



中國外運股份有限公司
SINOTRANS LIMITED

Stock Code: 00598HK 601598SH

CUSTOMERS' SUCCESS
OUR ACHIEVEMENT

Social Responsibility and
Environmental, Social and Governance Report

2022



SINOTRANS



About the Report

The Report is the ninth Social Responsibility and Environmental, Social and Governance Report (the “Report”) published by Sinotrans Limited (the “Company”, together with its subsidiaries, collectively the “Group”, “Sinotrans”, “we” or “us”). The Report summarizes the strategy, practice and effectiveness of Sinotrans in respect of issues related to environment, society and governance (“ESG”) in 2022, with a view to show that the Group adheres to the enterprise mission statement of “create value for customers, create opportunities for employees, create returns for shareholders and create benefits for society” and is devoted to fulfilling its corporate social responsibility while adhering to sustainable development.

Reporting Scope

The Report covers the period from 1 January 2022 to 31 December 2022 (the “Reporting Period”) and certain content may reasonably be extended. The contents disclosed in the Report are the same as those in the Group’s 2022 Annual Report. However, due to the principle of materiality and the validity of information collection, the environmental information do not cover overseas entities.

Basis of Preparation

The Report has been prepared in accordance with the principles and benchmarks of the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities (hereinafter referred to as the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (hereinafter referred to the “Stock Exchange”) and the Consultation Conclusions on the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as well as the Self-regulatory Guidelines of Listed Companies on the Shanghai Stock Exchange No. 1 – Standard Operation (《上海證券交易所上市公司自律監管指引第1號—規範運作》) issued by the Shanghai Stock Exchange (the “SSE”). The following basic principles are adopted during the preparation of the Report:

Materiality principle: The Group carries out a materiality assessment by consulting with stakeholders about their concerns and expectations in terms of the Group’s sustainable development every year. The Report must cover issues of relevance and importance to the Group’s operations and stakeholders.

Quantitative principle: Where applicable, key performance indicators should be quantifiable and disclosed, with targets to reduce individual impact, so that the benefits of environmental, social and governance policies and management systems can be assessed and verified, ensuring that stakeholders have a better understanding of the Group’s environmental, social and governance performance.

Balance principle: The Report aims to present the Group’s environmental, social and governance performance in an unbiased manner so as to provide an accurate and objective assessment to stakeholders.

Consistency principle: The Report should use consistent disclosure statistical methods to enable future meaningful comparisons of environmental, social and governance data. The Report should disclose changes in statistical methods (if any) or any other relevant factors affecting meaningful comparisons.

Data and Information

The data and information contained in the Report include publicly available information, internal data collection and statistics of the Group, stakeholder surveys, etc. The financial information in the Report is consistent with the information in the Group’s 2022 Annual Report. If there is any discrepancy of data, the Annual Report shall prevail. Unless otherwise stated, all currency amounts involved in the Report are presented in RMB.

The Report is published in PDF version in Simplified Chinese, Traditional Chinese and English, and the Chinese version shall prevail in case of any discrepancy. Readers and all stakeholders can inspect the Report at the Group’s official website (www.sinotrans.com), the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Reliability Assurance

The Report was approved by the Board of Directors of the Company (the “Board”) on 27 March 2023 after confirmed by the management of the Company. The Board of the Company is fully aware of its responsibility for the authenticity of the Report and assumes full responsibility for the Group’s environmental, social and governance strategy and reporting. The Board of the Company and all directors thereof guarantee that the information contained in the Report does not contain any false representations, misleading statements or material omissions.

Information and Feedback

If you have any comments or suggestions about this Report, please contact the Company by the following means.

Address: Capital Operation Department of Sinotrans, 10th Floor, Sinotrans Building Tower B, Building 10, No.5 Anding Road, Chaoyang District, Beijing

Postal code: 100029

Tel: 8610 5229 5721

Email: ir@sinotrans.com

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About the Group

Sinotrans was incorporated on 20 November 2002, listed on the Hong Kong Stock Exchange on 13 February 2003 (00598.HK) and listed on the Shanghai Stock Exchange on 18 January 2019 (601598.SH). Sinotrans is the subsidiary and unitary logistics platform and brand of China Merchants Group Limited ("China Merchants").

With the vision of building a world-class intelligent logistics platform enterprise, Sinotrans focuses on customer needs and deep-seated commercial pressures and challenges, and continues to create commercial value and social value with the best solutions and services. Sinotrans has formed three business segments, namely logistics, forwarding and related business and e-commerce business, to provide end-to-end full supply chain solutions and services for customers.

Sinotrans adheres to sustainable development to promote the harmonious development of enterprise, society and environment. We have always believed that active social responsibility is an essential quality of a good enterprise. It is not only the external requirements to meet economic and social development trends, but also the internal needs to enhance the sustainable development of enterprises. Over the past year, the Group has actively implemented the ESG concept, integrating ESG management such as safety production, employee health, energy conservation and environmental protection, and corporate culture into the daily operation and management of the enterprise, to promote the harmonious progress of enterprises and society.

During or as of the end of the Reporting Period:

 **RMB 108.8 billion**
Revenue

 **RMB 5.2 billion**
Total Profit

 **RMB 77.8 billion**
Total Assets

 **RMB 1.65 billion**
Cash Dividend


 **RMB 0.16 billion**
Investment in R&D of Science and Technology

 **RMB 49.04 million**
Environmental protection investment

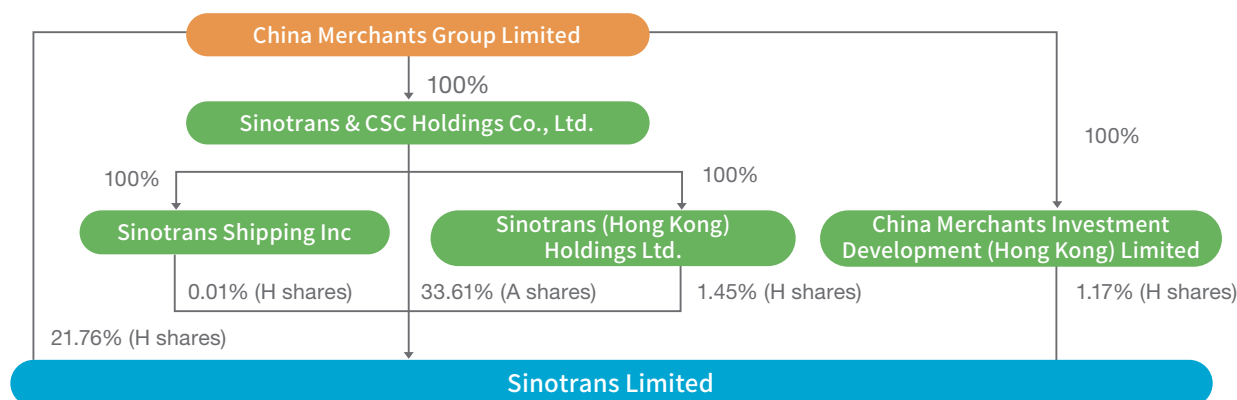
 **RMB 2.25 billion**
Total Tax Contributed to China

 **33,341**
Number of Employees

 **26,158**
Total Number of Suppliers

 **39.32 %**
Proportion of Female Employees

As at 31 December 2022, the Company issued share capital of 7,355,104,875 shares in total, including 5,255,916,875 A shares and 2,099,188,000 H shares. China Merchants Group Limited, the actual controller of the Company holds approximately 58.00% of the issued share capital of the Company in total. The specific shareholding structure chart is as follows:



Note: According to the general mandate of the general meeting, the Company made a series of repurchases of its H shares on the Hong Kong Stock Exchange from 27 October 2022 to 10 January 2023, during which 60,888,000 H shares have been repurchased in aggregate and then cancelled on 10 February 2023. Accordingly, the total share capital of the Company has decreased by 60,888,000 shares to 7,294,216,875 shares (including 5,255,916,875 A shares and 2,038,300,000 H shares).

