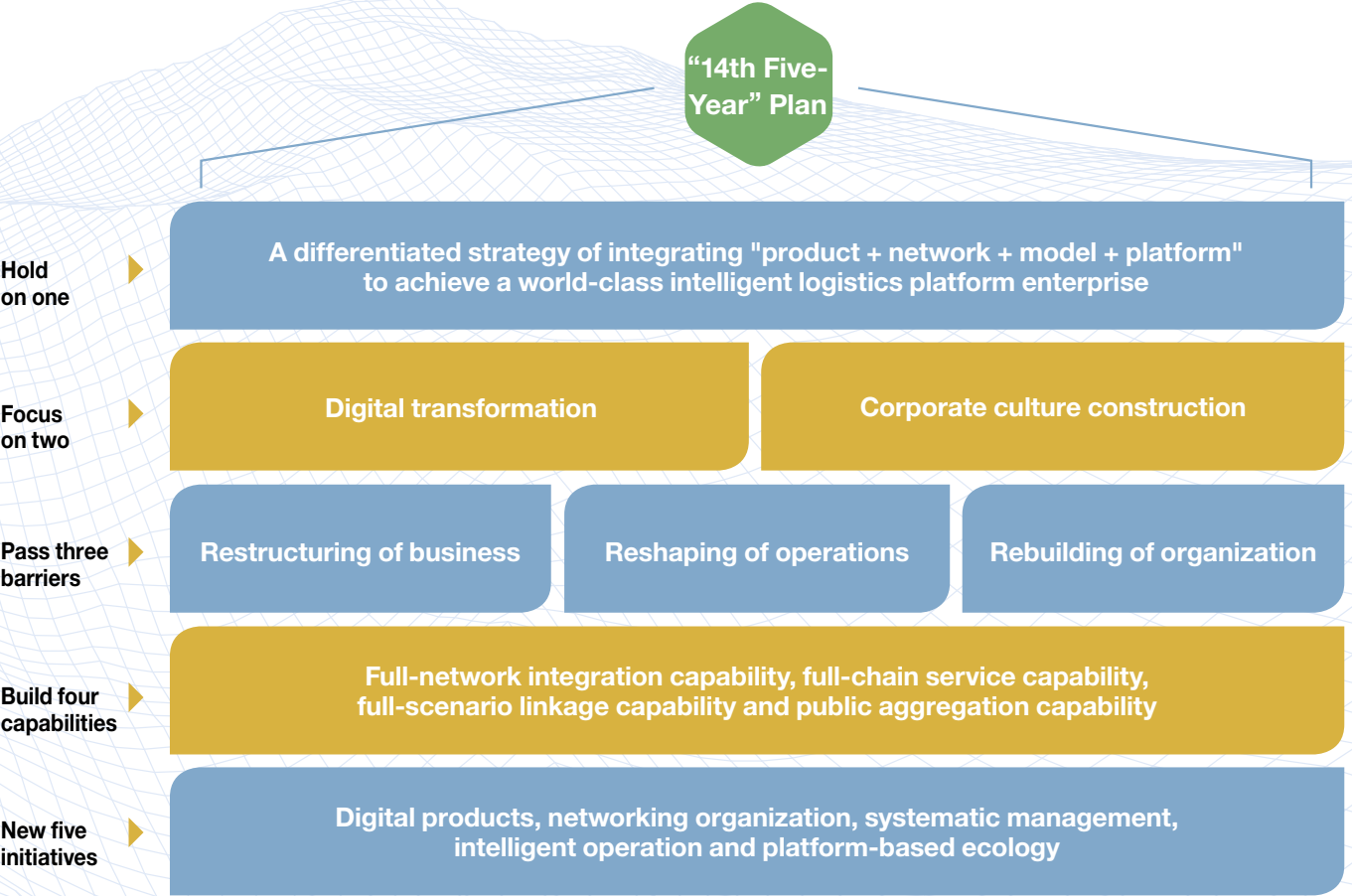
Innovation concept | Customer as Priority, Value as Base, Innovation as Spirit and Hard-working as Foundation | **Talent concept** | Attaching great importance to hard-working and value-creating staff

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.

