



## ANE (Cayman) Inc.

(A company incorporated in the Cayman Islands with limited liability)

Stock Code: 9956

# 2021 Environmental Social and Governance Report



## Message from the Chairman

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The year of 2021 is especially significant to ANE. Since our founding in 2010, we have been continuously consolidating market resources, capturing market opportunities, enhancing our core competitiveness. A decade of efforts have led to a successful listing on HKEx in 2021. In the post-pandemic era, ANE embarks on a new journey with new opportunities and challenges.

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ANE's responsibilities have grown hand in hand with the business expansion. We are highly aware of the importance of Environment, Social and Governance (ESG) while developing our business. It is our corporate responsibility as an industry leader to integrate ESG into the Company's daily operations and management philosophy. An ESG committee has been set up under the Board of Directors since our IPO, forming a three-layer ESG governance structure which comprises the Board of Directors, the ESG committee, and the ESG work group. The concept of sustainable development is implemented in an all-round, multi-angle manner, launching a new chapter in our ESG governance.

Climate change is a crucial topic to the future development of the world. As a leader in the less-than truckload (LTL) express freight industry, ANE's self-operated truck fleet, the largest in the industry, firmly supports our business operations. It is also our top responsibility to effectively reduce the impact of road transportation on the environment. In 2021, we have identified climate change risks and continued to promote low-carbon development through green transportation and green office initiatives. Moreover, ANE has formulated energy efficiency and greenhouse gas emission targets, with a plan to increase the use of renewable energy, and energy efficiency of our transportation vehicles to achieve such targets and promote green development.

Innovation is in the blood of ANE and one of our key elements of success. We have pioneered the freight partner platform model in the industry and built a network ecosystem, working jointly with our freight partners and agents to commit to provide shippers with outstanding services. ANE has consistently fulfilled the responsibility of ensuring safe and timely freight transportation, and has leveraged digital and smart technologies to empower the logistics industry. Over 50 self developed technology and IT systems have been deployed throughout our entire operation process, substantially improving the operational efficiency of the entire network. Owing to the excellent services we provided, ANE was awarded the "2021 Outstanding Service Award" from China Customer Contact Center.

We attribute our development to the efforts of each of our valuable employee. Adhering to our people-oriented philosophy, we spare no effort to develop promising careers paths for our employees. ANE actively protects the rights and interests of employees, and establishes a diverse workplace to provide employees with respect and care. We tailor development paths for employees of different positions and ranks, supplemented by comprehensive training and promotion programs. As a result, the environment we created allows our employees to unleash their potential and continue to grow. We also believe that integrity is crucial for the long-term healthy development of the company and our corporate culture advocate the value of honesty, integrity and trust. We have always strived to create a business environment that has its foundation on compliance and integrity.

We are committed to work with our suppliers, advisors and stakeholders to jointly build a sustainable value chain and contribute to the healthy development of the industry. We have always been keen to share our progress with the industry, and actively promote the development of the entire industry. We also help suppliers to improve their business standard and achieve win-win cooperation through comprehensive supply chain management. ANE also contributes to the society through active participation in social welfare and endowment. In addition, we make

good use of our transportation capacity to actively engage in pandemic and disaster relief, targeted donation, poverty alleviation, rural development and other charity activities, fulfilling our corporate social responsibilities.

Moving forward, we will continue to scale up our innovation and accelerate low-carbon transformation. With means of flexible and diverse transportation as well as digital solutions, we are adapting to the fast-changing environment. While providing customers with high-quality services, we will work closely with the industry and society to grow together.

On behalf of the Board of Directors, I would like to express our gratitude to our customers for their trust in ANE, our partners for their assistance, our investors for their support and recognition, and our employees for their relentless efforts and dedication.

**Mr. Wang Yongjun**  
Chairman

## About This Report

### Overview



This is the first Environmental, Social and Governance Report (the "ESG Report") published by ANE (Cayman) Inc. (hereinafter referred to as "ANE", "the Group", "we"), which truthfully discloses the Group's performance of its responsibility to shareholders, customers, partners, employees, communities and other important stakeholders and its performance in terms of environmental, social and governance ("ESG"). This report aims to reflect the Group's ESG performance for the financial year from January 1, 2021 to December 31, 2021 (the "Reporting Period"), with certain information backdated to previous years.

### Basis of Preparation



This report has been prepared following Appendix 27 of the Environmental, Social and Governance Reporting Guide of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The contents of this report were prepared in accordance with to a set of procedures, including identifying and ranking significant stakeholders, identifying and ranking important ESG-related issues, determining the boundaries of the ESG report, collecting relevant materials and data, preparing the report based on the information, and reviewing the information in the report.

### Reporting Scope and Boundary



The policies and data provided in this report reflect the ESG performance of the Group's headquarter and subsidiaries, and the scope of reporting is consistent with the annual report. Unless otherwise stated, the currencies mentioned in the report are RMB.

### Data Sources and Assurance



The data and cases in this report are mainly from the Group's statistical reports and relevant documents. The Board of Directors of the Group undertakes that this report does not contain any false records or misleading statements and is responsible for the truthfulness, accuracy and completeness of the its contents.

### Confirmation and Approval



This report has been confirmed by the management and was approved by the Board of Directors on May 30, 2022.

## About ANE

Established in Shanghai on June 1, 2010, ANE is a National AAAAA Logistics Business Enterprise of Comprehensive Business. We operate a leading express freight network in China's LTL market, providing timely, comprehensive freight transportation services nationwide. Leveraging industry leading and innovative freight partner model, we focus on cost reduction, efficiency improvement and high-quality development. In November 2021, ANE was listed on the Hong Kong Stock Exchange (stock code: 9956.HK), the first express freight network to list in Hong Kong.

## Business Overview

In response to growing market demand, led by the rapid development of the digital supply chain, ANE has continued to actively innovate and has established a development system featuring unique characteristics. Regarding infrastructure, we make use of sorting centres as hubs to extend the coverage of our precise, intelligent distribution process. Regarding technological innovation, we leverage our customized fleet of self-operated trunk transportation vehicles to enhance transportation and environmental safety, as well as efficiency assurance. Our comprehensive AI-enabled decision-making process is applied to all aspects of our business to facilitate visual analysis and execution efficiency.

As of December 31, 2021, ANE had about 162 self-operated sorting centres, more than 3,100 line-haul routes, over 8,600 trucks and trailers under our self-operated truck fleet, and

As the leader of the LTL industry, ANE has always adhered to the values of "sustainable growth and cutting-edge business". We continuously improve our practice, our capability and core competitiveness, aiming to support business development of each customer and improve living standard. We will work closely with different stakeholders to create infinite possibilities in the logistics industry and earn the respect from the wider society.

over 29,100 freight partners and agents. Our express freight network covers about 96% of counties and towns across China, serving more than 3.9 million customers in various industries and regions in the country, including e-commerce merchants, manufacturers, wholesalers, retailers and individuals.

Moving forward, ANE will continue to develop its own technology and management systems to create a more dynamic customized platform. This is to meet the demand for integrated transportation services brought by the rapidly changing business environment. We aim to strengthen our industry leading position and accelerate the consolidation of Chinese LTL industry, continuously providing customers with cost-effective transportation services and better shipper experience.



ANE's self-operated sorting centre network

## Corporate Culture

"Neng" is the core of ANE's corporate culture. We cohere employees through three performance-oriented dimensions, namely "consolidation, efficiency and possibility". We encourage employees to improve themselves by allocating more resources and rewards to those who are committed to value creation. We explore and strive for even more substantial business development and growth.

<b>Mission</b>	Our mission is to create immense possibilities with logistics.
<b>Vision</b>	Our vision is to become the most efficient connector to facilitate China's commercial circulation.
<b>Values</b>	<p>Our core values are the cornerstone of our behavior, guiding us to achieve our mission:</p> <p><b>Trust:</b> We appreciate the trust of freight partners and intermediaries, end users, employees and business partners, which has been and will continue to be the cornerstone of our development.</p> <p><b>Co-entrepreneurship:</b> We cultivate joint entrepreneurial spirit among employees, freight partners and agents, encourage solid team cooperation, and provide quality services to end users.</p> <p><b>Perseverance:</b> We are relentless in pursuing excellence, enabling us to be a leader in the rapidly evolving industry.</p>

ANE's Corporate Culture Philosophy



"Neng" Culture

## Development Milestones

2010

- Our predecessor, Shanghai Anneng Logistics Co., Ltd., was founded in Shanghai, PRC.



2012

- Established our freight partner platform model.



2013

- Fully upgraded the nationwide express freight network, which became the largest LTL express freight franchise network in China.



2014

- Launched "time-definite" product.



2015

- Launched the new second-generation brand image system;
- Launched "Luban System";
- Enriched our product offerings and launched a new generation of "MINI freight product".



2016

- Released ANE's culture ("Neng") system.



2018

- ANE was recognized as a National AAAAA Logistics Business Enterprise of Comprehensive Business by China Federation of Logistics and Purchasing;
- Awarded "China Transport Leading Brand" by the Ministry of Transport of the People's Republic of China;
- Acquired Giantruck, our major line-haul transportation management platform.



2019

- ANE was listed on the "2019 Hurun Global Unicorn List";
- Awarded "Trade-oriented Headquarters Enterprise" by the Shanghai Municipal Government.



2020

- Became the first express freight network in the LTL industry in China with a daily freight volume exceeding 50,000 tons and the largest express freight network in terms of total freight volume;
- Launched "our guaranteed-safety" product and comprehensively upgraded our time-definite product.



2021

- Listed on the Main Board of the Hong Kong Stock Exchange (stock code: 9956.HK).

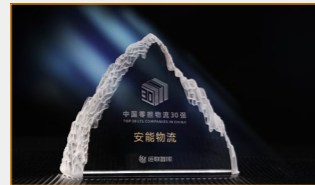


## Industry recognition in 2021



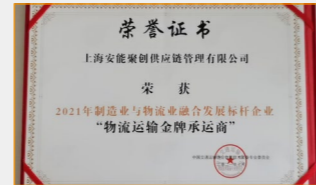
National AAAAA Logistics Business Enterprise of Comprehensive Service

China Federation of Logistics & Purchasing



Top 30 of LTL Logistics in China

the 10th TUC Summi



Gold carrier for logistics and transportation

the Logistics Technology and Equipment Professional Committee of China Communications and Transportation Association



Vice President of China Federation of Logistics & Purchasing

China Federation of Logistics and Purchasing



Favorite Employer of 2021

BOSS Zhipin



Top 10 Most Satisfied Logistics Brands in 2021

Logistics Business



Logistics Industry's "Most Memorable Moment in 2021-2022"

the 2021-2022 Annual Awards Ceremony by TUC



King of the New Economy in 2021 - Hardcore Enterprise of the Year

36Kr



Service Excellence Award 2021

China Customer Contact Center

## 2021 Performance Highlights



### Green Operations

Diesel saved

**19,288** tons

Greenhouse gas emission reductions

**60,647** tons

LNG vehicles placed

**52** units

Photovoltaic project power generation

**32,000** kWh

Paper saved by adopting electronic waybill

**208** tons

Electric forklift truck ratio

**95** %



### Employment and Training

Total number of employees

**4,680** people

Total training input

RMB **11** million

Employee training coverage

**100** %

Employee average training hours

**6.5** hours



### Product Responsibility

Complaint handling rate

**100** %

Customer complaint handling satisfaction rate

**91.8** %

Damage rate of freight

**0.046** %



### Health and Safety

Total number of safety training participants

**30,000+** people

Workplace injury rate

**0.17** %

Number of work-related deaths

**0** person



ANE understands that high-quality corporate governance and a management structure with clear lines of authority are the cornerstones of sound corporate development. Therefore, we constantly improve our governance structure, strengthen our hierarchical management structure and enhance the transparency of the Group. We also strictly follow all applicable laws and regulations, operate in compliance, practise business ethics, prevent risks, and strive to achieve sustainable development of our corporate management model.

# 1 ROBUST GOVERNANCE

ESG Governance



## THE ESG COMMITTEE WAS ESTABLISHED

a comprehensive ESG governance structure was established.