During the Reporting Period, the Company strictly abided by the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies in China, as well as the requirements on corporate governance by the SSE and SEHK, and adopted the principles and provisions of the Corporate Governance Code as set out in Appendix 14 of the SEHK Listing Rules as our code on corporate governance, so as to improve corporate governance constantly. For details, please refer to Corporate Governance section in the 2022 Annual Report of the Company.

In 2022, the Company focused on enhancing the interaction and communication with shareholders, investors, communities, employees and other parties:



Information Disclosure

In accordance with regulatory provisions including the listing rules in listing places, adhering to the principle of combining statutory disclosure and voluntary disclosure, we highlighted the key points based on investor needs and the actual situation of the Company, so as to continuously improve the transparency of information disclosure and the quality of information disclosure by the Company. In 2022, we disclosed 230 documents on the Shanghai Stock Exchange and 425 documents on the Hong Kong Stock Exchange, and were rated Class A for the second consecutive year in the 2021-2022 information disclosure evaluation by the Shanghai Stock Exchange. In addition, in order to ensure the compliance operation of the company in accordance with the laws and regulations, we summarized latest listing compliance requirements for external guarantees and financial assistance and the notice was sent to the whole Group for emphasis; we established and improved 12 corporate governance systems including the Articles of Association, the Procedural Rules for the General Meeting of Shareholders and the Management System of Connected Transactions of the Company.



Investor Relations

We further strengthened value dissemination, and carried out a series of investor communications in multiple channels, levels and dimensions. We accepted more than 200 interviews throughout the year, held nearly 20 management roadshows (including 2021 annual result briefing and 2022 interim result briefing, and the third quarter result briefing) and actively participated in the industry performance presentation in the third quarter of 2022, etc. Meanwhile, we strengthened information transmission internally by building a two-way bridge of communication between investors and the Company's management, insisted on sending key issues that investors were concerned about to the management and relevant departments on monthly basis, and put forward suggestions for management improvement; build a new cross-department quarterly collaboration mechanism to enhance the tracking, understanding and information transmission of investors' concerns.



Carried out the Open Day Activity for investors to enter Sinotrans



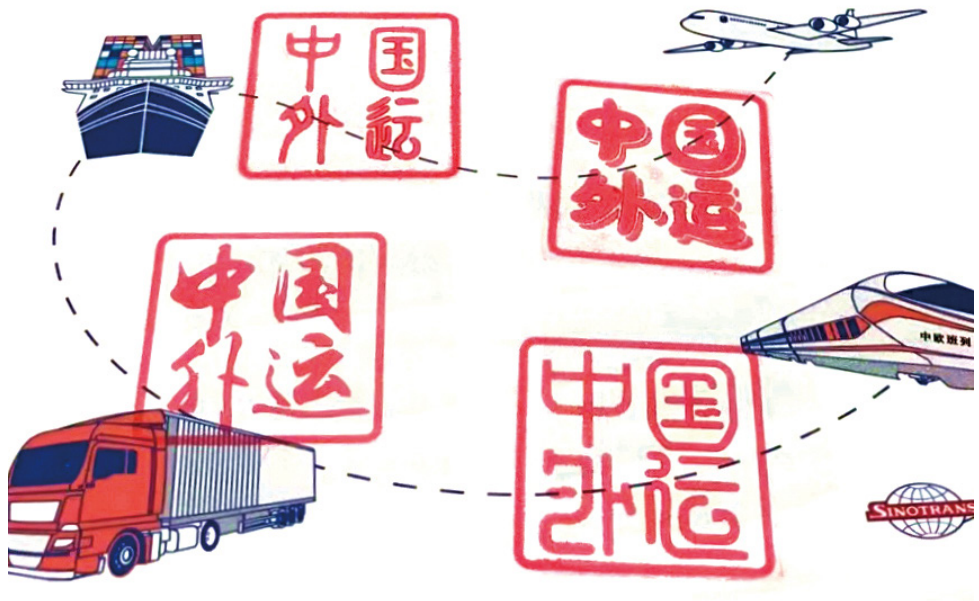
Brand Promotion and Corporation Culture Construction

In 2022, the Company successively attended several important events including the China International Logistics Week, the China International Import Expo, the Western China International Fair for Investment and Trade, the China International Fair for Trade in Services and the Asian Logistics, Maritime and Aviation Conference. At the 17th China International Logistics Week and the 20th China International Transport and Logistics Expo • 2022 Asia Logistics Biennale, the Company showcased its logistics story of "fighting epidemics, ensuring smooth transportation and building a tough supply chain" in the form of offline booth activities and online VR reality. In addition, the Company launched corporate culture training in various forms, convened a promotion meeting on the theme of "promoting the spirit of Shekou, improving work style, and enhancing work efficiency, and Sinotrans setting out again", and carried out corporate culture day activities.



Debuted at the 17th China International Logistics Week and the 20th China International Transport and Logistics Expo • 2022 Asia Logistics Biennale

Board Statement



Dear stakeholders,

With the vision of “becoming a world-class intelligent logistics platform enterprise”, Sinotrans actively implements the national strategy of “building up modern logistics enterprises with international competitiveness”, adheres to the concept of green, low-carbon and sustainable development, and earnestly fulfills social responsibilities to create greater value for the country, customers, investors, employees and the society.

In 2022, to effectively coordinate and comprehensively promote the carbon peaking and carbon neutrality work, under the guidance of a comprehensive green transformation of its business development and focusing on energy conservation and green low-carbon development, the Company carried out a carbon inventory and forecast and formulated the *Sinotrans Carbon Peaking and Carbon Neutrality Strategic Plan* (the “Plan”), which has been approved by the Board of Directors. The Plan has defined Sinotrans’ carbon emission boundary, accounting scope, total emissions in the benchmark year, future business forecast and carbon emission projection, measures and roadmap to achieve the carbon peaking and carbon neutrality goal, and clearly determined its green development vision of “being a green supply chain solution and service provider and a green logistics ecological development leader”, forming Sinotrans’ general carbon peaking and carbon neutrality strategic system. Subsequently, the *Sinotrans Green Logistics White Paper* was released in early March 2023, announcing Sinotrans’ commitment to the carbon peaking and carbon neutrality goal under the national strategy, as well as its trend analysis and innovative practices for green logistics development.