Strategic system

Achieve a world-class intelligent logistics platform enterprise by holding on one, namely, implementing a differentiated strategy of integrating “product + network + model + platform”; focusing on two, namely, digital transformation and corporate culture construction; passing three barriers, namely, achieving restructuring of business, reshaping of operations and rebuilding of organization through transformation, integration and change; building four capabilities, namely, building for core competitiveness of full-network integration capability, full-chain service capability, full-scenario linkage capability and public aggregation capability; finally achieving the goal of digital products, networked organization, systematic management, intelligent operation, and platform-based ecology.



Listened to the Opinions of all Parties



The Company maintained ongoing dialogue and engages 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, internal 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 most significance.



Stakeholder	Expectation and requirement	Methods and channels	Company response
Regulators	<ul style="list-style-type: none"> Operate safely Abide by law Compliant Operation 	<ul style="list-style-type: none"> Formulate policies Information submission Daily communication High-level meeting 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Profit level Cash dividend Information disclosure Corporate governance 	<ul style="list-style-type: none"> Shareholders' general meeting Company announcement Periodic reports Roadshow and reverse roadshow Shanghai Stock Exchange E-interactive 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Remuneration and benefits Health and safety Career development Education and training 	<ul style="list-style-type: none"> Employee representative Employee communication Labor contract Life care 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Quality service Reasonable price 	<ul style="list-style-type: none"> Service guarantee Product supply Contract signing Customer service Company website 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Open tender Fairness and justice Honesty 	<ul style="list-style-type: none"> Contract and agreement Service quality Cooperative development Joint development 	<ul style="list-style-type: none"> Open, fair and equitable tender process Strictly execute contracts and agreements
Media	<ul style="list-style-type: none"> Transparent information 	<ul style="list-style-type: none"> Report release Multi-channel disclosure 	<ul style="list-style-type: none"> Regularly disclose social responsibility information and major events of public concern
Community and Public	<ul style="list-style-type: none"> Harmonious community Charitable activities 	<ul style="list-style-type: none"> Co-construction Promotional activity Community Building 	<ul style="list-style-type: none"> Participate in the construction of a harmonious community Carry out charitable activities Drive economic development in the operating region

Brand Promotion



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 Spirit, 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 "Y2T.COM", "Sinotrans E-LCL", and "Poverty Alleviation" to achieve a unified platform for attracting traffic and highlight 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.



Li Guanpeng, chairman of the Company attends the seminar themed "River-Sea Interconnection and Logistics System Development" and gives a speech titled "River-Sea Interconnection and Empowerment in Promoting the Innovative Integrated Development in the Yangtze River Economic Zone"

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 "Y2T.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 society 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 valued 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 and 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 and Shenzhen "Sinotrans E-LCL".

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.



"Sinotrans E-LCL" Reverse Roadshow in Shenzhen



Reverse Roadshow in Jiaxing Cross-Border E-Commerce Logistics Center

Information Disclosure



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.

Governance: Strengthened Responsibility Management and Promoted Sustainable Development