Integrity and honesty



100%

of employees attended the anti-corruption training



5,755 hours

Total hours of anti-fraud training



# 1.1 Corporate Governance

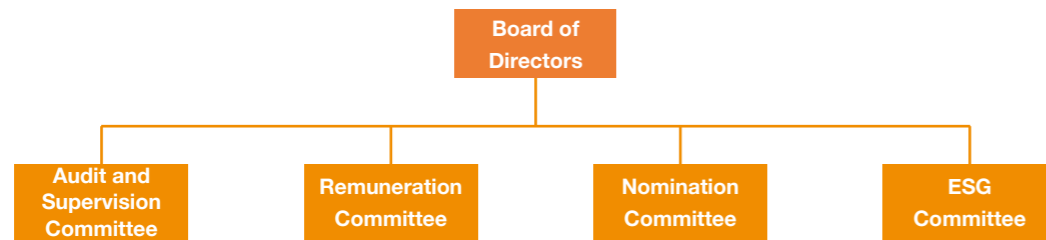
ANE has high standards of corporate governance and an experienced Board of Directors with diverse backgrounds, laying a strong foundation for sound governance. Based on our well-established governance system, we adhere to the principles of integrity and honesty in our operations, with the goals of eliminating corruption, maintaining market order, and enhancing operational transparency and accountability.

We have built a clean, honest corporate culture through various means, including formulating a strict integrity management system, establishing a comprehensive compliance management process, and continuously enhancing compliance training.

## 1.1.1 Board Diversity

Using the Corporate Governance Code of HKEX as a benchmark, ANE Logistics has established an effective governance structure backed by science. The Audit and Supervision Committee, Remuneration Committee, Nomination Committee and ESG Committee report to the Board of Directors and monitor the Company's operations and governance in various areas, ensuring governance efficiency and comprehensive risk management.

We established the Board Diversity Policy to ensure a balance of gender, age, cultural background, educational background and professional experience. The objective is to enhance the effectiveness of the Board's work while maintaining a high standard of corporate governance. As at December 31, 2021, our Board comprised nine members, including three independent non-executive directors and three non-executive directors, one of which was female.



## 1.1.2 Integrity

Adhering to the business principles of law-abiding, honesty and maintaining a high standard of service, ANE strictly abides by the Company Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Prohibition of Commercial Bribery and other relevant laws and regulations, and has formulated the Fraud Monitoring Management System, the Internal Audit Management System, and the Trial Measures for Integrity Reward, to create "Integrity ANE" at the system level. We have established an Audit and Supervision Committee consisting of senior management of the Group and set up the Audit and Supervision Department to implement the Group's compliance work. We focus on strengthening the supervision and management of staff in key areas and positions and require them to sign an Integrity

in Practice Agreement. We also strictly supervise the Group's suppliers with the highest business ethics and require all suppliers to sign the Integrity Cooperation Agreements as a way to improve the integrity commitment mechanism, clarify compliance responsibilities and establish measures in case of violations.

ANE joined the China Enterprise Anti-Fraud Alliance in 2018. As a representative enterprise in the express logistics industry, ANE shares the list and database of dishonest actors with other representative enterprises in the industry and is committed to continuously improving corporate anti-fraud responsiveness and creating a clean business environment.

## 1.1.3 Whistle blowing

ANE encourages employees to report fraud and major violations within the Group. We have set up various reporting channels with direct access to fraud monitoring agencies and established a comprehensive reporting and investigation process to facilitate employees and informed parties to report violations at any time. We implement a whistleblower

protection system for all reporting cases under the relevant system and require all participants and informants in the reporting process involving receipt, acceptance, investigation and punishment to keep the whistleblowers' identities strictly confidential.

## 1.1.4 Compliance culture development

ANE conducts compliance training and promotion for employees at different stages and positions through various ways to establish a good compliance atmosphere and enhance the integrity awareness of employees in all aspects.

New employees	Offline anti-fraud training
Key positions and reserve cadres	Offline case training for corresponding positions and special scenarios
Non-functional staff	Online training

The anti-fraud training system of ANE

In 2021, the anti-fraud training conducted by ANE is as follows:



# 1.2 ESG Governance

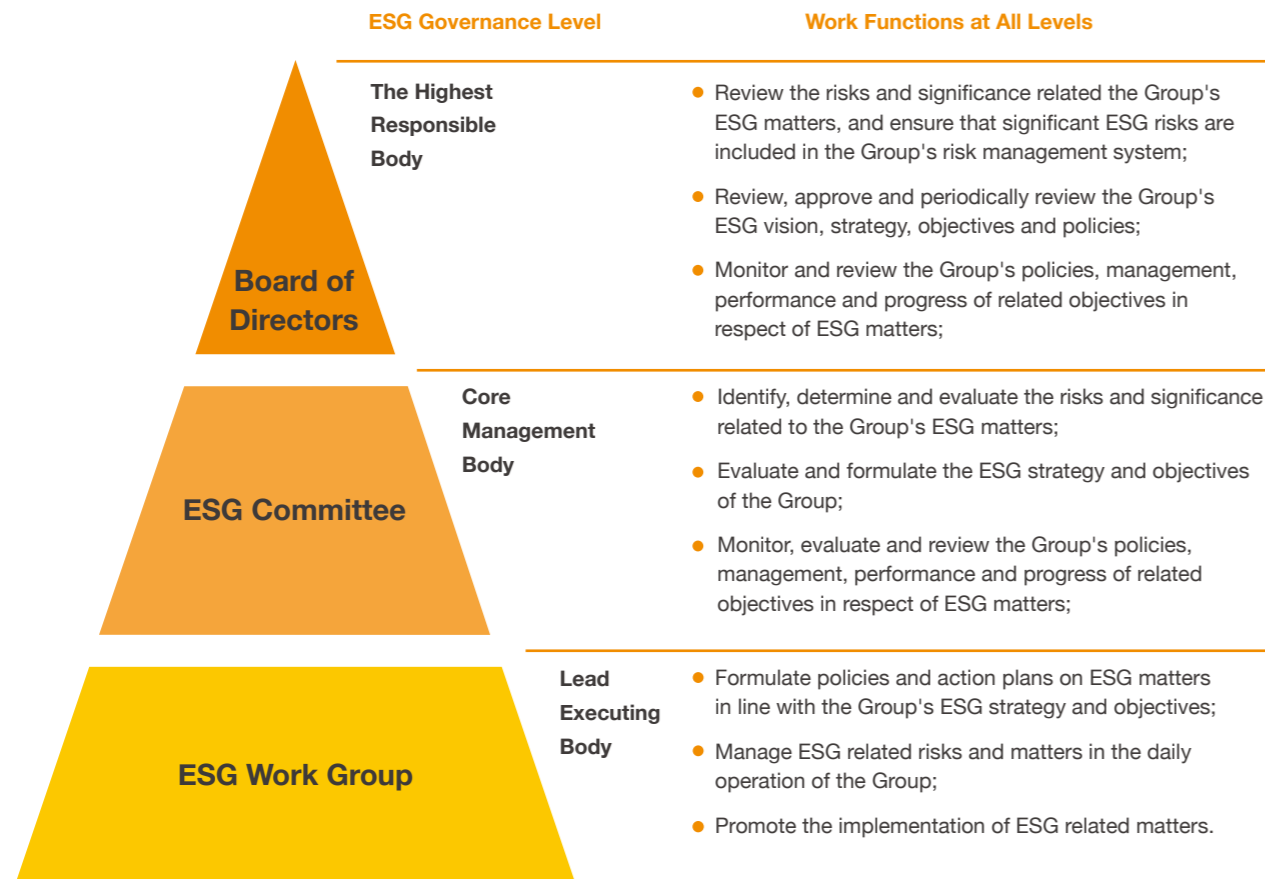
Sustainability is a prerequisite for the long-term development of ANE. As a leading LTL company, we integrate the concept of sustainability into our daily operations and management

and respond to the expectations of our stakeholders by continuously improving our environmental, social and governance (ESG) performance.

## 1.2.1 ESG Governance Structure

ANE's Board of Directors, is the top leading body of the Group's ESG directives and takes full responsibility for all ESG related matters. To better implement the concept of sustainable development and strengthen ESG leadership, we have established an ESG Committee under the Board uponlisting, responsible for formulating the Group's ESG vision, objectives, strategies and management policies. This enabled the Board of Directors to monitor, assess and review the Group's ESG performance and the effectiveness of ESG

management by holding regular meetings and ensuring that ESG-related risks and critical issues are incorporated into the Group's strategy. To this end, we have issued the "Terms of Reference for the ESG Committee", which defines the responsibilities and daily workflow of the ESG Committee. In addition, at the management level, we have established an ESG work group comprising key management of each functional department, responsible for the effective implementation of ESG strategies and work plans.



ESG Governance Structure of ANE

## 1.2.2 Board Statement

In 2021, in response to the ESG governance of ANE, the Board of Directors issued the following statement:



### The Board of Directors takes overall responsibility

The Board of Directors of ANE takes overall responsibility for ESG governance and is the highest decision-making body on ESG matters. The Board of Directors has established an ESG Committee, which is responsible for formulating the Group's ESG vision, objectives, strategies and guidelines, assessing ESG risks and opportunities, monitoring and reviewing the Group's ESG performance and progress in achieving its objectives, and will be reporting to the Board of Directors regularly.

The ESG Committee consists of three members, who were chosen among and appointed by the Board of Directors, with extensive corporate governance and industry experience. The ESG Committee meets at least twice a year.



### Development and implementation of ESG work

The Group's ESG Committee has delegated an ESG work group to be responsible for the implementation and execution of ESG work and the integration of ESG requirements to the Group's daily operation. The ESG work group makes recommendations to the ESG Committee on ESG strategies and objectives. Once the ESG objectives are set, the work group supervises the formulation of corresponding management systems and work plans by each department, coordinate and implement ESG work plans, thereby gradually improving the Group's ESG performance.




### Material risk identification and management

The Group has established regular communication channels with its stakeholders, regularly conducts ESG risk identification and assessment, and ranks the materiality of ESG issues. The Board of Directors discusses about the results of the stakeholder materiality survey, based on which material ESG issues are identified and approved. The Board is responsible for overseeing the development of policies and systems to ensure that material risks are incorporated into the Group's strategy and, addressed appropriately.

### 1.2.3 Analysis of Material Issues

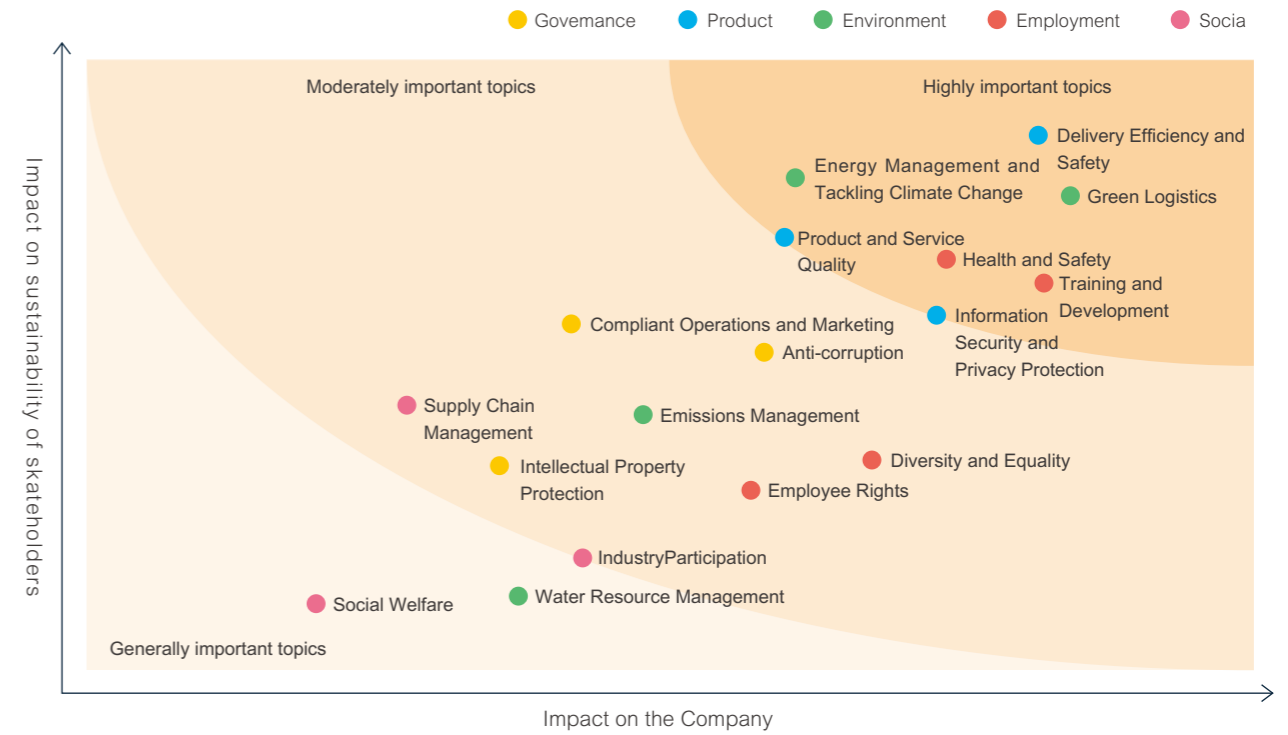
Stakeholders' interest in ANE is the driving force behind our pursuit of long-term sustainable development. We have established regular and targeted communication channels for different stakeholders to understand their expectations

of the Group's ESG performance and to present the Group's decisions and actions to them. Our responses to the issues of concern to each stakeholder are as follows:

Stakeholders	Topics of Interest	Our Response
 Government/Regulators	Energy Management and Tackling Climate Change	Actively execute energy management, identification of climate change risks and continuous reduction of operational carbon emissions.
	Anti-corruption	Strengthen internal audit and all-round coverage of anti-fraud training.
	Emissions Management	Strictly follow the emission standards and practice environmental responsibility following the law.
 Investors	Green Logistics	Increase management and technology investment to continuously reduce environmental impact.
	Compliant Operations and Marketing	Establish and improve the management system and strengthen compliance training.
	Energy Management and Tackling Climate Change	Actively execute energy management, identification of climate change risks and continuous reduction of operational carbon emissions.
	Intellectual Property Protection	Develop an internal system to clarify the requirements for intellectual property application, management and incentives.
 Employees	Health and Safety	Establish a sound health and safety management system and create a culture of safe production.
	Training and Development	Set up various training modes to build growth and development channels for employees.
	Diversity and Equality	Develop a fair and perfect internal recruitment process and talent selection mechanism, build a diversified working environment, and ensure equal pay for equal work.
	Employee Rights	Build a fair and just development platform and pay attention to and firmly protect the rights and interests of employees.
 Community / Non-Governmental Organizations (NGOs)	Water Resources Management	Promote water conservation and continuously reduce the Group's water consumption intensity.
	Social Welfare	Actively carry out public welfare activities, increase investment and practise corporate social responsibility.
 Clients	Delivery Efficiency and Safety	Implement the concept of cost reduction and efficiency enhancement, strengthen the efficiency of logistics through various policies, and develop relevant systems to strictly implement logistics safety control.
	Product and Service Quality	Be customer-oriented, constantly improve service quality, establish a perfect customer service and complaint handling mechanism, and improve customer satisfaction.
 Partners	Information Security and Privacy Protection	Actively promote the construction of information security system, and the core system all obtained ISO 27001 information security management system certification.
	Supply Chain Management	Develop supply chain management system to regulate supplier access, assessment, integrity management, training and communication.
	Industry Participation	Actively participate in association exchange activities to promote the development of the industry.

In 2021, we acknowledged the concerns of our stakeholders through interviews and questionnaires. 1,606 questionnaires were distributed to internal and external stakeholders, and the results were analyzed and discussed. Based on the

results of the stakeholder survey, we have formed the ANE materiality matrix, which leads the direction of the Group's ESG development in 2021.



ANE Materiality Matrix

We understand that material issues are of greater concern to our stakeholders. Therefore, we have effectively implemented the relevant initiatives and made focused disclosures in this report in response to the expectations of our stakeholders.

Importance of topic	Material issues	Corresponding section	Importance of topic	Material issues	Corresponding section
Highly important topics	Transportation efficiency and safety	3.2.1 Cost Reduction and Efficiency 3.2.2 Safety and Security	Moderately important topics	anti-corruption	1.2 Corporate Governance
	Green Logistics	2.1.2 Energy-saving and Low-carbon management		Compliant Operations and Marketing	1.2 Corporate Governance 3.3.2 Responsible Marketing
	Energy Management and Tackling Climate Change	2.1.1 Tackling climate change		Diversity and Equality	4.1 Compliant Employment
	Health and Safety	4.4 Health and Safety		Emissions Management	2.2.1 Emissions Management
	Training and Development	4.3 Employee Value		Employee Rights	4.2 Communicating Care
	Product and Service Quality	3.3 Customer Service		Supply Chain Management	5.1 Supplier Management
	Information Security and Privacy Protection	3.4.2 Information Security		Intellectual Property Protection	3.4.3 Intellectual Property Management
				Industry Participation	5.2 Industry Communication
				Water Resources Management	2.2.2 Water Resources Management
				Social Welfare	5.3 Charity
			Generally important topics		

Table of Material issues chapter index



As a leading LTL shipping company, ANE fully recognizes the value, importance and necessity of green development. We are committed to meeting the environmental and social needs of the present without compromising the needs of future generations so that they can enjoy the same resources as we do today.

# 2 GREEN OPERATIONS

### Green Transportation

Diesel saved by ANE in 2021:

**19,288** tons



Greenhouse gas emissions reduction:

**60,647** tons

of carbon dioxide

**11,678** tons

By deploying four-axle fuel-efficient vehicles

**6,578** tons

By upgrading existing vehicles

**732** tons

By deploying LNG vehicles

**300** tons

By implementing route optimization

### Green Office

**208** tons

We are replacing traditional printed waybills with electronic waybills. We have taken continuous action to reduce printed waybills, replacing triplicate forms with a single form and other measures to reduce the use of paper as much as possible. The Group is expected to save 208 tons of paper a year.

**32,000** kwh

Changshan Zhongka Logistics Industrial Park installed rooftop photovoltaics to provide clean renewable energy power for itself and the leasing companies in the park. During the Reporting Period, the power generation capacity of the industrial park's rooftop photovoltaic project reached 32,000 kWh.



## 2.1 Low-Carbon Operations

The impact of climate change on the world is becoming increasingly significant. Since the release of the national policy of "peak carbon and carbon neutrality", we have responded to the call of the national policy and exercised corporate responsibility by implementing low-carbon

operations through green transportation and green offices, and contributing to the response to global climate change while adapting to and mitigating the impact of climate change on our business.

### 2.1.1 Tackling Climate Change

Climate change caused by greenhouse gas emissions is one of the major challenges faced by the world and is also an important ESG issue in the transportation and logistics industry. With the convening of the 26th United Nations Climate Change Conference (COP26) of the United Nations Framework Convention on Climate Change (UNFCCC) in November 2021 and the release of a series of medium and long-term goals and plans to address global climate change, such as peak carbon and carbon neutrality in China, and in the face of increasingly strict carbon control targets at

the national level, ANE, as a leading domestic logistics company, is facing both a major opportunity and challenges in upgrading its intelligence.

During the Reporting Period, the Group referred to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board, and the newly issued "Guidance on Climate Disclosures" by the Hong Kong Stock Exchange to plan its work related to addressing climate change risks.

#### Governance

In terms of governance, the Board of Directors is responsible for overseeing the establishment of a regular climate change risk identification process for the Group, and the ESG Committee is responsible for overseeing regular climate change risk identification, coordinating the action required by the various functional departments to address the identified climate change risks, and regularly reporting

and making recommendations to the Board of Directors to assist it in assessing the effectiveness of the Group's climate change risk-response measures. In 2021, ANE conducted a climate change risk identification assessment, and the ESG Committee discussed and reported to the Board of Directors a preliminary list of climate change risks.

#### Risk Management

ANE actively identifies risks related to climate change, understands the impact of climate change on the Group's business operations, and formulates corresponding risk-response measures in conjunction with the Group's business development process.

effectively identify and assess the potential impact of climate-related risks on our business performance under different scenarios.

During the Reporting Period, we referred to the TCFD framework and used two strong contrasting scenarios, RCP2.6 and RCP8.5<sup>1</sup>, the representative concentration pathways introduced by the United Nations Intergovernmental Panel on Climate Change (IPCC) in its Fifth Assessment Report, as climate change risk analysis scenarios for ANE to

The Group conducts information research and reviews government plans, policies and historical records of extreme weather events to identify climate issues that are relevant to our operations. In the strong control scenario of RCP2.6, ANE identifies mainly the impact of transition risks on our operations; in the high emission scenario of RCP8.5, physical risks pose a higher risk to our operations.

<sup>1</sup> TCFD recommends that companies use scenario analysis to assess the potential impact of climate-related risks and opportunities on their business, strategy and finances. The UN Intergovernmental Panel on Climate Change (IPCC) classifies climate change scenarios to the end of the 21st century into four categories based on GHG pathway concentrations: RCP 2.6, RCP 4.5, RCP 6.0, and RCP 8.5. RCP 2.6 is the most aggressive approach, assuming negative global GHG emissions by the end of the 21st century. RCP 8.5, however, is the usual approach, which is most consistent with the "business as usual" no-policy outcome and projects a global average temperature increase of 4 degrees by the end of the 21st century.

Climate Change Risk Categories	Major Climate Change Risks	Relevant Notes
Transition Risk	Increased carbon pricing	Carbon pricing affects ANE's fuel and other energy expenses, and therefore directly impacts the cost of our transportation services.  In the future, if the industry is included in the carbon trading system, once the verified emissions exceed the allocated allowances, ANE will bear the cost of execution.
	Changes in regulatory requirements and standards of products	Stricter regulations will strengthen the supervision of and constraints on carbon emissions and energy consumption in the transportation process of ANE, requiring ANE to invest in optimizing the energy structure and layout of green logistics.
	Front-end fees in the transition to lower emissions technology	ANE needs to accelerate its low-carbon transition to reduce its CO2 emissions; the low-carbon transition will increase ANE's investment cost and the costs of the Company's continued operation in the future.
	Higher cost of raw materials	Fuel is an important cost source for ANE, so an increase in oil prices will affect fuel supply, service quality and costs. If ANE is unable to effectively address the risks posed by climate change and sustainably manage the procurement of raw materials and manage price volatility, it will have an adverse impact on the revenue of ANE.
	Increased stakeholder concerns	Corporate views and policies on climate change are increasingly being scrutinized by stakeholders, and failure to provide effective feedback to stakeholders may affect the reputation of ANE, which in turn may lead to investors and customers choosing companies that respond more effectively to stakeholder concerns and produce lower emissions.
Physical Risk	Acute risk (increased severity of extreme weather events, such as typhoons, floods and extremely hot or cold weather)	ANE is in a labor-intensive industry, and extremely hot weather may harm the health and safety of our employees.  Snowstorms and extremely cold weather can affect local production and operations on a large scale and can have a significant negative impact on road transport in particular.  The increase in extreme weather, such as extreme precipitation, flooding and typhoons will have various extensive impacts on ANE's operations nationwide.
	Chronic risks (changes in precipitation patterns, extreme variability in weather patterns, and rising sea levels)	By the end of the 21st century (2081-2100), there is a high probability that sea levels will rise in about 95% of the world's seas. ANE's operations in the eastern coastal zone of China will therefore be directly threatened by sea-level rises.

### Strategies

Based on the identified relevant climate change risks, the Group intends to reduce the impact of climate change on our daily operations through both mitigation and adaptation. On the one hand, we will adapt to climate change by strengthening the monitoring of extreme weather and establishing contingency plans to minimize the risk of climate change as much as possible; on the other hand, by accelerating our low-carbon transition, strengthening energy

management, and adjusting the energy structure, we will strive to reduce the environmental impact of our operations and work together with the industry and society to mitigate the impact of climate change.

So far, ANE has undertaken a series of measures to address climate change risks that may have a significant impact on our business.