In 2022, the Company was honored to be the rotating president of the Green Logistics Committee of China Federation of Logistics & Purchasing, established the Sustainable Development Department, actively participated in the preparation of green logistics industry standards, completed a series of green logistics demonstration application projects (including warehouse clean energy application, hydrogen heavy trucks, carbon footprint calculators, etc.), and organized a green logistics new energy joint venture. In addition, the Company has been actively promoting the transformation of traditional logistics to green and low-carbon development. By fully utilizing the overall advantages and combined efficiency of various modes of transportation through multimodal transportation such as sea-rail, river-river and river-sea transportation, the Company continuously improved logistics efficiency, reduced logistics costs and promoted structural energy saving and emission reduction in comprehensive transportation. The Company also realized green power application in warehouse by gradually applying photovoltaic solar roof green power resources in warehouses.

In the future, the Group will take the responsibility to improve the resilience and safety of the supply chain and the industrial chain, optimize the network layout by focusing on “industry chain and supply chain”, “carbon peaking and carbon neutrality” and “dual circulation”, continuously improve the service capacity of sea, land and air channels, and provide long-delivery logistics services with independently controllable, safe and reliable channels. The Group will also continue to integrate ESG-related concepts into daily operation and management, so as to lay a solid foundation for building green logistics solutions.

The Group clarified that the Board of the Company has the highest responsibility for ESG strategies and reports, incorporated ESG-related issues into the management process of the Company’s internal control, identified key risk control of ESG subject to confirmation by the Board, and formulated ESG management policies and strategies. The Group will, as always, strictly abide by the requirements related to ESG, improve the ESG target setting and evaluation mechanism, and optimize internal management, information collection and report disclosure to improve the Company’s ESG management level. The Board will continue to review and monitor the Group’s ESG performance, and provide stakeholders with reliable, consistent and comparable ESG reports, and work together for a better future.



ESG Governance Framework

In 2022, in accordance with the disclosure guidelines of the Hong Kong Stock Exchange on ESG reporting, we have established an ESG governance structure with the Board as the highest responsible person and decision maker for ESG matters. The Board routinely received and approved the ESG work reports, and the Group performed its duties and responsibilities internally at different levels in accordance with the ESG operation mechanism. In addition, the ESG Committee held regular meetings to monitor emissions and energy consumption in the first half of 2022, and discussed and formed an ESG management improvement plan based on the external ESG evaluation system and industry benchmarking.

Responsibility framework

Establishing a complete ESG management structure is a significant step for the Group to implement ESG management practices, so as to cover all aspects and the whole process of operation and management with ESG. The Group has established a three-level ESG governance structure, namely “governance level – management level – executive level”.

The Board of the Company is the decision-making authority for ESG issues, and its main duties include monitoring, reviewing and making decisions on the Company’s ESG strategies and objectives, as well as reviewing ESG material issues and risk identification results, etc. **The management of the Company** conducted pre-review on ESG issues that the Board are concerned about, and discussed and made decisions on ESG material issues, and its main duties include identifying material issues and risks of ESG, coordinating and promoting the implementation of the ESG annual work plan. We set up **ESG Committee**, with the general manager of the Company as chairman and convener, deputy general manager in charge of safety and environmental protection work of the Company and the secretary of the Board as vice chairmen, and other management and head of functional departments of the headquarters as members, and its main responsibilities include implementing ESG goals and regularly monitoring and discussing the implementation of ESG goals, etc. Technically, the ESG Committee holds a regular meeting every six months to hear the implementation of ESG goals of relevant departments.



Listened to the Opinions of all Parties

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

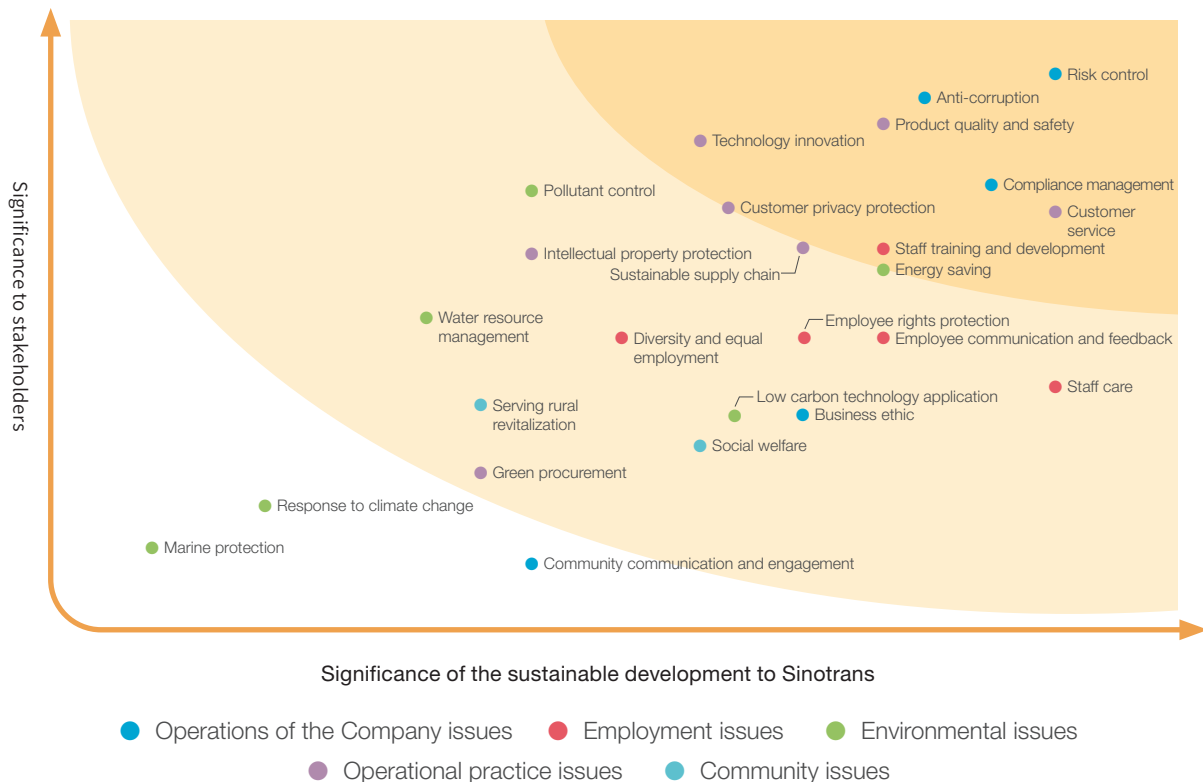
Stakeholder	Expectation and requirement	Methods and channels	Company response
Regulators	<ul style="list-style-type: none"> Operate safely Abide by laws Compliant Operation 	<ul style="list-style-type: none"> Formulate policies Information submission Daily communication High-level meeting 	<ul style="list-style-type: none"> Operate and pay taxes in compliance with laws Strictly abide by various laws and regulations Carefully study the policy documents and actively cooperate with the regulatory authorities Promote the use of clean energy and vigorously advocate energy-saving technological transformation
Shareholders	<ul style="list-style-type: none"> Profit level Cash dividend Information disclosure Corporate governance 	<ul style="list-style-type: none"> General meeting Company announcement Periodic reports Roadshow and reverse roadshow Shanghai Stock Exchange E-interactive Conference and teleconference 	<ul style="list-style-type: none"> Continuously improve the Company's profitability Maintain cash dividend policy Increase the Company's information disclosure efforts Continuously improve corporate governance in compliance with policies, regulations and market opinions
Employees	<ul style="list-style-type: none"> Remuneration and benefits Health and safety Career development Education and training 	<ul style="list-style-type: none"> Employee representative Employee communication Labor contract Life care 	<ul style="list-style-type: none"> Improve the remuneration performance system and employee protection system Implement equity incentive plan Provide good working conditions and environment Provide opportunities for long-term career development Enrich training methods and improve training quality
Customers	<ul style="list-style-type: none"> Quality service Reasonable price 	<ul style="list-style-type: none"> Service guarantee Product supply Contract signing Customer service Company website 	<ul style="list-style-type: none"> Apply scientific adjustment and control to ensure the stability and security of services Provide quality, customized products and services Establish convenient and agile sales network
Partners	<ul style="list-style-type: none"> Open tender Fairness and justice Honesty 	<ul style="list-style-type: none"> Contract and agreement Service quality Cooperative development Joint development 	<ul style="list-style-type: none"> Open, fair and equitable tender process Strictly execute contracts and agreements Become a strategic partner and build a stable supply chain
Media	<ul style="list-style-type: none"> Transparent information 	<ul style="list-style-type: none"> Report release Multi-channel disclosure 	<ul style="list-style-type: none"> Regularly disclose social responsibility information and major events of public concern Release the company's latest business development information in various ways and channels
Community and Public	<ul style="list-style-type: none"> Harmonious community Charitable activities 	<ul style="list-style-type: none"> Co-construction Community Building 	<ul style="list-style-type: none"> Participate in the construction of a harmonious community Carry out charitable activities Drive economic development in the operating region