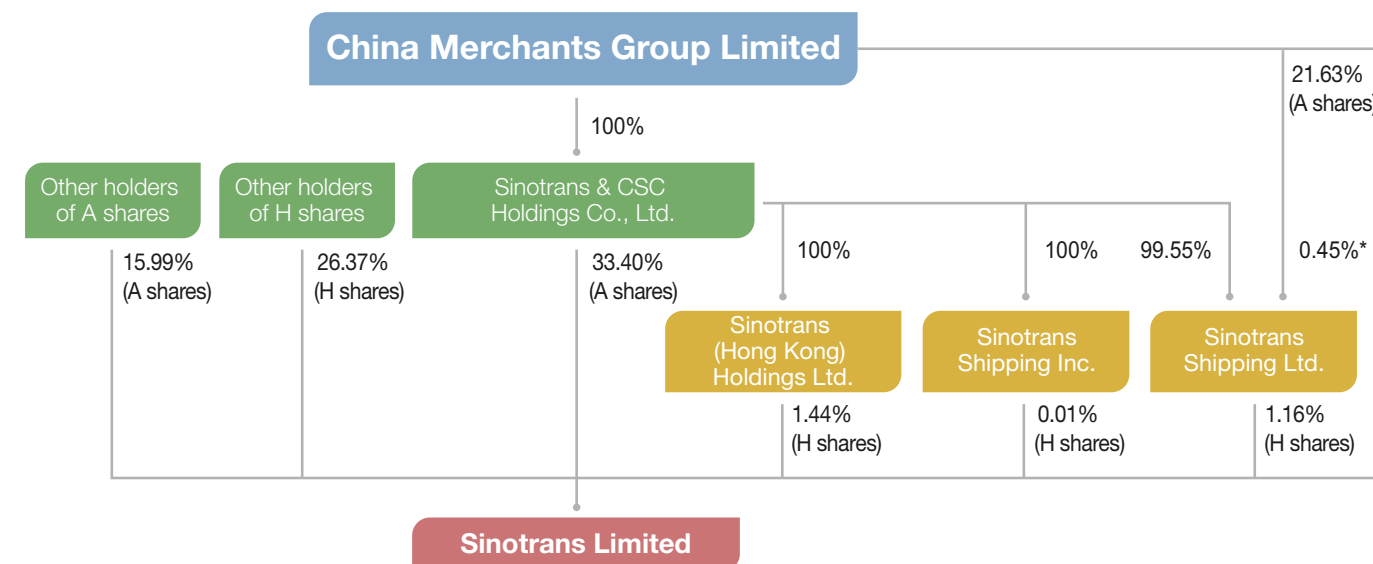
Social responsibility management

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:



*Note: China Merchants holds 0.45% equity interest of Sinotrans Shipping Ltd. through China Merchants Shipping Co., Ltd. (招商局輪船有限公司).

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 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, renamed 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, and organized 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, especially minority 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 relating 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 subsidiaries 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.

Production safety

Sinotrans thoroughly implemented the safety concept of "people first, life first", comprehensively promoted the implementation of the "three-in-one" strategy of security and safety by law, technology and talents, strove to provide the society with safe and high-quality services and products, provided safe and good environment for the public, and created healthy and safe working conditions for employees. Sinotrans is engaged in integrated logistics business, which does not involve major safety hazards or occupational hazards. For special businesses such as chemical logistics business, Sinotrans has formulated environmental and occupational health and safety management regulations to ensure continuous improvement of the safe working environment of employees. In 2020, the Group continued to strengthen professional inspections and supervision, continued to improve the level of emergency management, vigorously promoted the construction of safe production informatization, and strove to optimize a healthy and safe working environment, which provided a strong guarantee for the promotion of corporate strategies.

Firstly, continued to improve the construction of the safety management system. The Company insisted on source management, systematic management and comprehensive management, and strove to "fundamentally eliminate hidden accidents". **First of all**, established and improved a series of safety systems and regulations, regularly released the "Safe Sinotrans" monthly report, and formed a system of full-process management; **secondly**, actively implemented the "one post with two responsibilities", refined the safety work tasks, actively supervised subordinate companies to review the list, and effectively built a safe production line of defense; **thirdly**, formulated the "14th Five Year" safety production and development plan, determined the safety production culture concept, and guided subsidiaries at all levels to hold the safe development direction; **fourthly**, improved the overseas security management system, and built a complete emergency linkage mechanism while continuously optimizing the operation of the HSSE (that is, health, safety, security, environmental protection) system.



Emergency Drill of Dangerous Chemicals Traffic Accidents

Secondly, strengthened safety production inspections. A total of 40 professional inspection teams were 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 3,838 emergency drills, with 66,784 participants, comprehensively improving emergency rescue capabilities, and launched safety training with 268,287 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 forklift 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.

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 accidents above level II occurred throughout the year. The Company's production safety situation remained stable. The safety rectification has 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 addition, the number of working days lost due to work-related injuries in the whole year is 330 days, which involved 32 injured workers, primarily including injuries occurred in handling and unloading goods and falls and traffic accidents on their way to work and back home.



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, extortion, 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-bribery, 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 and education month activities and typical case warning education to educate and guide the majority of cadres 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.

Management: Improved Management Efficiency and Enhanced Development Momentum

Risk control and compliance management

Sinotrans aims to build a five-in-one risk control pattern of "risk management, internal control, compliance, auditing, and accountability". It makes full use of quality and efficiency management improvement tools to continuously improve the Company's 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, resolution and early warning, 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 determined, 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 audit tool platform construction.