Climate Change Risk	Action by ANE
Increased carbon pricing	ANE has made considerable efforts to implement new technologies, such as clean energy vehicle deployment, loading methods, vehicle improvement, and intelligent monitoring of fuel consumption. ANE's Logistics Industrial Park in Changshan, Quzhou has taken the lead in applying photovoltaic power generation projects.
Changes in regulatory requirements and standards of products	
Front-end fees in the transition to lower emissions technology	
Increased cost of raw materials	ANE has managed supply chain sustainability by identifying and monitoring market risks related to fuel prices.
Increased stakeholder concerns	ANE established a stakeholder communication mechanism and identified the Group's ESG materiality issues.
Extreme heat	The Group established the Comprehensive Emergency Plan, which specifies how to respond to weather disasters and requires regular emergency drills. We also broadcast live weather and pay attention to weather warnings promptly through our internal official WeChat account to identify risky routes and provide targeted notifications.
Extreme cold	
Changes in precipitation patterns and extreme variability in weather patterns	
Rising sea levels	

### 2.1.2 Energy-Saving and Low-Carbon Management

ANE is keenly aware that the LTL industry features high energy consumption and carbon emissions, making low-carbon transformation an urgent task for the industry. As the industry leader, ANE regards energy-saving and emissions reduction as our essential duty. ANE strives to overcome the difficulties to reduce carbon emissions in the transportation process through a series of measures, including system upgrades, technological advances, and structural changes in energy consumption. We also seek energy management improvements in the office environment to meet our energy-saving and carbon-reduction objectives in our overall operations.

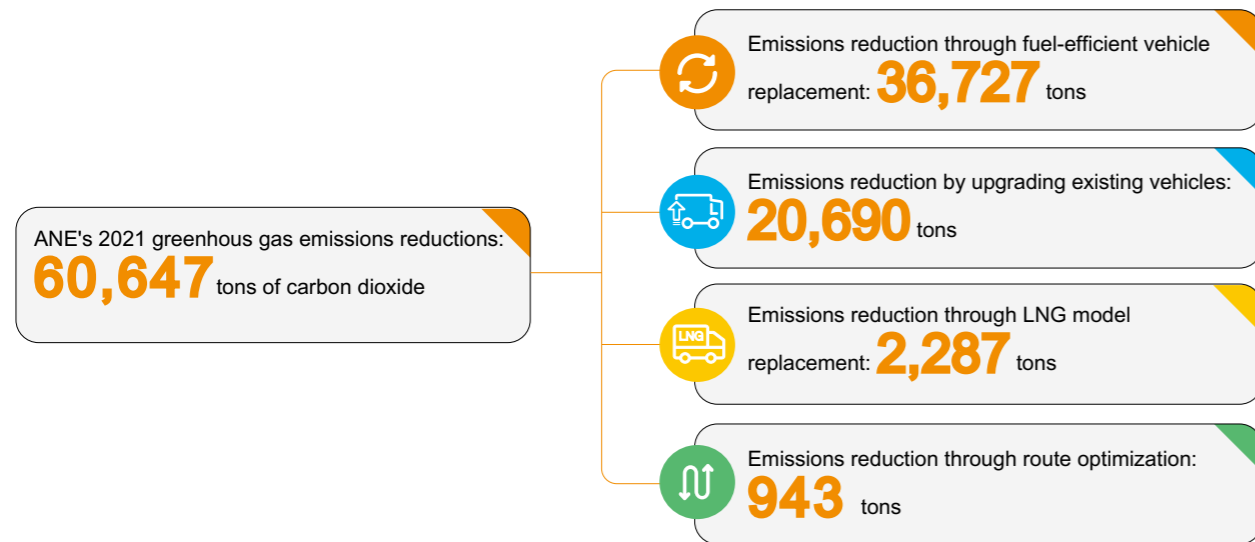
In 2021, ANE released its Environmental and Climate Change Policy within the Group. The policy states that we will gradually improve energy efficiency, increase the use of clean energy and renewable energy, prioritize cleaner modes of transportation, and promote the development of green transportation, demonstrating our determination to make a low-carbon transformation. Achieving low-carbon emissions is a fundamental aim in our business. We set targets for reducing of greenhouse gas emissions and improving energy efficiency, and we are committed to continuously reducing the intensity of energy consumption and greenhouse gas emissions, opening a new chapter in the Group's low-carbon operations.



### Green Transportation

ANE has a large self-operated fleet. Therefore, following the concept "environmental protection first, green first", we strictly control the energy consumption and greenhouse gas emissions of our fleet and increased our management

and technology investment to reduce our impact on the environment and climate change. During the Reporting Period, we reduced greenhouse gas emissions by 60,647 tons of carbon dioxide through our unremitting efforts.



#### Overview of Greenhouse Gas Emissions Reduction by ANE

In terms of management, we are committed to standardizing energy use and fully mobilizing frontline employees to create a good atmosphere of low-carbon operations and environmental protection. The Group established a management system, including the "Notice on the Issuance of Switching Refueling Management Program", to clarify the vehicle full-fuel handover mechanism, thus more accurately measuring the actual fuel consumption of each vehicle to provide data support for a continuous reduction in fuel consumption. We also set up a fuel-saving incentive system, so that vehicle drivers have the motivation and willingness to take the initiative to operate with lower fuel consumption.

In terms of technology, ANE continues to use technological means and equipment upgrades to vigorously promote green transportation. For our existing diesel vehicles, we promote the use of low-rolling-resistance tires, configure air deflectors, etc. Through a series of fuel-saving technical modifications, we reduced fuel consumption of vehicles per 100 kilometers, saving about 6,578 tons of diesel fuel in 2021. We have also gradually promoted four-axle, fuel-efficient vehicles to replace the previous five-axle vehicles, which helps reduce the harmful impact of transportation on the environment and saved about 11,678 tons of diesel



fuel while meeting transportation requirements. With the help of our advanced intelligent logistics system, we realized route optimization, reducing transportation mileage and achieving fuel savings of nearly 300 tons. We also contribute to social responsibility and environmental sustainability through a series of optimization practices, such as improving loading methods, real-time monitoring of vehicle operating status and driving behavior with the use of vehicle networking systems, and customized parameter calibration of vehicles.



While optimizing energy saving in diesel vehicles, we strongly support the use of clean energy and continue to explore the execution and application of natural gas vehicles. At the end of the Reporting Period, 52 LNG vehicles had been put into service, achieving fuel savings of about 732 tons by replacing diesel vehicles with LNG vehicles. We also replaced oil forklift trucks with electric forklift trucks in all sorting hubs to achieve green sorting.

### Green Office



The Group strictly abides by the laws and regulations of China, such as the Law of the People's Republic of China on Environmental Protection and the Law of the People's Republic of China on Energy Conservation, and established internal management systems, such as the Regulations on Standardized Office Management and the Group Travel Management System, requiring employees to turn off electrical appliances promptly, strictly control the temperature of air conditioning in use, etc. We are committed to effectively reducing the carbon footprint of our employees and the Group in our daily work and actively implementing green office practices. We have also explored the use of renewable energy. Our Logistics Industrial Park in Changshan, Quzhou took the lead in installing 6,000 square meters of rooftop distributed photovoltaics to provide renewable energy power for itself and the park tenants, promoting low-carbon development in the community. During the Reporting Period, the power generation capacity of the industrial park's rooftop photovoltaic project reached 32,000 kWh, effectively achieving energy savings and emissions reduction.



## 2.2 Environmental Management

ANE takes the initiative to take responsibility for environmental protection, strictly abides by all environmental protection laws and regulations, actively reduces emissions of waste, exhaust gas and wastewater, uses water resources

and other natural resources responsibly, and is committed to minimizing its impact on the environment in all production and operation activities.

### 2.2.1 Emissions Management

ANE follows the laws and regulations of the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, and the Law of the Peoples Republic of China on the Prevention and Control of Solid Waste Pollution. We set strict environmental management standards for all operations, including office, leasing, sorting, transportation and packaging, following our Environmental and Climate Change Management Policy. We conduct regular inspections and policy updates. And we

are committed to disclosing this policy to all employees and advocating that our suppliers and business partners fulfill their environmental commitments.

ANE handles waste and the small amount of pollutants generated by the Group in the course of production and operations in a compliant and transparent manner, and strictly complies with national and local pollutant emission standards.

#### Exhaust gas

Our main emissions generated during operations are the exhaust gas from vehicles during transportation. Our self-built canteen emits a relatively small amount of oil and smoke. ANE ensures that all emissions generated during operations are up to standard. We require diesel vehicles to add diesel

exhaust treatment fluid, such as vehicle urea, to effectively reduce emissions of exhaust pollutants. During the Reporting Period, the Group did not receive any penalties in respect of environmental protection.

#### Wastewater

No production is involved in the transportation, logistics and office operations of ANE, and only domestic waste water is generated. However, to protect water sources and reduce

water pollution, we try to use phosphate-free detergents and biodegradable cleaning products in our office and operations as much as possible to prevent wastewater generation.

#### Waste

ANE is committed to promoting a circular economy and doing its part to reduce waste generation. Unlike the traditional logistics industry, ANE is responsible mainly for transportation, so we do not use a large quantity of packaging materials. The waste generated during our operations is mainly harmless, such as damaged consumables and paper

generated in the office and sorting process<sup>2</sup>. ANE promotes waste reduction and is committed to reducing waste in all aspects of its operations through measures such as improving the recycling rate of consumables and minimizing the use of electricity. The Group set the following waste-reduction targets:

#### Waste Emission Targets

##### Compliant Disposal

We are committed to 100% compliant waste disposal.

##### Continuous Waste Reduction

We reduce waste generation by, for example, continuing to expand the use of electronic waybills to fulfill our commitment to 100% compliant waste disposal.

<sup>2</sup> The hazardous waste involved in ANE operations is mainly waste ink cartridges, but since the printers are leased from third parties, the cartridges are disposed of or reused by third parties on a regular and compliant basis, so they are not counted in the scope of ANE.

To achieve this goal, in the transportation process, we continue to promote the use of electric forklift trucks with lithium batteries to replace electric forklift trucks with lead-acid batteries, reducing the difficulty of waste disposal and reducing pollutants. We have innovated the use of waybills in the logistics industry and promoted the use of electronic waybills via phone scanning. For those that cannot be replaced by electronic waybills, we have taken measures, including continuously reducing the size of waybills and turning triplicate forms into a single form, to reduce the use of paper as much as possible. These measures are

expected to save 208 tons of paper per year. The Group also promotes double-sided printing for documents and the use of electronic documents to reduce paper waste and move toward a paperless office.

For general solid waste and domestic garbage, etc. generated in the course of operations that cannot be recycled, the Group follows the national standard for garbage classification and engages third parties to appropriately classify and dispose of it.

### 2.2.2 Water Resources Management

The Group encourages staff to conserve water and conducts regular water conservation campaigns, including turning off taps, reporting damaged objects promptly, and reducing runs and leaks. We plan to monitor the water consumption of each sorting center to provide information on high usage or abnormal data promptly to avoid water waste, use water effectively, and protect water resources. During the Reporting

Period, there were no significant environmental impacts involving the acquisition or use of water resources by ANE.

In 2021, we set water consumption targets to commit to the sustained reduction in the intensity of our water consumption.

#### Water Consumption Targets



##### Water conservation training

Carry out water conservation training and promotion, strengthen staff awareness of water conservation, and continuously reduce water consumption intensity.



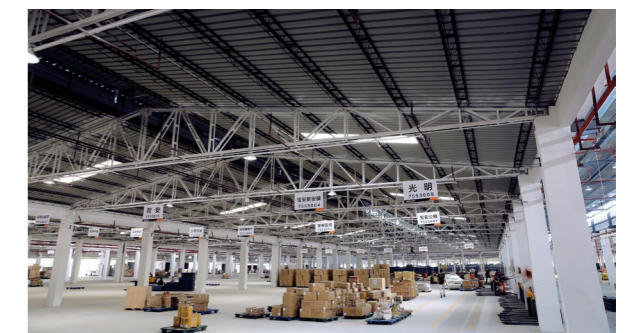
##### Water use monitoring

Carry out water resource monitoring programs to promptly detect abnormal water use.

### 2.2.3 Site Management

ANE is committed to strengthening environmental management in its office operations and focuses on environmental factors in the selection and operation of its sorting hubs. We formulated the "ANE Site Leasing Regulations" to regulate the operational steps in the process of leasing sites, clarify the corresponding work responsibilities

of each department, and reduce potential environmental risks in the later use of sites. The Group selects sites that meet the Group's environmental protection requirements by reviewing site qualifications, thereby further enhancing the environmental compliance of the Group's site use.