Materiality assessment

In order to deeply and objectively understand ESG issues that stakeholders are concerned about, during the Reporting Period, we carried out the identification and materiality assessment of ESG issues of the Group. With reference to the reporting standards of international and listed places and benchmarking peer companies, a total of 26 ESG material issues (including 7 Environmental issues, 3 Community issues, 5 Employment issues, 4 Operations of the Company issues, and 7 Operational practice issues) have been sorted out. To fully understand the stakeholders' levels of attention to the above topics, we conducted a detailed materiality assessment survey and listened to the views and suggestions of stakeholders on the Group's ESG management.

In 2022, we continued to expand the scope of the survey and a total of 1,194 stakeholders (including directors, senior managers, front-line employees, customers, suppliers, academic institutions, industry associations, and local communities) participated in the evaluation. This assessment follows five steps including identifying stakeholder clusters to be included, establishment of issue database, material issue questionnaire survey, material issue questionnaire analysis, and confirmation of results in respect of material issues. We set two dimensions including the influence on sustainable development and on stakeholders' decision-making and assessment, and ranked the issues from the two dimensions of "Materiality for sustainable development of the Company" and "Materiality for stakeholders" to obtain ESG material issue matrix and list, and finally identified a total of 8 material issues (including risk management and control, compliance management, anti-corruption, customer service, product quality and safety, technology innovation, staff training and development, energy saving). In addition, in order to do a good job in the ESG related work, a new survey was conducted to stakeholders on the "five key tasks that should be promoted by Sinotrans" in 2022, which was ranked in order of importance: the implementation of sustainable development strategy, green logistics products and services, product quality and safety, dual-carbon emission reduction/energy conservation and consumption reduction, and employee safety and health. These major issues and key work will be the focus of the Report, and the Group will attach great importance to its operation and management to improve continuously.

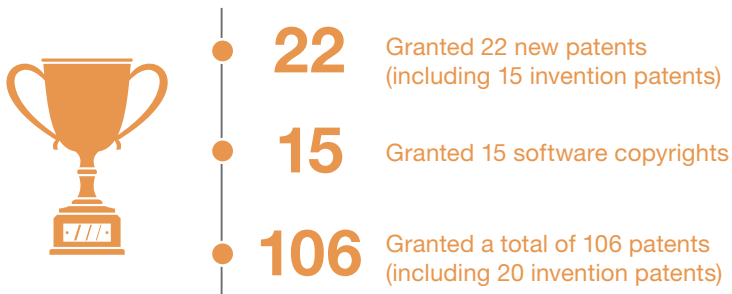
2022 ESG Material Issues Matrix of the Company



◎ Innovative development

In 2022, the Company focused on establishing an empowering innovation system and accelerated the scale application of intelligent logistics. **Firstly**, we deepened the development of innovation system mechanism and capacities by formulating and issuing the Technology Innovation Management Measures of the Company to regulate the management on science and technology innovation from aspects such as organisation guarantee, project management, incentive mechanism, innovative fault tolerance, credit evaluation, supervision and assessment. **Secondly**, we promoted breakthroughs in industry-level technology innovation and continued to research and develop “Series Smart” and “Series Digital” products to empower the network construction of resilient supply chain of core customers; **Thirdly**, we coordinated to strengthen the productization and scale application of the fruits from digital and intelligent technological innovation to enhance the efficiency of the whole supply chain and optimise the service operation mode.

In addition, the Company, relying on extensive integrated logistics scenarios and resources advantage, actively carried out technological innovation in “scenario + technology” and “customer + technology” to strengthen capabilities on digital transformation and technology empowerment continuously. In 2022, the Company attained its fruits of innovation, namely “Series Smart” and “Series Digital” products featuring with intelligent inventory equipment, optimized algorithms for transport scheduling, intelligent customs sharing document service based on artificial intelligence, block chain, cloud computing, big data, the Internet of Things and other cutting-edge technologies, while also continued to build up industry-level smart logistics and green logistics solutions. During the Reporting Period, Sinotrans was granted 22 new patents (including 15 invention patents) and 15 software copyrights. As of the end of the Reporting Period, the Company had been granted a total of 106 patents (including 20 invention patents).



Case 1: Intelligent inventory equipment [visual identity + warehousing]

Technical features: With visual identity technology as the core, AGV (Automated Guided Vehicle) as the mobile carrier, automatic lifting system and flexible robot arm as the support, it can be applied to a wide range of shelves. The equipment is an integrated intelligent inventory equipment solution that is compatible with common ways of presenting cargo information such as barcode recognition, QR code recognition and text recognition, while also suitable for carton and barrel cargo, and able to identify the inventory code, specifications, lots and batches of cargos automatically.