In 2020, the Company strove to establish internal control construction and evaluation, comprehensively updated the basis of internal control system documents, and built the internal control systems of the newly established companies such as Sinotrans Overseas Development Co., Ltd. (中國外運海外發展有限公司), Sinotrans Logistics Investment Holdings Co. Ltd. (中國外運物流投資有限公司), etc., achieving full coverage of the internal control system construction within the system. **Firstly**, clarified the level of internal control system 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-LCL", and cold chain logistics, and formulated effective control measures. **Thirdly**, strengthened the evaluation and supervision of internal control implementation, found problems based on risk investigation and internal control evaluation, strengthened and implemented the awareness and responsibility of each line of defense in risk management, and provided risk warnings for key links in business operations such as warehousing, routine supervision and inventory of goods, thereby reducing major hidden dangers and preventing major losses in high-risk areas. **In addition**, the Audit Committee evaluated 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 risk 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 of dangerous goods, over-limit transportation, embargo regulations, etc.), as well as national health and 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 tasks meet the requirements 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 annual risk management, 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, and the Company's basic management 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.



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 technology innovation 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 ABCDT (artificial intelligent, blockchain, cloud computing, big data and internet of things) and other intelligent technologies to all logistics scenarios and making notable breakthrough in the application of 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 of cutting-edge technologies have been enhanced. 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.

	Number of patents declared by Sinotrans	Number of software copyrights declared and authorized	Proprietary software brand trademarks declared
During the Reporting Period	34 (including 22 invention patents)	22	3

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 perceives and connects all essential information of vehicles, cargos 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 procedure.
Business value	The solution promotes process automatization, 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 customs bonded warehouses, chemical logistics and the central warehouse of “Sinotrans E-LCL”.

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

Technological features	It automatically studies the rules of classification based on surface image and adopts the data set enhancement algorithm to identify the classification in a synthetic manner based on the panoramic picture obtained though 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.
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 ultimately realizes the digitalization and visualization of logistics resource elements. Currently, it has been applied to individual project 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 issued the block-chain 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, product flow 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 spots in practical business operation, and help the customers to reduce costs and increase 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 products and 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 103.3% from the same period last year) with revenue contribution above RMB5 million, accounting for 39.59% 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 95.8%. 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 large 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.

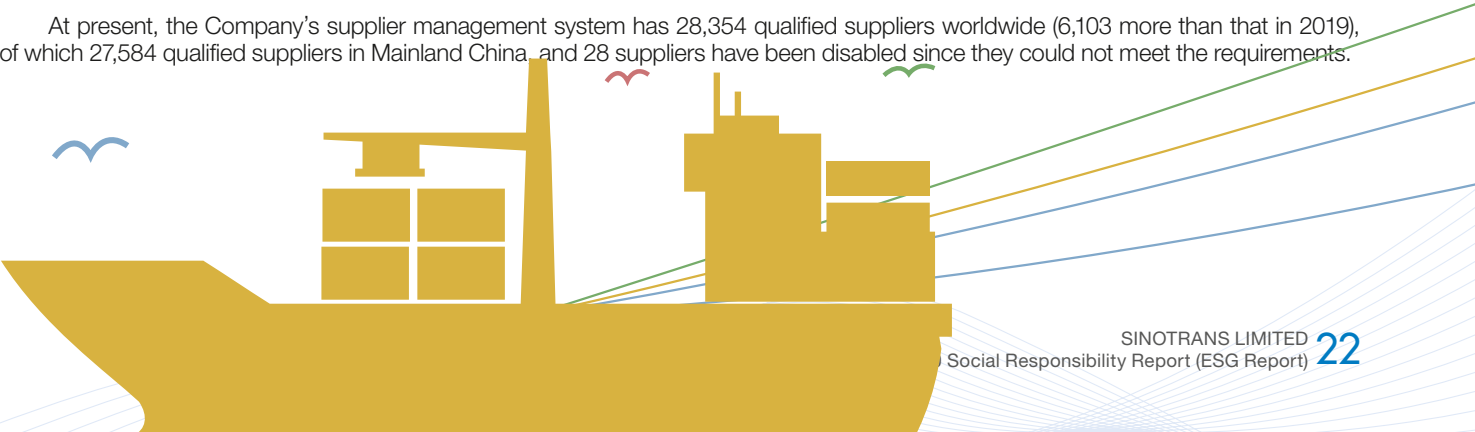
In addition, Sinotrans has attached importance to protect customer privacy. In the course of the participation in major projects bidding and the execution of the logistics contract, Sinotrans will enter into a confidentiality agreement with customers and avoid revealing customers’ information. During 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, information sharing” and “openness, fairness and justice”, the Company carried out life-cycle management on the selection, use, 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 the materialization of cost-down measures. **Firstly**, in terms of the system, combined with the Company’s business characteristics and management status, we revised and improved the Implementation Rules of Procurement Management of the Company, and carried out system publicity, training and communication activities. **Secondly**, we clarified the responsibilities of procurement entities, required the subordinate companies to establish and improve the procurement and supplier management organizations and systems at all levels, and clarify procurement requirements, procedures and powers. **Thirdly**, for business types such as automobile transportation and freight forwarding, we reduced procurement prices by optimizing operation procedures and procurement methods, to achieve the goal of reducing procurement costs.