As a member of the logistics and transportation industry, it is our responsibility and mission to provide reliable, high-quality service to our customers. ANE makes a positive customer experience as its core mission, focusing on service quality, improving service efficiency, and achieving customer value and cost satisfaction by executing the integrated development of informationization, intelligence and digitalization in our customer service centers.

#### Network and Transportation Management



## 29,100

ANE has 29,100 freight partners and agents, covering approximately 96% of the counties, townships and towns in China and serving approximately 3.9 million shippers.

#### Customer Service



## 100 %

Customer demand-oriented, resolution rate for complaint handling in 2021



## 91.8 %

satisfaction rate for complaint handling



## 0.046 %

freight damage rate

# 3 LEAN OPERATIONS

## 3.1 Network Management

ANE has a large logistics management network and relies on an innovative freight partner platform model to attract regional freight operators to join our ecosystem as franchisees and agents. We currently have 29,100 freight partners and agents and serve approximately 3.9 million shippers.

The aim of the network and platform is to implement the value of ANE by continuously meeting customer needs. We uphold the value "let franchisees make money sustainably", constantly standardize the network franchise management system, closely track the performance of our freight partners and agents, and focus on providing accurate and timely services to our customers while achieving win-win cooperation with our franchisees.

We continue to promote the construction of our network management systems and have developed several franchisee management systems, including the "ANE Network Operation Manual", "ANE Franchisee Network Management Manual", "Express Network Customer Service Manual", and "Express Network Settlement Manual". Through the continuous optimization of network entry standards and requirements, tracking and evaluation, and value-added empowerment initiatives, we work together with our franchisees to build a highly efficient, high-quality, and high-standard logistics network.



Network Management and Value-Added Enabling System

We also share the economic results with our partners, using our accumulated data and industry insights to provide our freight partners and agents with a variety of value-added services (financial and digital tools) to help them develop competitive freight services for large customers. We also provide operational guidance to help our freight partners

cope with the increasing complexity of business expansion. Through these resource-sharing initiatives, our freight partners and agents can leverage our network coverage, brand recognition and operational support to better serve shippers in the long term.

## 3.2 Transportation Management

Our most important duty is to ensure the safe and timely delivery of goods. ANE is committed to setting high-quality service standards in the industry and providing customers

with lower cost, better quality, and more efficient logistics services through our leading route-planning technology and superior safety-guarantee system.

### 3.2.1 Cost Reduction and Efficiency Improving

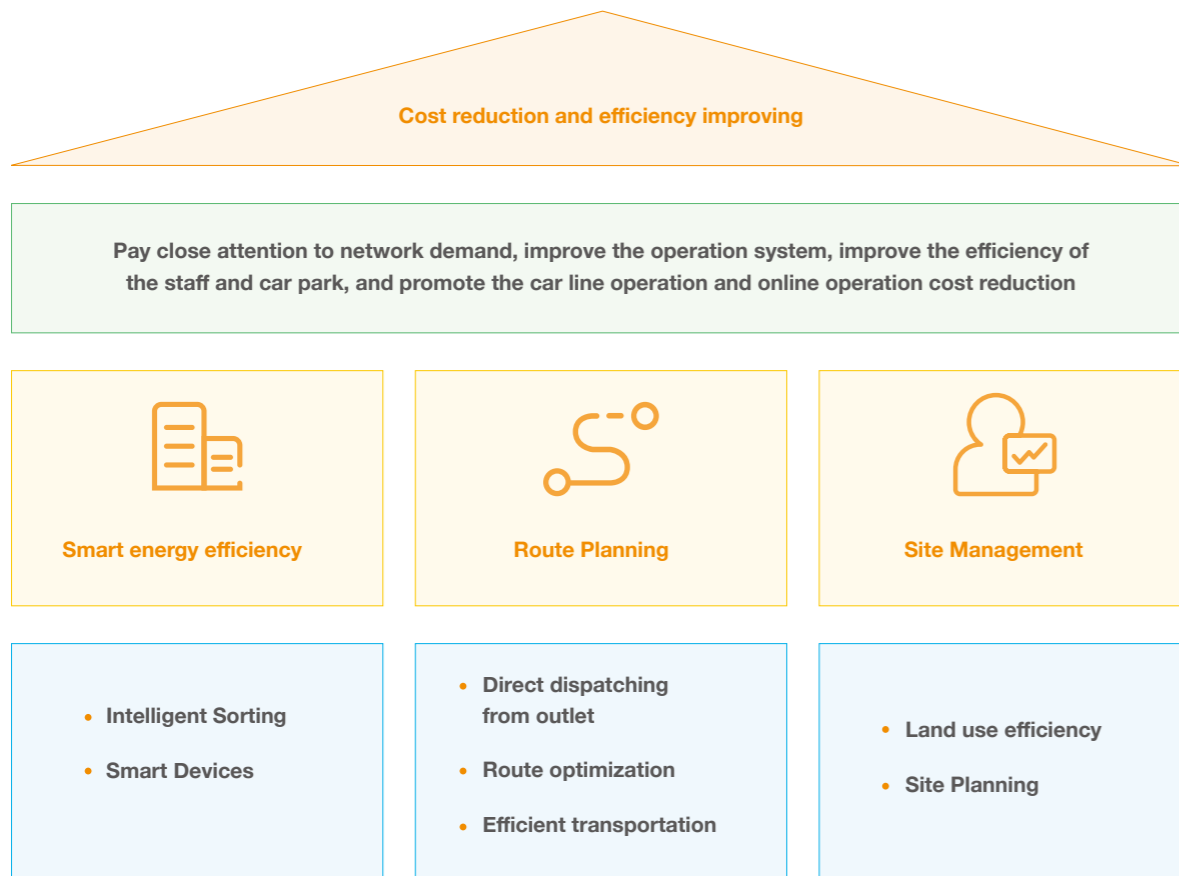
We focus on quality construction and continue to improve transportation efficiency and service quality to win wide recognition among customers and outlets. ANE made 2021 the year of quality, gathering the consensus of

"big operations", paying attention to the comprehensive indexes of cost, quality and timeliness, creating excellent service quality and customer perception, and transforming ANE's popularity and reputation.



With the expectation of "being the most efficient connector", we pay close attention to demand and growth in our network, gradually iterate, improve and enhance our operations, comprehensively improve the efficiency of our people and vehicles, comprehensively promote vehicle line operation and

network operation cost reduction, make sorting the power source of operations optimization, promote the maximum efficiency of sorting management and operation resources, and guarantee timely delivery while reducing the cost of operations.



Cost Reduction and Efficiency Improving Initiatives

### 3.2.2 Safety and Security

ANE pays close attention to safe delivery and transportation, strictly abides by the relevant national laws and regulations, comprehensively strengthens hidden danger investigation and risk education, and ensures that goods are delivered safely.

We actively cooperate with various security investigations and orders of the national regulatory authorities to carry out

comprehensive control and supervision of contraband and promote the healthy and sustainable development of the shipping industry. We have established and continuously optimized the "Prohibited Goods Prohibition Management System", which stipulates the types of prohibited goods, handling methods, and reward and punishment systems, and strictly controls high-risk logistics goods from source to express delivery channels.

## 3.3 Customer Service

ANE takes customer needs as its guide, continuously improves the service efficiency by enhancing its service and creating customer value, and improves the service satisfaction in all areas to win the long-term trust of our customers.

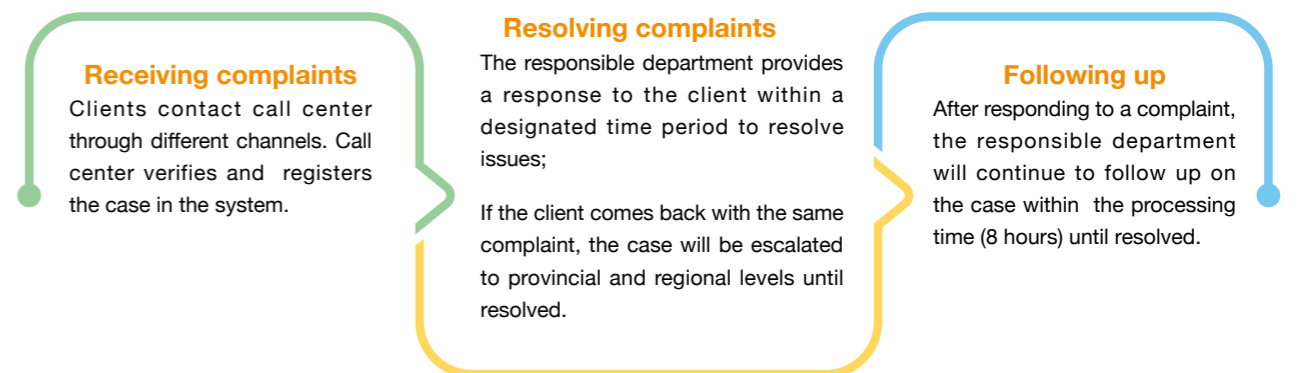
### 3.3.1 Customer Communication

We developed a "Customer Service Manual" to systematically regulate customer service management. The manual covers a series of standard work processes, including premium claims, official media complaints, telephone communication, customer complaints, and network arbitration. We also improved customer service-related training and guidance for our network franchisees to ensure high-quality customer service for shippers.

We constantly improve our customer communication channels, and patiently and carefully listen to customer suggestions. Customers who have any concerns about the service process can complain at any time by telephone at 95344, online customer service, our official website, our official microblog, the mini program, the microblog, and various social media platforms. We established the "Breakage Arbitration Management System" to minimize freight damage. In 2021, our freight damage rate was 0.046%.

We pay attention to the customer experience and optimize service quality through various satisfaction-enhancement programs to establish a good brand reputation. During the Reporting Period, we responded to customer suggestions

and made efforts to respond to customer needs in terms of experience optimization, improving timeliness, process standardization, and product development.



ANE Logistics Customer Complaint Processing Procedure

### 3.3.2 Responsible Marketing

ANE strictly abides by the Advertisement Law of the People's Republic of China and other laws and regulations related to publicity and marketing to ensure that all publicity materials and external information are true and accurate and to protect the rights and interests of our customers. At the same time,

we improve training related to compliant marketing for our staff and franchisees, stipulate that all promotional content and forms be reviewed for compliance and appropriateness, strictly prohibit exaggerated or false content, and strive to create a responsible brand image.

# 3.4 Technology Empowerment

ANE is committed to empowering the traditional logistics industry through digitalization and intelligent technology, continuously strengthening information security and intellectual property protection, and helping to innovate the industry.

## 3.4.1 Smart Logistics

An excellent IT system is the cornerstone to support our outstanding performance in operational efficiency and end-customer experience. Based on big data, cloud computing and other technological advances, we independently developed 56 sets of digital systems for application in all aspects of our operations, promoting the integration of technological innovation and actual operations, implementing digital operations and intelligent decision-making along the entire chain, and effectively reducing operational costs.

With the Compass system as the core of the operation control tower and decision-making process, the digital system of ANE comprehensively integrates extensive operations data from various operation management systems of the Group, including the Luban system for integrated data management, the 360° system for the outlet management, the TMS system for line-haul management, and the Yitian system for sorting center management. The efficient, intelligent and extensive data system has enabled us to fully digitize our key operation nodes and successfully improve our planning and execution efficiency.