Business value: The first robot of Sinotrans for automated inventory by visual identity technology was put into pilot application in the third quarter of 2022, improving the efficiency of warehouse inventory by 200% and increasing the readability of inventory information to 99.9%. The equipment solves the pains of high workload, high error rate, low timeliness, high inventory costs and safety risks in traditional warehouses under multiple industries and business scenarios, filling the gap in this field, and improving real-time, digital and intelligent inventory, which is a pioneering innovation in the industry and enhances customer satisfaction. Therefore, it was awarded the Best Innovative Application Award 2022 from customers.

Case 2: Transport scheduling system [operations optimisation + transport]

Technical features: By creating an efficient and optimised operations algorithm and establishing an intelligent transport scheduling system, the Company provides customers with multi-dimensional, multi-objective and multi-scenario transport and distribution allocation as well as route planning recommendations for two significant scenarios, namely urban distribution and main branch transport in the region where the Company services. It can configure more than 40 targeted algorithmic strategies including control strategy, optimisation strategy and parameter setting strategy.

Business Value: The system has been piloted with a single customer and will be actively promoted. It can meet different scheduling needs after taking into account various business constraints while coordinating the planning of related resources across the region. Meanwhile, in the context of ensuring service levels, it can significantly improve the operational efficiency of the Company, effectively reduce the work intensity of transport scheduling posts and logistics transportation cost, and significantly increases the timeliness and efficiency of transportation and vehicle utilisation. After launching, the system has been recognised by customers in tyre, FMCG and automotive industries for its significantly higher computational efficiency and cost savings than manual operation.

Case 3: Customs Sharing Document Service [Ai Algorithm + Customs]

Technical features: Through multi-modal document extraction technology, paper documents or various types of documents are converted into customs declaration data. The declaration information will be filled out in accordance with business rules and historical data. An end-to-end algorithm model is established, and the customs declaration is taken as a pilot to improve the accuracy of data.

Business value: This service has realized the intelligent operation of the whole process of customs declaration, such as making, reviewing, filling and status inquiry. It has achieved the annual processing of more than 6 million documents, and assisted the customs center to increase the efficiency of document making by 150% compared with conventional manual document making methods. By providing 7*24 hours of service, it achieves on-time delivery, enhances operation accuracy and improves user experience, while reducing repetitive operation of employees.

Case 4: Hybrid Vehicle Fleet [Autonomous Driving + Transport]

Technical features: It strengthens the information construction of the operation and management of self-owned vehicle fleet, aiming at improving the online operation of order management, settlement management, fleet management and vehicle scheduling management of the Company's own vehicle fleet. Meanwhile, based on the joint venture's "Cyantron" as a unified platform, the upgrade of L2 (partially automated drive) for intelligent trucks has been completed to achieve safety digital management. The application of scale of vehicle fleet with L4 (highly autonomous driving) shall be improved, therefore promoting the development and operation of the joint venture and its "Cyantron" platform.

Business value: Since its official operation in April 2022, "Cyantron" has operated several L4 autonomous driving lines. In 2022, it completed 302,000 kilometers of autonomous driving, marking a number of industry records in China's trunk logistics industry, such as the total mileage, the length of a single line and the total length of line, for L4 autonomous driving. The Company will fully promote and support the operation of "Cyantron", accurately introduce autonomous driving technology in trunk logistics scenarios, and assist major customers in the industry to improve the resilience and safety of their supply chains with safer, more stable, smarter, more efficient and lower carbon technology-driven hybrid vehicle fleet solutions. In addition, Sinotrans signed strategic alliance agreements with Pony.ai and Sany Group in 2022 to jointly explore the "new mode" of multi-industry integration and innovation of autonomous driving with technology companies and main engine plants.

In the future, taking "accelerating the integrated development of smart logistics and green logistics" as the main orientation, the Company will build a scientific and technological innovation system, release corporate structure management norms, special sub-planning for core business information system, smart logistics technology map and management methods for scientific and technological innovation, in a bid to gradually improve the top-level design and accelerate product innovation, and promote the digital transformation and development of the Company.

While promoting innovative development, the Company pays attention to strengthening the creation, utilization, protection and management of intellectual property, formulating the Company's Intellectual Property Management Regulations, implementing the management system of unified leadership, hierarchical responsibility and overall management of the Company's headquarters, and clearing the management process, utilization and protection requirements for the creation and application of intellectual property.

◎ Operation safety

Sinotrans thoroughly implemented the safety concept of “people first, life first”, comprehensively promoted the implementation of the “three-in-one” strategy of security and safety by law, technology and talents, strove to provide the society with safe and high-quality services and products, provided safe and good environment for the public, and created healthy and safe working conditions for employees. Sinotrans is engaged in integrated logistics business, which does not involve major safety hazards or occupational hazards. For special businesses such as chemical logistics business, Sinotrans has formulated environmental and occupational health and safety management regulations to ensure continuous improvement of the safe working environment of employees.

In 2022, the Company organized a total of 10 meetings of the safety committee, and Mr. Song Rong, the president of the Company, convened and presided over the meetings. The topics of the meetings mainly included learning about the spirit of safety and environmental protection work from superiors, summarizing and deploying the work on production safety, analyzing the safety situation, researching and deploying medium and long-term development plans for production safety, reviewing and approving plans of the safety production system.

During the Reporting Period, we mainly carried out the following work:

01 System and mechanism

The Company formulated systems, such as the Safety Production Management System (《公司安全生產管理制度》) and the Responsibility List of Safety Production (《公司安全生產責任清單》), to further improve the safety management system. Based on the actual situation of the Company, the Company signed production safety responsibility letter with its secondary subsidiaries, which clarified the production safety responsibilities, and defined the assessment standards and formulated incentive measures according to the safety production categories, so as to promote the deep integration of safety management and production and operation.



Case: On 25 February 2022, Sinotrans carried out the “Safe Production Lecture” activity and Mr. Song Rong, the general manager of the Company and director of the safety committee, gave a lecture.

02 Management measures

Firstly, we carried out a three-year campaign to consolidate and improve work safety, and continued to improve safety management, including comprehensive efforts to deal with hazardous chemicals on a negative list and road transport safety improvement projects. Secondly, we accelerated the construction of informatization of safety production, continued to promote the construction of a comprehensive safety production information platform, completed the Sinotrans Emergency Command Center and put it into operation, and commenced the construction of intelligent fire protection system. **Thirdly**, targeting benchmarks of safety management, we compiled the Safety Management Benchmarking Analysis Report of Sinotrans (《中國外運安全管理對標分析報告》) to sort out specific improvement measures in view of the deficiencies found and achieve significant improvement. **Fourthly**, we paid attention to building a team of high-quality professional safety management talents in achieving cross-post exchange of 10 people for the year, and actively implemented the system of safety responsibly attribute to supervisors and the safety professional channel.



Case: On 30 June 2022, Sinotrans Chemical, a subsidiary of Sinotrans, undertook a fire emergency drill for leakage caused by traffic accident in the transportation of dangerous goods in Shanghai.