At present, the Company’s supplier management system has 28,354 qualified suppliers worldwide (6,103 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

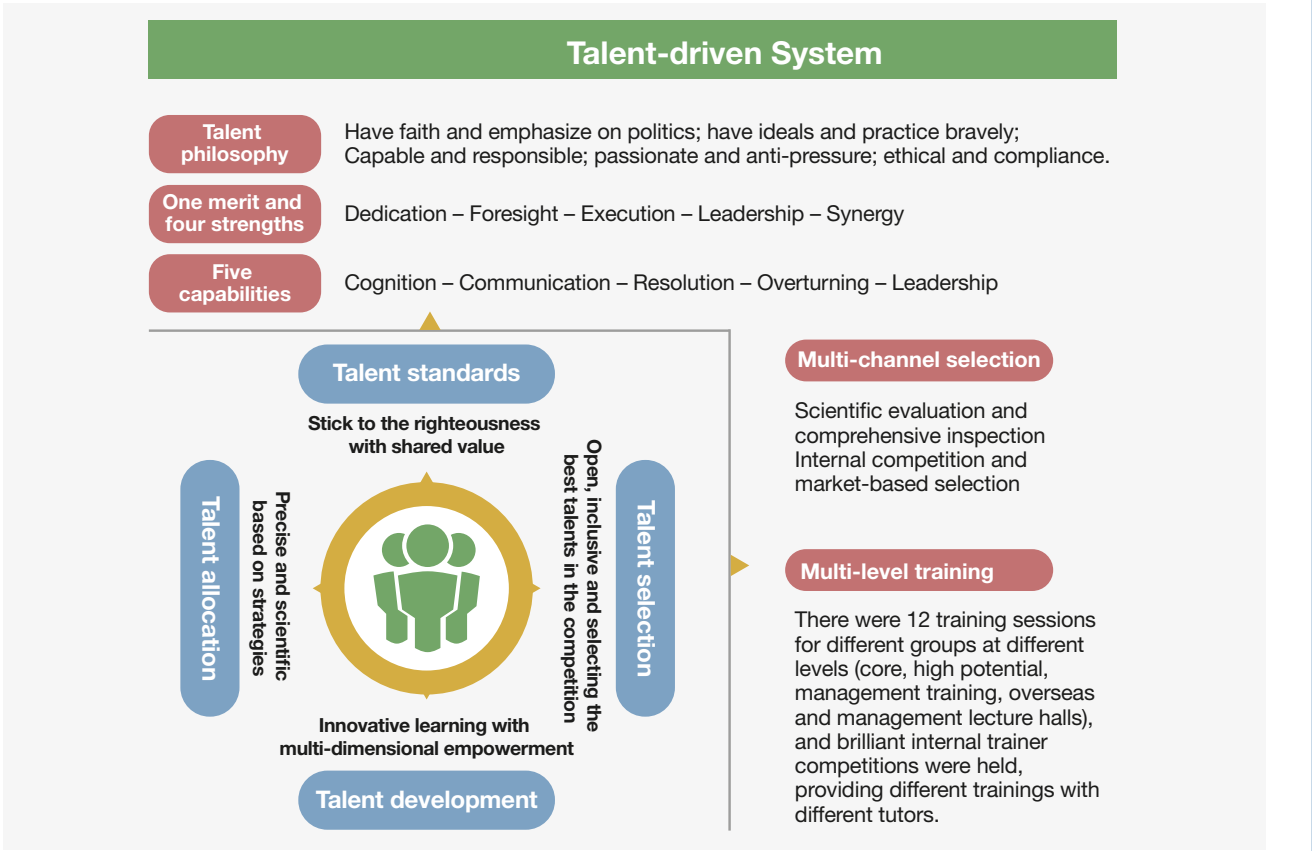
Talent training and employee care

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.