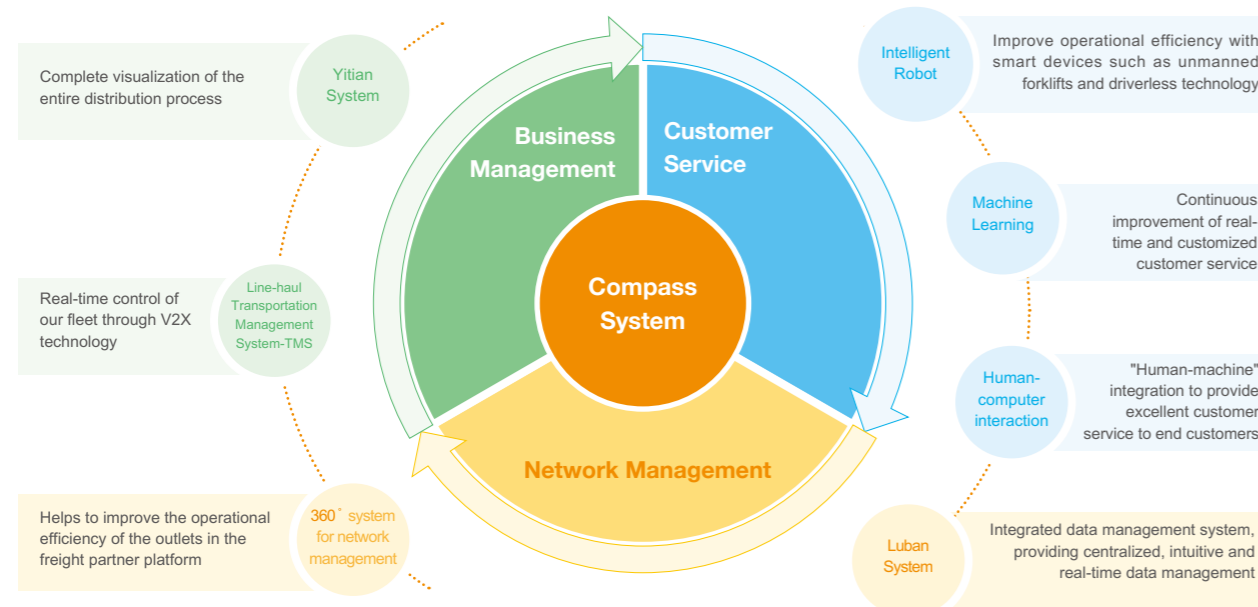
Luban System



Yitian System



TMS System

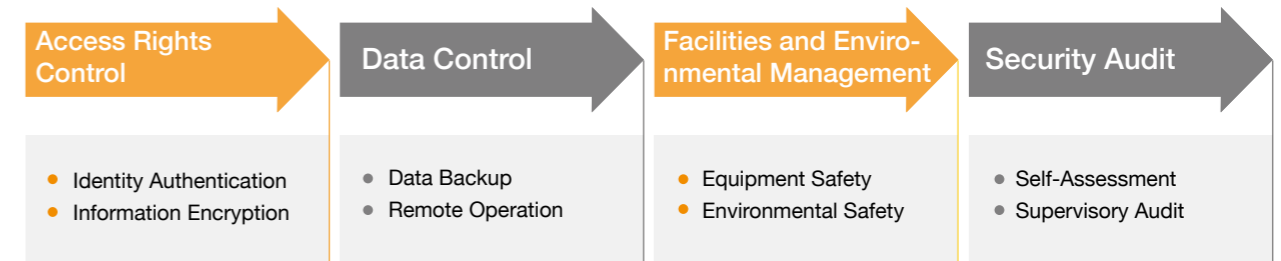


ANE Logistics Digital System

## 3.4.2 Information Security

A safe and reliable information management system is the foundation to support the digital system of ANE. ANE strictly abides by The Personal Information Protection Law of the People's Republic of China and other relevant laws and regulations and accordingly formulated the Information Security Management System and the Security System

for the Use of Office Computers to safeguard the Group's information security and prevent network risks. We actively promote the construction of an information security system, and seven of our systems have obtained ISO 27001 Information Security Management System certification, covering the scope of all core business operations.



Information Security Assurance Initiatives

To enhance the emergency and response capability of our information systems to prevent information leakage incidents, we developed Disaster Recovery Drill Plan Management System V1.2 to further standardize the reporting process of major events. We regularly conduct emergency drills every year to simulate and test emergency recovery plans for various security incidents in our emergency response plan. In addition, we provide regular information security training for our employees to improve their data security awareness and risk response capabilities to ensure the smooth operation of

our data systems.

We highly value the privacy and security of our customers and other partners. We stipulated in our Information Security Management System that employees cannot disclose any data of the Group to the public, and all information involving customer privacy is encrypted to strictly prevent the risk of information leakage. During the Reporting Period, there were no data or privacy leakage incidents.

## 3.4.3 Intellectual Property Management

While continuously promoting technological innovation, ANE focuses on the protection of the intellectual property (IP) achievements of our staff and is committed to building a fair and transparent R&D environment. We strictly comply with the requirements of laws, regulations and normative documents, such as the Copyright Law of the People's Republic of China, the Patent Law of the People's Republic of China, and the Trademark Law of the People's Republic

of China, and have formulated and established internal systems, such as the Regulations on Intellectual Property Management and the VI Management System, to promote the continuous improvement of our IP management system and image identification system. ANE also continues to carry out infringement crackdowns by promoting and establishing reporting channels.

In 2021, the Group's performance on intellectual property was encouraging:

**72** items  
New licensed trademarks

**10** items  
Licensed Software Copyright



ANE upholds the people-oriented concept, and provides employees with compliant and legal employment policies, competitive compensation and benefits, various employee communication channels, and clear career path planning through a complete HR organizational framework. We continuously enhance our employees' identification with the Company, are widely recognized by society, and ensure the healthy and sustainable development of the Company.

Equality and Diversity



We protect the basic rights and interests of our employees, create a diverse workplace, focus on the value of our female employees, and provide equal employment opportunities.

Communication and Care



To show our care for front-line employees, we conduct quarterly surveys on issues closely related to front-line employees, such as the canteen and dormitory, to provide consistent answers and improvements to questions from employees.



An Education Fund for employees' children was established to send love and warmth to employees' families.

Employee Value



**100 %**  
Employee training coverage



**RMB 11 million**  
Total training input



**34,476 people**  
Total training participants



**6.5 hours**  
Employee average training hours

Health and Safety



Our internet of vehicles data is interoperable with the internal operating system to monitor and analyze vehicle driving in real time. We install monitoring devices in all self-operated fleets to analyze drivers' driving behavior, ensure driver safety, and reduce the number of accidents.



We invested resources to fight the COVID-19 pandemic and protect the safety and health of our employees.

# 4 TALENT CULTIVATION



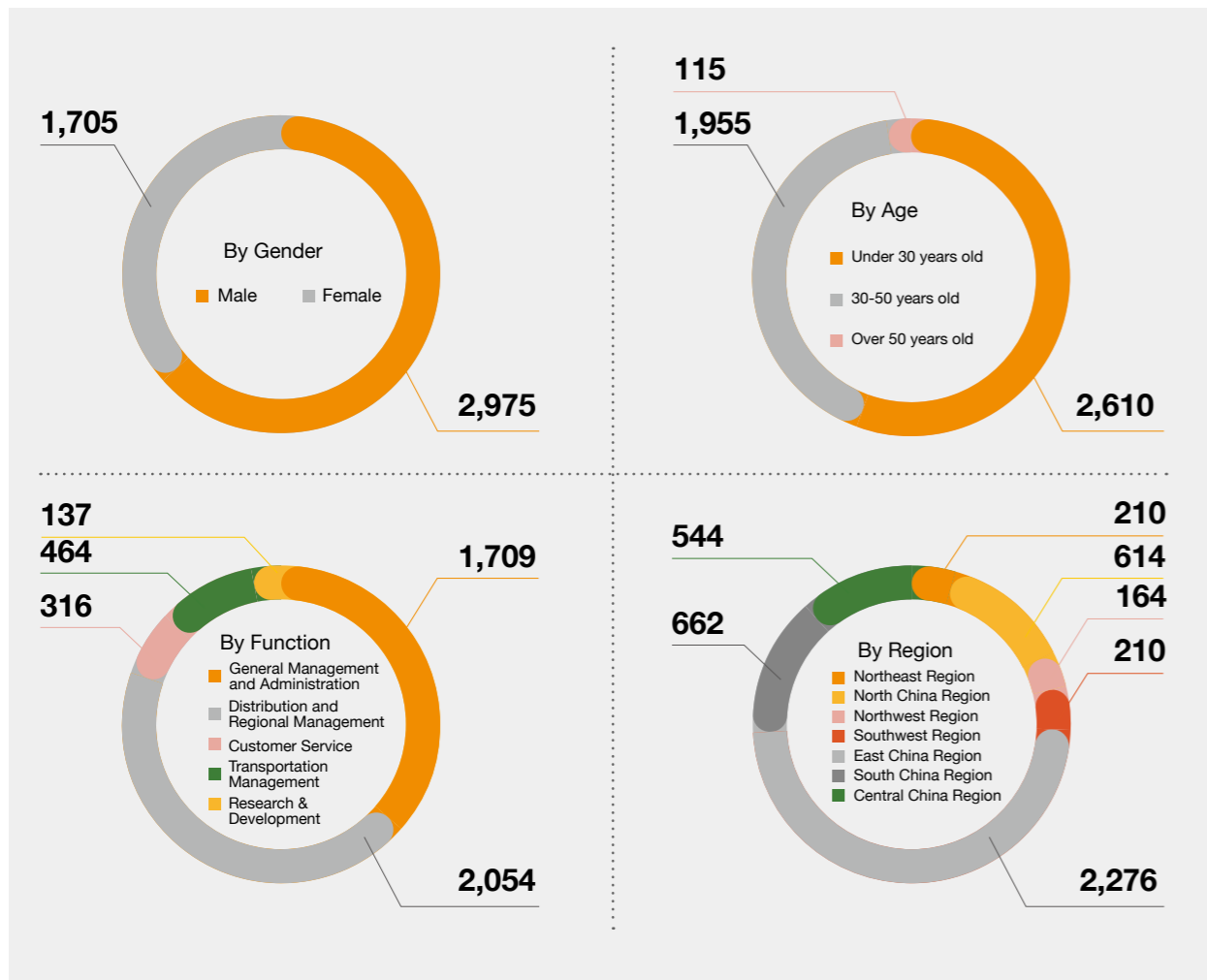
## 4.1 Employment Compliance

ANE strictly conforms with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, and other employment-related laws and regulations applicable to our place of operation. We continuously enhance our Employee Handbook, our Recruitment Management System, and other internal human resources documents and systems to provide continuous institutional protection for the Group to carry out its employment work. ANE's employees are entitled to paid leave as stipulated by the relevant laws and regulations, such as statutory holidays, work injury leave, marriage leave, maternity leave and sick leave. We have formulated a comprehensive Employee Handbook, which provides clear regulations on working hours, employee benefits, leave management, etc.

Based on a complete internal recruitment process and talent-selection mechanisms, we carry out recruitment and hiring through multiple channels to ensure the influx

of diverse talent and to continuously ensure the vitality of the Company. In the process, we uphold the principles of fairness, impartiality and openness, and focus on protecting the basic rights and interests of our employees, eliminating any discrimination and unfair competition in terms of gender, age, race, region, religion, education level, etc. We take a zero-tolerance approach to child labor and forced labor, and use both prevention and severe punishment to prevent such cases. During the recruitment process, we also strictly review the identity information submitted by employees and verify the age of the candidates. If violations are found after onboarding, we will report them to the labor security administration, actively contact the legal guardians, and deal with the relevant recruiters seriously. Since the establishment of ANE, we have had no child labor or forced labor cases.

As at December 31, 2021, ANE had 4,680 employees, all located in China, 2,975 of whom were male and 1,705 female, as follows:



## 4.2 Communication and Care

We abide by the laws and regulations related to employee compensation and benefits and provide employees with work subsidies, annual care benefits and other special benefits of the Group, in addition to paying social insurance and a housing

provident fund for employees. We continue to attract external talent to join us and lay the foundation for the Company to continuously improve its competitiveness.

### 4.2.1 Employee Communication

To uphold our corporate culture and value of diversity, ANE is committed to building diversified communication channels and feedback mechanisms to get a wide range of opinions from employees, such as grassroots talks and face-to-face exchanges. It is an admirable tradition of ANE to care about the work and life of our front-line employees. In 2021, we

conducted a quarterly questionnaire on issues closely related to front-line employees, such as canteen and dormitory security, and made continuous improvements in response to feedback from employees.

### 4.2.2 Employee Activities

ANE believes that our employees are the foundation of our success, development and growth. We have always focused on gathering the strength of our employees, enhancing their happiness, and revitalizing their enthusiasm. During the Reporting Period, we organized special activities, such as

anniversary celebrations and annual meetings, as well as cultural and sports activities, such as hiking and the ANE national basketball league, which enriched the daily lives of our employees, brought us closer to them, and helped achieve healthy work-life balance.