03 In terms of emergency response and handling mechanism for safety accident

The **first** is to define the grading standards of warning and response according to the potential severity and consequences caused by the accident and other factors, and the to formulate and improve systems as “Management Measures for Production Safety Accident Reporting and Investigation” and “Comprehensive Emergency Response for Natural Disasters” to make them more and more scientific, efficient and operable. The **second** is to effectively improve emergency response capabilities by supervising branch companies at all levels to carry out practical skills training, regularly organizing comprehensive emergency drills and desktop deduction, and strengthening monitoring and early warning for special weather continuously.



Case: In June 2022, Sinotrans organized a contest on know-hows of “Your Understanding of the New Security Law”

04 In terms of safety culture construction and training

The **first** is to organize safety courses such as “Safety Production Lecture” and the “First Responsible Person”. The **second** is to organize and carry out online quiz activities to facilitate the law popularization activities among the rank and file, the front line, and the workplace, so as to promote learning and safety through competitions. The third is to organize and carry out activity of safety education day themed “Learning from history for a better future”, which demonstrated various warnings for education and enhances the awareness of safety and risk prevention.



Case: On 28 October 2022, Sinotrans organized an activity of “2022 Safety and Warning Education Day”. Mr. Song Rong, the president of the Company and director of the safety committee, sent out the safety production compilation to employee representatives.

During the Reporting Period, the Company had no production safety accidents of grade or above. Throughout the Year, 282,432 safety production drills and trainings of 8,650 hours in total were carried out for employees.



◎ Risk management and compliance operation

In 2022, Sinotrans carried out the following work in terms of risk and compliance management:

Deepen the system construction and consolidate the management foundation

The **first** is to pay close attention to the coverage of the compliance management system throughout the front-line units. As of the end of 2022, the main third-and fourth-tier subsidiaries of Sinotrans had finished the penetration of the compliance management system. The **second** is to organize and promote the penetration of various management systems of Sinotrans headquarters to the most terminal business units.



Improve risk management and control capabilities and informatization constantly



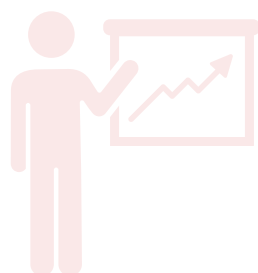
The **first** is to finish the construction of the electronic contract signing system at headquarter and gradually promote its application to facilitate the electronic signing and online management of various business operation and management contracts. The **second** is to adjust and optimize the informatization plan of risk management, and realize the perfect functions of interface design and early warnings of the risk warning platform.

Strengthen management supervision and risks identification

The **first** is to intercept the identified high-risk businesses by virtue of the linking of Sinotrans's legal system and the merchant's middle platform, helping the Company to discover and avoid major risks in compliance timely. The **second** is to further implement and refine the requirements for full coverage of audit supervision with focuses on audit coverage requirements in key areas such as internal control, capital management, financial and accounting as well as information and quality, and integrate those with business risk supervision. In 2022, Sinotrans performed audit of 277 subsidiaries, and recorded 100% coverage over the last three years (2020-2022).



Strengthen publicity and promotion of the compliance in corporate culture



In 2022, the Group organized 21 training sessions for compliance (14,358 attendances) and carried out publicity campaign on the Civil Code (24,855 attendances) and the signing event of committing to compliance themed "Growing in joint efforts and legally" (31,221 attendances), to further promote corporate compliance culture and cultivate employees awareness and quality in compliance.

◎ Clean practice

Sinotrans strictly complied with national and local laws and regulations regarding the prevention of corruption, bribery, extortion, fraud and money laundering. It has formulated the Compliance Manual and the Measures for the Compliance Management of Business Partners to regulate the compliance obligations and code of conduct of the Group and its employees in anti-money laundering, anti-corruption, etc. and put focus on the ability of business partners to perform compliance obligations in compliant operations, anti-corruption, anti-bribery, and anti-money laundering.

During the Reporting Period, we mainly carried out the following work: Firstly, we formulated and issued four supervision and management systems, including the "Implementation Measures for Strengthening Supervision of the "Head of the Company" and the Leading Team, and continued to deepen the supervision requirements of "list-type" and "draft-type", formulated the "Daily Supervision Work List", sorted out the supervision matters and formulated corresponding supervision measures, so that the supervision is always in place and forms a constant state; secondly, we focused on building a healthy and clean culture atmosphere and launched various forms of content-rich anti-corruption training and education activities, including organizing warning education conventions, anti-corruption publicity and educational month, etc.

In 2022, the Group conducted anti-corruption training for 27,997 employees (including 241 directors, supervisors and senior management), with an average training time of 3 hours per employee.



The Group strictly abides by the Supervision Law of the People's Republic of China (《中華人民共和國監察法》) and the Rules for the Supervision and Enforcement of Discipline by the Disciplinary Inspection Organs of the Communist Party of China (《中國共產黨紀律檢查機關監督執紀工作規則》) to keep the information such as whistle-blowers and case-related materials confidential. According to the Regulations on Centralized and Unified Management of Issues and Clues of Disciplinary Committee and Supervision Department of the Company (《公司紀委監察部問題線索集中統一管理規定》) and Regulations on Disposal of Issues and Clues, Important Issues, and Case Reports of Disciplinary Committee and Supervision Department of the Company (《公司紀委監察部問題線索處置、重要問題線索和案件報告規定》) formulated by the Company, it is clarified that whistleblowers can report problems through the telephone number and mailbox for whistle-blowing issued by the Company. After receiving the report, the relevant departments should study and judge the clues of the problem in a timely manner, and deal with it according to the four methods of "conversation and letter inquiry, preliminary verification, temporary storage for investigation, and closure". In 2022, the Group did not have any corruption lawsuit against the Company and its employees.

In the future, Sinotrans will vigorously strengthen and deepen integrity construction and work on combating corruption, effectively integrate supervision resources to focus on the source of corruption, prevent job-related crimes, and curb job-related corruption.

Serving customers

The Company adhered to the service concept of “achieving multi-dimensional customers and creating multi-dimensional value”, became the related party of the customers of our products, the customers of the platform and the ecosystem, and created multi-dimensional ecological value of points, lines, areas and bodies for the logistics industry. In addition, through digitalization means and tools, the Company continuously created new value for customers and enhanced the satisfaction and loyalty of customers.

Product Responsibility

The Group has established a system with four layers of operation: customer, product, resource and delivery. Customer layer includes customer management, sales management and quotation management, etc.; product layer includes product planning and design, price management and evaluation, etc.; resource layer includes logistics network planning and management, supplier management and procurement management, etc.; delivery layer includes order management, operation management, status tracking and settlement management, etc.

The laws and regulations and internal and external policies related to the Group's products or services:



For sea transportation business

For sea transportation business, the Group has the qualifications of non-vessel-operated carrier, customs declaration and inspection, international freight forwarder, and domestic waterway transportation (supporting business) operator, and strictly complies with the relevant laws and regulations such as the Maritime Law of the People's Republic of China, Regulations of the People's Republic of China on International Sea Transportation, and Regulations on the Management of Domestic Waterway Transportation, and has formulated systems such as the Regulations on the Management of Company Bills of Lading and the Procedures for the Operation of Company Bills of Lading.