Talent training and motivation

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 (《中華人民共和國勞動法》), Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) and The Regulation on the Implementation of the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法實施條例》). 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 use of child or forced labor.

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 sets up key 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.



Case: The Company successfully held the final of the first internal trainer competition

The Company launched the First Internal Trainer Competition in May 2020, hoping to achieve the purpose of coordinating internal expert resources, extracting organizational experience, and developing training courses by building an internal lecturer team, thereby enhancing the internal learning atmosphere of the Company and assisting the accumulation, precipitation and delivery of internal intelligence. In this competition, a total of 330 people participated in the audition, 105 players entered the preliminary round, and finally 30 players were selected to enter the final. The competition lasted for three months, overcoming the difficulties and impact of the pandemic, interspersed with arrangements for training and coaching by external experts. And three on-site reviews were organized. It was the single training project with the largest number of participants since the establishment of the Company.

The Company successfully held a training course for core managers and high-potential talents in 2020

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 echelon, Sinotrans insisted 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 tilting 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 5,826 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: 12.52%), 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

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

Number of employees divided by degree of education and position grade

Position grade	Higher than graduate	Graduate	Bachelor	College	Technical secondary school/senior high school	Junior high school and below	Total
Persons in charge of company	6	121	618	396	91	5	1,237
Persons in charge of department	1	119	1,450	809	215	33	2,627
General employees	11	1,183	10,573	8,641	5,735	2,269	28,412
Total	18	1,423	12,641	9,846	6,041	2,307	32,276

Number of employees divided by gender and position grade

Position grade	Male	Female	Total
Persons in charge of company	992	245	1,237
Persons in charge of department	1,720	907	2,627
General employees	17,481	10,931	28,412
Total	20,193	12,083	32,276

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

Position grade	Average Training Hours	Average Training Ratio
Persons in charge of company	21.73	347.45%
Persons in charge of department	19.96	291.53%
General employees	23.59	420.78%

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 employees was higher than 100%.



In 2020, the Group's offline training hours were 777,157 in total; 513,948 online training courses were completed (equivalent to 307,039 learning hours), among which, the average training hours for male employees were approximately 30.23 hours and the average training hours for female employees were approximately 36.95 hours. The Group's training content mainly included company organization strategy and corporate culture training, COVID-19 prevention training, basic work skills training, business knowledge training, management skills and leadership training, new employee training, self-directed learning, etc. With the development of the Group and to ensure the constant improvement of team quality, we will increase training opportunities for employees, and keep checking and improving training courses, so as to support business operations and employees' needs.

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, under 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

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



Community care

Taking social responsibility and dedication as the criterion, Sinotrans is eager to support public welfare undertakings, gives 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.



Organize Student Assistance Activities & Online Talent Competition in Fighting Against the Pandemic

The social care activities organized by Sinotrans in 2020

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

During the Reporting Period, Sinotrans donated RMB12 million 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, RMB51.661 million was spent in national poverty-stricken counties located in districts like Weining, Guizhou Province, Qichun, Hubei Province, Yecheng and Shache, Xinjiang Autonomous Region; RMB5.762 million was contributed to the aid funds granted to Zhenxiang County, Yongren of Chuxiong Prefecture, and Wuding County, Yunnan Province; RMB5.018 million was spent in other poverty-stricken areas. The main targeted poverty alleviation projects that Sinotrans has participated in were as follows:

- 1

China Merchants-27° Agricultural Charity Aid 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.
- 2

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.
- 3

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.
- 4

Project of Book Donation to Xinjiang Yecheng and Shache Middle and Primary Schools

There was a big gap between the book allocation rate of mandatory education primary and secondary schools in Yecheng County and Shache County and the standardization goal of mandatory education schools in the autonomous region. In order to help balance education resources, a total of 1.2 million books have been donated to Yecheng County and Shache County.
- 5

Xinjiang Yecheng Village Assistance (10 villages) project

A women's entrepreneurship and employment incubation base was built in Ourang (10) Village, Boxireke Township, Yecheng County, aiming to improve women's employment skills, which can cover nearly 1,000 women and increase their income stably.
- 6

Targeted Poverty Alleviation Project in Chuxiong, Yunnan Province

Sinotrans supported the infrastructure improvement project of Waipulada Village, Yongren County, the Yongren County Community Development Project, the Wuding County Rural Education Poverty Alleviation Project, and Hailuo 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 900 primary and middle school teachers, and supported the Hailuo Village Clinic Project in Huanggua Town, Yuanmou County to build a village clinic in the local area to improve the village's medical conditions.
- 7

"China Merchants-Happy Home" Rural Community Support Plan

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.