### 4.2.3 Employee Care

ANE cares about the life of our employees. In addition to paying them in full and on time, we firmly safeguard the basic rights and interests of our employees, especially female employees and disadvantaged groups, and provide them with convenience in life and work as far as possible. During the Reporting Period, we launched the Education Fund for

the children of ANE employees to create better learning conditions and development opportunities for outstanding students through bonus incentives and to encourage aspiring young people to pursue further education and strive to become talented pillars of society.

## 4.3 Employee Value

ANE pays attention to the cultivation of employee talent. We correlate salary with performance and encourage employees to showcase their self-worth through a comprehensive employee training and promotion system, tailoring career development

paths for employees in different positions and ranks, and supplementing them with corresponding, highly attractive incentive policies.

### 4.3.1 Performance-based Compensation

ANE has a culture of performance and strives to tilt resources and rewards to those who create value. The Group adheres to the concept of "pay for performance" to promote the long-term development of our business. To ensure the fairness of our appraisal system, we conduct performance appraisals based on our strategic planning, business objectives and management goals to ensure a high degree of consistency between the work content and the Group's development strategy and to motivate employees to grow. In 2021, we broadened the salary adjustment range and added a "Quality Allowance" to quantify the performance achievement in a standardized, rules- and values-based way. At the same time, we added two new income assessment dimensions,

"quality" and "technical level certification", to the income composition of front-line employees, and gradually increased the performance pay ratio of quality indicators to guide and motivate front-line operators to pay attention to freight safety and operation quality.

We believe in the great potential of our employees. In addition to "performance-based compensation", we organize employee incentive activities, such as the CEO Lunch, to motivate employees to grow, become successful, explore their broad, unlimited development potential, accept challenges, and move forward.

#### CEO Lunch

The "CEO Lunch" is an incentive program launched by ANE in 2019. At each CEO Lunch, we invite 12 outstanding employees from different provinces, regions, management modules and job positions and advanced employees who have made an outstanding contribution to the Group's development to have lunch with CEO Qin Xinghua. This gives the employees the opportunity to share their work experience and feelings face to face, and discuss the Group's future development direction

and strategy together. We also promote the work experience and management thoughts of the invited staff on the official ANE WeChat account, "ANE Today", to promote the improvement of the internal management level of the Group.

As at the end of 2021, ANE had held 29 CEO Lunch sessions and invited a total of 348 outstanding employees to them; more than 140 participants have received salary rises and promotions.



### 4.3.2 Employee Promotion

The Group has established internal systems such as the "Talent Management System" and the "Cadre Management System" to support the promotion and development of our employees. According to the different positions and functional duties of our employees, we divide them into three levels: core, backbone and professional levels. In 2021, we introduced the concepts of rank and grade to further improve our employee ranking system.

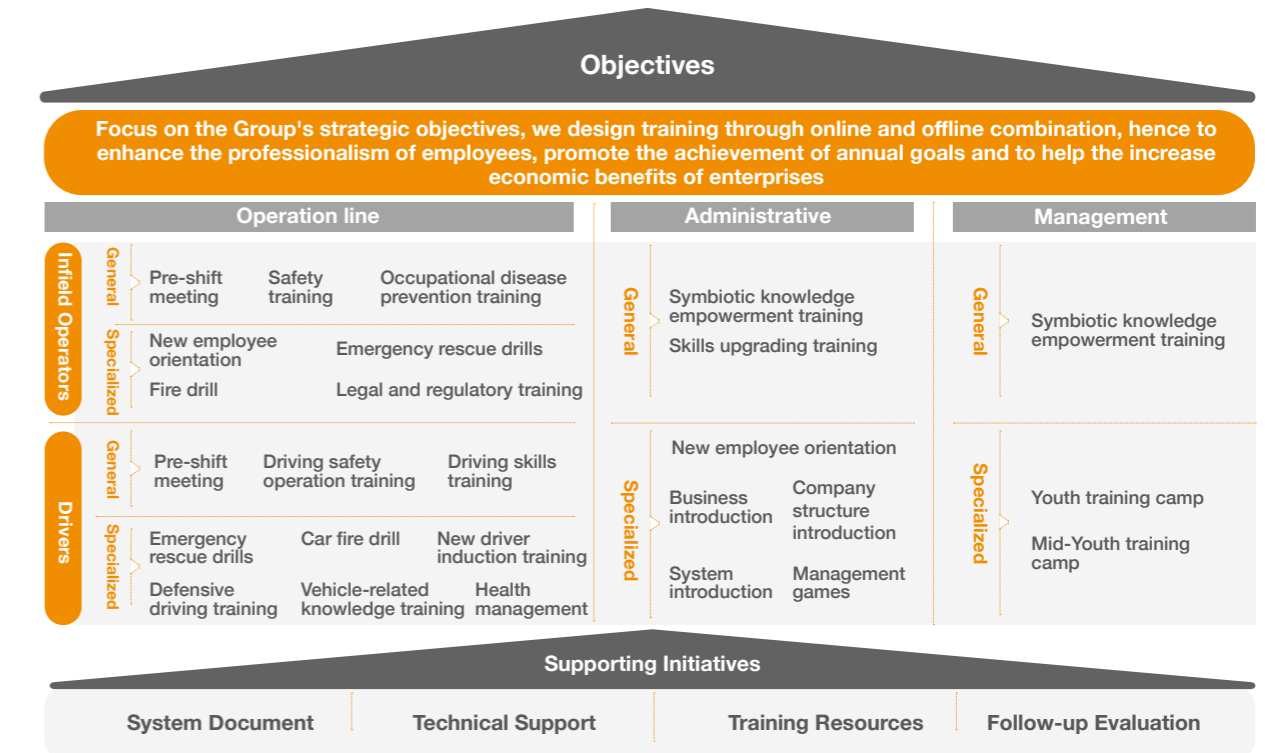
policy to assess the qualifications of employees and select talent who are "responsible, capable and dare to breakthrough" from actual operations to further improve the construction of our talent hierarchy.

By creating a transparent and open ranking system and development channel, and building a complete talent promotion process, ANE hopes to encourage and guide our employees to work hard and move into high-value, demanding positions, thus creating a self-driven organization, and providing a solid talent guarantee for the implementation of the Group's overall strategic goals and sustainable development.

ANE believes in the principle "Don't race horses". We established a talent selection mechanism, such as the War Wolf Talent Pool and the Cadre Reserve Pool, under the guidance of our flexible personnel and position matching

### 4.3.3 Employee Training

ANE has responded to the need of our employees to improve their professional level by establishing and continuously improving the staff training system based on the Group's strategic objectives and phased work tasks. We set up targeted training programs for employees at different levels and with different responsibilities and increased the flexibility of training through a combination of online and offline training formats.



Employee Training Management System

## 4.4 Health and Safety

The health and safety of our employees are the top priority of ANE. In addition to ensuring the safety of our employees, we strengthen the safety management of front-line drivers,

porters and other partners to drive the safe and healthy development of our industrial ecosystem.

### 4.4.1 Production Safety

ANE fulfills its social responsibility by implementing the safety production policy "safety first, prevention first, comprehensive management", and adhering to the guiding ideology "safe production, people-oriented" of General Secretary Xi Jinping. We take on the main responsibility for safety management, strengthening the grading and control of safety risks and the management of hidden dangers in the production area, and guaranteeing the safety of our employees' life and property.

Following the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, the Group protects the labor rights and interests of our employees, pays monthly work injury insurance and commercial insurance for our employees, has formulated special labor allowances for "winter and summer" work and special equipment work, and provides employees with protection equipment that meets national standards.

#### Security Management

The Group has formulated and implemented a series of systems such as the Group's Safe Production Accountability System, Safe Production Management System and Operating Procedures, Risk Classification and Management of Hidden Risks, and Three-grade Safety and Risk System for Drivers, following the laws and regulations, such as the Law of the

People's Republic of China on Production Safety, Law of the Peoples Republic of China on Fire Prevention and Special Equipment Safety Law of the People's Republic of China, to ensure the safety of ANE operations and personnel at the system level.

##### Safe Production Accountability System

- Clarifies the safety management responsibilities and management scope at front-line operation areas of the primary person in charge from the Group's headquarters.

##### Safe Production Management System and Operating Procedures

- Details the standards for the operations of production areas, fire-fighting facilities and equipment, special equipment safe operations, vehicle driving, etc.

##### Risk Classification and Management of Hidden Risks

- Establishes a double prevention work mechanism for the Company, where workplace safety risks examination, rectifications and reporting are carried out on a regular basis by front-line operations units of provincial areas. The headquarters carries out safety examination at different front-line operations units on the basis of "four don'ts and two do's" from time to time.

##### Three-grade Safety and Risk System for Drivers

- Establishes risk grading mechanism for drivers, and details management requirements for risky drivers to focus on high-risk drivers and reduce overall safety risks.

Safety Management System

### Safety and Security Measures

Following our Risk Grading Control and Hidden Danger Investigation and Management system, ANE regularly conducts safety inspections at its sorting centers and fleets, and rectifies problems detected to reduce the probability of safety accidents. We also ensure the health and safety of our drivers through a comprehensive online operation management system. We interconnect vehicle data with our internal operating system to monitor vehicle and driver status

in real time, including speeding, lane departure, fatigue, mobile phone use and other dangerous driving behaviors, and alert drivers and dispatch centers promptly, if necessary, to give effective warnings. We also apply a range of safety technologies in our trucks, ensuring that they are equipped with GPS tracking and integrated safety features.

### Safety Education

ANE proactively carries out safety education and training to create a safety culture within the Group. Our safety training covers all aspects of possible safety hazards in our operations, such as operational norms, fire safety, emergency rescue, and safe driving, covering all of ANE's front-line operators and drivers. We require each sorting center to organize pre-shift meetings for employees, emphasizing

operational safety norms and emergency rescue measures. For fleets, we carry out safety education in various forms, including monthly safety education and training, fleet training by external experts, special training at the Changshan training base, and online learning and training. We also strengthen employees' safety awareness through live safety broadcasts on a multimedia platform.

In 2021, ANE conducted safety training as follows:



69 times

New Employee Orientation Safety Training



1900+ times

Sorting Centre Security Training



30,000+ people

Total Number of Participants in Safety Training

### 4.4.2 Fighting the Pandemic

Since the outbreak of the COVID-19 pandemic in 2020, it has swept across the world. As a socially responsible company, ANE looked after the health and safety of all employees in 2020 and 2021, doing its best to reduce the impact of the outbreak on both employees and our business, while safeguarding business operations and protecting the quality of life of our employees.

At the beginning of the pandemic, we responded quickly, led by the administration department, and immediately organized nationwide pandemic prevention work. The Group issued pandemic prevention materials to all employees at headquarters and 20 provinces and regions, and implemented disinfection work at each operation site and sorting hub to reduce the risk of employee infection and maintain employee health. At the end of 2021, no ANE employees were infected with COVID-19.

During the normalization phase of the pandemic, we established a control process that requires us to avoid or reduce travel to risk areas as much as possible and to analyze and record necessary travel. In addition, we organized regular COVID-19 testing for all employees; nearly 4,000 free COVID-19 tests were conducted during the Reporting Period.







ANE is committed to maintaining and improving a healthy balance of social and economic benefits. In our industry, we communicate with suppliers and flexibly carry out industry exchanges to build mutually beneficial win-win partnerships. We also care about society and carry out public welfare activities to give back to society through practical action.

# 5 BUILDING COMMUNITY TOGETHER

### Supplier Management



ANE fully considers the environmental and social performance of its suppliers and uses its influence as a leading company in the industry to drive the healthy development of the industry. We require suppliers to provide environmentally related qualifications and permits, and at the same time, we consider the integrity management level of our suppliers and

**100** %

suppliers signed integrity agreement.

### Transport with Care



ANE has established the characteristic "brand empowerment + logistics support" model, effectively helping local farmers increase their income and achieve win-win cooperation.