For land transportation business

the Group is qualified as a domestic freight forwarder and an international freight forwarder, and strictly complies with the Railway Law of the People's Republic of China, the Railway Safety Management Regulations and the International Freight Forwarding Agreement, and has formulated systems such as the Regulations on Centralized Procurement of Freight for China-Europe Class Trains (Provisional).



For air transportation business

the Group possesses the registration certificate of customs declaration unit, the road transportation operation permit and other qualifications, and strictly complies with the Civil Code of the People's Republic of China, Civil Aviation Law of the People's Republic of China, Safety Production Law of the People's Republic of China, Regulations on Air Transport and Mail, Warsaw Convention, Hague Protocol, Montreal Convention and other domestic and foreign laws and regulations, and has formulated systems such as Management Measures for Online Product Platform of Sinotrans Cross Border E-commerce Logistics Co., Ltd. (Trail).

In 2022, the Group continuously strengthened its product design in terms of product development, clarified goals for product implementation and improved product operation mechanisms:



For cross-border e-commerce logistics products, the Group integrated air trunk lines and overseas warehouse resources, and satisfied the air logistics needs of small and medium-sized customers of cross-border e-commerce through the development and design of standardized products.



For train products, the Group set up the user manual of international train products and the standardized process of land transportation business. The Group also built an overall product model for the China-Europe train, and actively established the operating organization of the China-Laos and-Thailand train, so as to strengthen its cooperation with key resources such as the government and railways.



By establishing a product combining and online working group, the Group screened out trunk lines and product portfolio with relatively controllable transportation capacity (covering sea freight, air freight, land freight, e-commerce, warehousing, consolidation, terminals, etc.). With a focus on the online product platform namely Y2T with relatively controllable capacity for sea, land and air freight, the Group also launched domestic trade products of sea freight/foreign trade products of sea freight/products of air freight in 2022. Meanwhile, with Y2T platform as the carrier, the Group continued to promote its online product line, and has realized the online service and trading function of logistics services such as trunk line + trailer/customs declaration/insurance/interior installation.

In 2022, the Group mainly carried out the following works in terms of customer management: **Firstly**, the Group further optimized its customer information management system (CRM). By building a customer organization tree for strategic customers, core customers, central state-owned enterprise customers and other important group-level customers, the Group realized multi-dimensional management of the information about customer organization and trading companies, thereby presenting a multi-dimensional customer view through trading data docking. **Secondly**, the Group reduced its operational risks and improved its service level and customer satisfaction through label management of Sino-trans' customers based on classification and grading, as well as risk warnings for high-risk customers and customers involved in litigation. **Thirdly**, the Group optimized and improved the performance of the existing BI customer analysis module to meet the urgent needs of the Company's headquarters and subsidiaries, and provided support for the Company's resource allocation and sales management through high-quality customer analysis.

In 2022, the Company conducted a customer satisfaction survey to the customers of its subordinate regional companies and professional subsidiaries, and collected a total of 1,938 samples through quantitative and qualitative surveys, as well as email, SMS and telephone surveys. There are 1,192 customers with more than 5 million revenue contributions, accounting for 61.51% of the collected samples. According to the survey results, the overall customer satisfaction remained at a high level in 2022, with a comprehensive score of 92.20 points, and the proportion of satisfied customers was 95.41%. In addition, the Company conducted a follow-up survey on customers with low scores or complaints in the 2021 customer satisfaction survey, and successfully recovered 87 samples, with a significant increase in satisfaction.



92.20
Comprehensive Score



95.41
Customer Satisfaction

Data management and confidentiality

During the Reporting Period, the Group continued to strengthen its data management and confidentiality, and there were no incidents of customer privacy or confidential/security information leakage.



In terms of data management

Firstly, the Group established and improved its data management system with a focus on ensuring data security. On the basis of the protection measures for existing network information security, the Group put forward different requirements of security protection measures for data of different security levels according to data application scenarios and data life cycle dimensions. Besides, the Group formed a framework for the data security and technical protection mechanism of Sino-trans, and also compiled and released management systems such as "Data Security Service Agreement" and "Data Security Service Commitment". **Secondly**, the Group continuously strengthened its data governance. By drafting and completing the "General Outline of Data Management", the Group actively promoted the implementation of data structure in the structure review activities of various projects. In addition, the Group strengthened its business data governance, and established a quality evaluation and scoring system for business data, so as to improve the quality of its business data.



In terms of informatization

Firstly, the Group formulated and published company-level structure management standard, special sub-planning for information system of core business lines as well as measures for the management of scientific and technological innovation, so as to further improve the top-level design. **Secondly**, the Group actively promoted the integration of the main system, effectively improved the coverage of the main system, and improved the online level of the Company's business and resources. **Thirdly**, the Group continued to strengthen the technology and business capability trainings for its scientific and technological staff.



In terms of daily confidentiality

Firstly, the Group established and improved the "Measures for the Management of Confidentiality", "Provisions on Confidentiality" and "Detailed Rules for Trade Secrets", so as to carry out categorical management of personnel involved in secrets at the Company's headquarters, and also formulate a list of trade secrets and work secrets. **Secondly**, the Group held confidentiality meetings of Sino-trans to strengthen confidentiality requirements, while carried out education and training on confidentiality through online Q&A and other forms to improve the confidentiality awareness among all employees. **Thirdly**, the Group carried out self-inspections and special inspections in terms of confidentiality, and implemented confidentiality inspections for key fields, key areas and key parts.

◎ Supply chain management

Sinotrans adheres to a business philosophy of “integration, openness, synergy, and sharing”, always pursues high-quality, sustainable development, and continuously optimizes and adjusts supply chain security strategies in accordance with progress of the society and supply chains. We have established a relatively complete and sound supplier procurement management system, which requires that each subordinate company and the suppliers should agree on ESG relevant terms in cooperation contracts, including but not limited to not violating national laws and regulations, not using toxic and hazardous facilities, and not employing child labor, etc., and add full life cycle management, access management and assessment requirements for suppliers in terms of ESG, including that for service providers in first time cooperation or of new business, detailed business process, business key points and safety trainings shall be conducted before the formal business being carried out, and only those who pass the trainings can proceed with corresponding cooperative business, and we will pay continuous attention to operation quality and develop operation emergency plan. In addition, for the contracting or leasing units of the Group’s business projects, sites, and equipment, we have required that suppliers shall have corresponding qualifications and environmental production conditions, and regularly supervise and inspect relevant parties to ensure legal compliance. Meanwhile, we pay attention to the safety management of contractors, participate in the design review of high standard warehouse construction project in terms of safety and environmental protection, and conduct a review on the satisfaction of photovoltaic installation requirements and the setting of the fire control room.