Environmental protection

Environmental management

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 gasoline 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:

First, 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 (《中華人民共和國環境保護法》), Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), Water Pollution Prevention Law of the People's Republic of China (《中華人民共和國水污染防治法》), Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》), Law of the People's Republic of China on Conserving Energy (《中華人民共和國節約能源法》), and Article 15 in Appendix I of 73/78 Pollution Prevention Convention (《73/78防污公約》) of International Maritime Organization, to control the discharge of pollutants and avoid environmental pollution. 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 (《危險廢物處置管理規定》), the Measures on the Safety Management of Hazardous Chemicals (《危險化學品安全管理辦法》) and other regulations have been formulated, to prohibit the random discarding, stacking, and disposal 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 control, 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. continued to promote 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 source, 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 operation, through the application of intelligent document platform, warehousing visual recognition and automatic receipt and delivery system, electronic intelligent sorting and storage system, cold storage information management system, etc., improved operation timeliness and 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 new office development concept, 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 conferencing systems and meeting rooms, etc. In addition, we advocated water conservation, set up water conservation signs in water-use areas, and required that water taps 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

	2020	2019	2020/2019 data comparison	Intensity per RMB100 million revenue in 2020
Sulfur dioxide emission (ton)	99.88	104.88	95.23%	0.12
Oxynitride emission (ton)	69.93	83.86	83.39%	0.08
Total emission of greenhouse gas (carbon dioxide) (ton)	133,738.28	154,758.16	86.42%	158.20

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

	2020	2019	2020/2019 data comparison	Intensity per RMB100 million revenue in 2020
Total energy consumption (ton of standard coal)	84,896	95,200	89.18%	100.42
Water consumption (ton)	3,765,099.99	3,003,751.85 ²	107.48%	4,453.79
Total electricity consumption (10,000 kilowatt hour)	14,211.90	14,044.78	101.19%	16.81
Total gasoline consumption (ton)	3,886.07	5,224.52	74.38%	4.60
Total diesel consumption (ton)	37,232.97	42,529.02	87.55%	44.04
Total natural gas consumption (cubic meter)	4,626,997.92	5,596,085.04	82.68%	5,473.34
Total coal consumption (ton of standard coal)	256	394.00	64.97%	0.30

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. During the Reporting Period, the Company formulated the “Comprehensive Emergency Plan for Environmental Emergency”, 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.



² There are discrepancies in the water consumption caliber in the ESG report of last year, and this data shall prevail.

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

Level	Aspect number	“Comply or explain” Provisions	Location in the report
A1: Emissions	General Disclosure	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.	P29-31
	A1.1	The types of emissions and respective emissions data.	P30
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P30
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P29, the statistics are not available
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P29, the statistics are not available
	A1.5	Description of measures to mitigate emissions and results achieved.	P29-31
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P29
A2: Use of Resources	General Disclosure	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.	P29-30
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P31
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P31
	A2.3	Description of energy use efficiency initiatives and results achieved.	P29-31
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P29-30
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not available for the transportation industry
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	P31
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P31

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

B. Social			
Level	Aspect number	"Comply or explain" Provisions	Location in the report
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P22
	B5.1	Number of suppliers by geographical region.	P22
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P22
B6: Product Responsibility	General Disclosure	Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	P14, 18, 22
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not available for the transportation industry
	B6.2	Number of products and service related complaints received and how they are dealt with.	P22
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P21
	B6.4	Description of quality assurance process and recall procedures.	Not available for the transportation industry
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P22
B7: Anti-Corruption	General Disclosure	Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P19
	B7.1	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.	P19
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P19
B8: Community Investment	General Disclosure	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.	P27-28
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P27-28
	B8.2	Resources contributed (e.g. money or time) to the focus area.	P27-28



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