## 5.1 Supplier Management

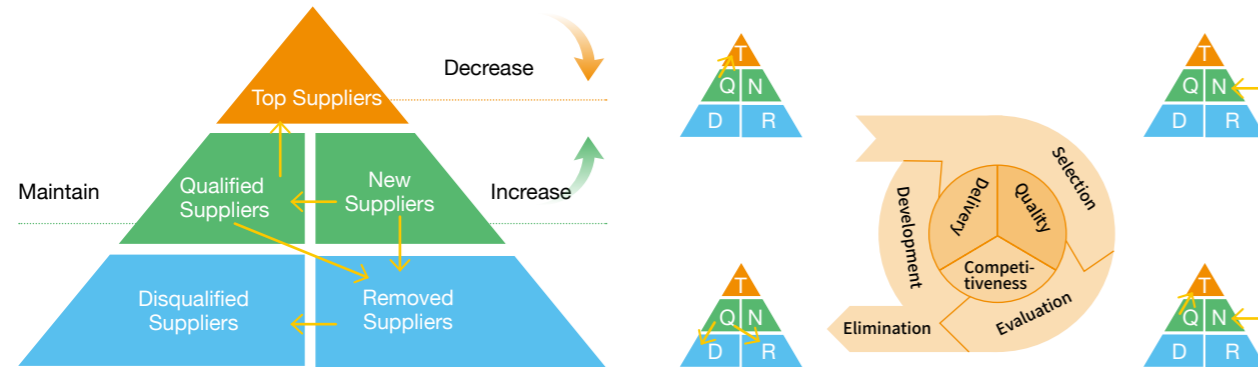
ANE always puts integrity in first place, focuses on maintaining the stability and sustainable development of the supply chain, uses the Procurement Management System as a guarantee to make a detailed classification of suppliers, and then standardizes supplier access, assessment, integrity management, training, exchange, and related content to improve its service quality while driving the development of suppliers at all levels to achieve a win-win situation in the industry.

ANE has always kept an open mind and continuously improved our supplier management and access mechanisms. At the supplier access stage, we set different access criteria according to the type of supplier and select suitable suppliers. We group suppliers according to their type and establish a pyramid supplier cycle management model for each group, classifying suppliers into top suppliers, qualified suppliers, new access suppliers and eliminated suppliers, thus screening top suppliers and eliminating weak suppliers to form an outstanding supply cycle.

We also conduct quarterly assessments and product quality sampling for long-term suppliers to assess quality,

effectiveness, cost and service, conduct on-site audits as needed, and rate suppliers according to the corresponding criteria to optimize the supplier team and promote healthy competition among suppliers.

In addition to the assessment, the Group conducts occasional training for new and existing suppliers to continuously improve the management level of suppliers in terms of quality, safety and integrity. At the same time, we actively communicate with our suppliers to discuss the cost of raw materials, process innovation and industry development to promote synergistic development along the industrial chain. We pay attention to the environmental and social performance of our suppliers. In the process of supplier admission, we require suppliers to provide environmentally related qualifications and permits, and evaluate and audit their performance in environmental protection, employee rights and interests, social responsibility and risk management. We also pay extra attention to the integrity management of our suppliers and sign integrity agreements with each supplier, explicitly prohibiting them from violating the principles of integrity and confidentiality, and ensuring that they actively comply with the laws and regulations applicable to their place of operation. During the Reporting Period, the percentage of suppliers who had signed the integrity agreements reached 100%.



Supplier Pyramid Circulatory Management Model

## 5.2 Industry Communication and Cooperation

ANE always pursues the goal of achieving a win-win situation. ANE is the vice president of the China Federation of Logistics and Purchasing and is recognized by the Federation as an AAAAA logistics unit. In our field, we

promote industry exchange activities, make good use of resources and cooperate with partners to create more development space in the industry and drive the industry to grow together.

## 5.3 Charity

ANE believes in giving back to the community, and from our industry, we enthusiastically serve the community, support and participate in social welfare work, and try to continuously increase the happiness of our communities. While abiding by social merit and social civilization norms and carrying forward traditional virtues, we focus on protecting the environment and healthy living, and contribute to the promotion of social prosperity.

During the Reporting Period, we were involved in public welfare projects, such as helping farmers to alleviate poverty, fighting the pandemic and natural disasters, making donations, and investing a lot of money and manpower to take up social responsibility and establish a good corporate image.

### ANE helps agriculture with leading freight volume

ANE is highly concerned about people's livelihood and is committed to using its power to assist agriculture. In 2021, ANE focused on aggregation and production-marketing docking, cooperating with villagers in Qingyang, and establishing a comprehensive logistics platform integrating collection, packaging and transportation to help local farmers increase their income with the "brand empowerment + logistics support" model.



### Guangdong anti-pandemic activities

On June 5, 2021, in the face of the sudden COVID outbreak in Guangdong, the ANE Zhanjiang sorting hub and Guangzhou sorting hub sent out help immediately, organizing staff and vehicles, coordinating all parties, opening green channels, and fully dispatching transportation and human resources to deliver anti-pandemic materials to the Liwan District Prevention and Control Office at the fastest speed under the premise of good personal protection, demonstrating ANE's speed.



### Henan disaster relief

In July 2021, heavy rainfall in Henan resulted in serious regional flooding, causing significant damage to the local area. After the flood, we donated 400 boxes of instant noodles, 200 boxes of bread, 300 boxes of mineral water, and thousands of rain boots, raincoats and other relief materials to people in the disaster area, opened a green channel for the transportation of relief materials, and helped mobilize network transportation resources to provide priority transportation services for relief materials.





# 6 APPENDIX

Appendix Key Performance Tables

Environmental Performance Table

Social Performance Table





# Appendix Key Performance Tables

## Environmental Performance Table<sup>3</sup>

Indicator Name	Unit	Data for 2021
<b>Greenhouse gas emissions and intensity</b>		
Scope I Greenhouse Gas Emissions	Carbon dioxide-ton(CO <sub>2</sub> -ton)	363,048
Scope II Greenhouse Gas Emissions	CO <sub>2</sub> -ton	29,197
Total greenhouse gas emissions <sup>4</sup>	CO <sub>2</sub> -ton	392,245
Greenhouse gas emission intensity	CO <sub>2</sub> -ton/million RMB	40.67
<b>Waste</b>		
Amount of non-hazardous waste generated	Ton	5,359
Non-hazardous waste emission intensity	Ton/million RMB	0.56
<b>Exhaust gas<sup>5</sup></b>		
Nitrogen oxides	Ton	1,479
Sulfur Dioxide	Kilogram	2239
<b>Energy consumption</b>		
Purchased power consumption	Millions of watt-hour	42,988
Renewable Energy Use	Millions of watt-hour	32
Natural gas consumption	Standard cubic meter	17,531
Diesel consumption	Ton	115,420
Direct energy consumption	Ton of standard coal	168,204
Indirect energy consumption	Ton of standard coal	5,283
Comprehensive energy consumption <sup>6</sup>	Ton of standard coal	173,487
Comprehensive energy consumption intensity	Ton of standard coal / million RMB	17.99
<b>Water consumption</b>		
Water withdrawal from the tap/ municipal water	Ton	1,127,105
Water consumption intensity	Ton/million RMB	116.86

<sup>3</sup>The Group is mainly engaged in express transportation services and is not involved in the use of packaging materials, thus did not disclose on KPI A2.5 of Appendix 27 of the Environmental, Social and Governance Reporting Guidelines of the Listing Rules of HKEX

<sup>4</sup>Scope 1 Greenhouse Gas includes Greenhouse Gas emissions from natural gas and diesel, and Scope 2 Greenhouse Gas includes purchased electricity. Calculations refer to the "Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Land-based Transportation Enterprises (Trial)"

<sup>5</sup>Nitrogen oxides and sulfur dioxide emissions are calculated with reference to the Hong Kong Environmental Protection Department's vehicle emission calculation model and the U.S. Environmental Protection Agency's vehicle emission modeling software

<sup>6</sup>The direct energy consumption includes the consumption of natural gas, diesel and renewable electricity generated by rooftop photovoltaic, and the indirect energy consumption includes purchased electricity. The calculation refers to GB/T 2589-2020 "General Rules for Calculating Comprehensive Energy Consumption"

## Social Performance Table<sup>7</sup>

Indicator Name	Unit	Data for 2021
<b>Employment</b>		
Total number of full-time employees	People	4,580
Total number of part-time employees	People	100
<b>By Gender</b>		
Male employees	People	2,975
Female employees	People	1,705
<b>By Age</b>		
Under 30 years old	People	2,610
30 to 50 years old	People	1,955
Over 50 years old	People	115
<b>By Function</b>		
General Management and Administration	People	1,709
Distribution and Regional Management	People	2,054
Customer Service	People	316
Transportation Management	People	464
Research & Development	People	137
<b>By Region</b>		
Northeast Region	People	210
North China Region	People	614
Northwest Region	People	164
Southwest Region	People	210
East China Region	People	2,276
South China Region	People	662
Central China Region	People	544

<sup>7</sup>The Group is engaged in express shipping services that do not involve the recall of products for health and safety reasons, thus did not disclose on KPI B6.1 of Appendix 27 of the Environmental, Social and Governance Reporting Guidelines of the Listing Rules of HKEX



Indicator Name	Unit	Data for 2021
<b>Employee turnover rate</b>		
Total turnover rate	%	42.86
<b>By Gender</b>		
Male employees	%	43.46
Female employees	%	41.79
<b>By Age</b>		
Under 30 years old	%	55.31
30 to 50 years old	%	26.18
Over 50 years old	%	31.11
<b>By Function</b>		
General Management and Administration	%	34.98
Distribution and Regional Management	%	41.05
Customer Service	%	80.31
Transportation Management	%	49.67
Research & Development	%	33.87
<b>By Region</b>		
Northeast Region	%	34.38
North China Region	%	35.05
Northwest Region	%	44.66
Southwest Region	%	41.36
East China Region	%	44.23
South China Region	%	48.57
Central China Region	%	41.81
<b>Training and Development</b>		
Total number of full-time employee training sessions	Number of people	34,476
Amount of training and development input	RMB 10,000	1,100
<b>Percentage trained</b>		
Percentage of employees trained	%	100
<b>By Gender</b>		

Indicator Name	Unit	Data for 2021
Male employees	%	63.57
Female employees	%	36.43
<b>By Function</b>		
General Management and Administration	%	36.52
Distribution and Regional Management	%	43.89
Customer Service	%	6.75
Transportation Management	%	9.91
Research & Development	%	2.93
<b>Number of training hours</b>		
Number of training hours per employee	Hour	6.5
<b>By Gender</b>		
Male employees	Hour	6.6
Female employees	Hour	6.4
<b>By Function</b>		
General Management and Administration	Hour	7.1
Distribution and Regional Management	Hour	5.9
Customer Service	Hour	6.8
Transportation Management	Hour	5.5
Research & Development	Hour	7.2
<b>Occupational Health and Safety</b>		
Number of work-related fatalities <sup>8</sup>	People	0
Percentage of work-related fatalities	%	0
Number of work injury incidents	Number of accident	8
Number of working days lost due to work-related injuries	Day	307
Number of workplace accidents per million work hours	Number of accident	0.75
<b>Customer Complaints</b>		
Number of customer complaints	Number of complaint	36,379
Customer complaint handling rate	%	100%
<b>Supplier Management</b>		
Total number of suppliers	Number of supplier	112

<sup>8</sup> There have been no work-related fatality in the past three years.

Indicator Name	Unit	Data for 2021
<b>By Region</b>		
North China	Number of supplier	8
Central China	Number of supplier	5
East China	Number of supplier	86
Northeast China	Number of supplier	0
Northwest China	Number of supplier	0
South China	Number of supplier	13
<b>By Type</b>		
IT Class	Number of supplier	28
Operation class	Number of supplier	23
Administrative	Number of supplier	6
Labor protection supplies	Number of supplier	14
Vehicles	Number of supplier	27
Venue rental	Number of supplier	0
Business Class	Number of supplier	14
<b>Supplier Audit</b>		
Percentage of suppliers who signed integrity agreements	%	100
Number of suppliers audited on-site	%	56
<b>Anti-Corruption</b>		
Completed Corruption Litigation Cases	Number of case	1 <sup>9</sup>

<sup>9</sup> During the Reporting Period, there was one case of legal public prosecution by a former employee of ANE for misappropriation and theft, and the verdict was completed.



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