As of the end of the Reporting Period, there were 26,158 global qualified suppliers in the Company’s supplier management system, including 25,763 suppliers from mainland China and 395 suppliers from Chinese Hong Kong, Macao and Taiwan regions and overseas. In 2022, the Group has mainly carried out the following work in supplier management:

01

Strengthening supplier risk control

Firstly, we connect the high-risk partner screening system and the Company’s customer/supplier middle platform system to automatically verify and screen the compliance risk of suppliers at the beginning of business cooperation, advance the legal compliance risk early warning and prevention in business cooperation, further improve the efficiency of risk control and reduce transaction costs. **Secondly**, we introduce the model procurement standard text to make more detailed and restrictive provisions on the integrity risk of suppliers, and arrange procurement review experts to review them one by one when organizing the implementation of procurement. **Thirdly**, we report the collusive bidding of suppliers in the procurement process every month and issue a business risk warning. Suppliers involved will be permanently disqualified from transaction, and deactivated in the supplier management system.

02

Strengthening procurement management

Firstly, we optimize the procurement organization by establishing a procurement center of headquarters of Sinotrans to establish an operating mechanism for professional division of labor and streamline operation, and explore the transformation to a centralized and shared professional procurement mode. **Secondly**, We continue to explore the mode of centralized procurement of trailer transport capacity in port concentration and dispatch, give full play to the scale benefit of centralized procurement, reduce the annualized cost, further unify the performance evaluation indicators and evaluation standards, implement the monthly assessment mechanism, based on the results of which to give reward or punishment to and adjust the business share of suppliers, and gradually develop our main and strategic suppliers.

In the future, the procurement and supplier management of Sinotrans will continue to uphold the concept of “connection, collaboration, and sharing”. Sinotrans will build a procurement and supplier management system that is suitable for its development scale, focus on “compliance, efficiency, and effectiveness”, and build excellent procurement capabilities. It will maintain good supplier partnerships, and ensure that the Company continues to gain competitive advantages in procurement so as to enhance the market competitiveness.

SINOTRANS

SINOTRANS

Environmental Topics

Sinotrans strictly complies with relevant laws and regulations on environmental protection, strictly controls pollutant emissions to avoid environmental pollution, and actively promotes carbon peaking and carbon neutral transformation.

During the Reporting Period, the Group further strengthened the overall management of energy conservation and environmental protection, and invested a total of RMB49.04 million in environmental protection. Such funds have been used for increasing green lighting, green building material transformation, clean energy application, digital and intelligent application, and business model upgrading. In 2022, we mainly carried out the following work:

Case 1



Sinotrans (HK), a subsidiary of the Company, arranged employees to visit the Hong Kong Palace Museum, and organized green countryside environmental protection trip, so that employees can feel the breadth and depth of Chinese culture in historical relics, and practice the sustainable development concept of "Lucid waters and lush mountains are invaluable assets" while appreciating the countryside views.

Case 2



Sinotrans Innovation Technology, a subsidiary of the Company, carried out a series of activities of "carbon peaking and carbon neutrality" throughout the company, and initiated a "carbon peaking and carbon neutrality" proposal for all employees, so as to seek out low carbon experts among employees, collect "golden ideas" for low carbon and emission reduction in life and work from employees, and make the initiative operational.

Case 3



Sinotrans Logistics, a subsidiary of the Company, organized and carried out online and offline training for "carbon peaking and carbon neutrality"

01

Firstly, guided by the comprehensive green transformation of various business development, and focusing on energy conservation and green and low-carbon development, we have formulated the Special Strategic Plan for Carbon Peaking and Carbon Neutrality of Sinotrans, which was approved by the Board, and put forward the green development vision of "become a practitioner and innovator in green logistics ecological construction", thus forming the "emission peaking and carbon neutrality" strategic system of Sinotrans.

02

Secondly, we completed a series of green logistics demonstration and application projects, including gradual procurement of intra-city delivery and line-haul transportation vehicles using new energy such as pure electricity, LNG (liquefied natural gas) and hydrogen fuel cells in replacement of traditional fuel vehicles, in order to increase the proportion of self-owned new energy vehicles; pilot adoption of operation equipment using electricity other than oil and electronic ticket system in the field station and terminal operation, so as to reduce energy consumption and improve operation efficiency; creation and deployment of online carbon footprint calculator by sorting out all emission sources, emission factors, activity data, data sources and other information of warehouse and logistics links in detail. In this regard, pilot applications have been carried out in three business scenarios of automobile transportation, air transportation and warehousing to help customers quantify the total carbon emissions directly or indirectly generated by the supply chain logistics links.

03

Thirdly, we formulated policies including the Administration Measures for the Statistical Monitoring of Energy Consumption and Carbon Emission of the Company, which effectively promoted the systematization, regulation and standardization of energy conservation and environmental protection work, and established energy conservation and environmental protection organization and "carbon peaking and carbon neutrality" working organization to make comprehensive and overall deployment of energy conservation and environmental protection work.

04

Fourthly, we organized and carried out a series of education activities in terms of energy conservation and environmental protection, including the 4th "Telling the Energy Conservation Stories" (講好節能故事) micro-video and photography collection activities, and received a total of 27 outstanding works; we organized 2022 Energy Saving Promotion Week and Low Carbon Day to actively and extensively carry out green and low carbon education activities based on the two themes of "Go green and low carbon and save energy first" (綠色低碳·節能先行) and "Implement the 'carbon peaking and carbon neutrality' action, and jointly build a beautiful home" (落實'雙碳'行動·共建美麗家園).

◎ Sinotrans' vision and goals regarding carbon peaking and carbon neutrality



Sinotrans is firmly dedicated to assuming a role as a key player, contributor and pioneer in delivering top-notch, sustainable green logistics solutions in its industry. This is to be achieved by implementing comprehensive green transformation of its energy infrastructure, enhancing the efficiency of its clean equipment, establishing robust energy-saving and low-carbon management mechanisms, and adopting digital and intelligent business operation models.



Sinotrans' carbon peaking and carbon neutrality action commitments: aims to achieve carbon peaking within its own operations by 2030 and reduce carbon emissions intensity by 30% in 2030, compared to the level recorded in 2020. Furthermore, Sinotrans has set a target to achieve carbon neutrality within its own operations by the year 2060.



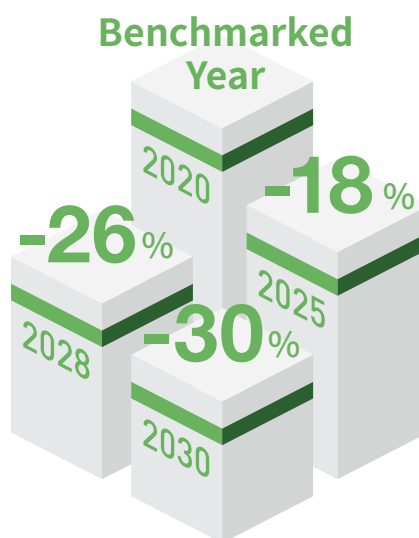
Projected reduction in carbon emissions intensity 2025-2030

carbon peaking

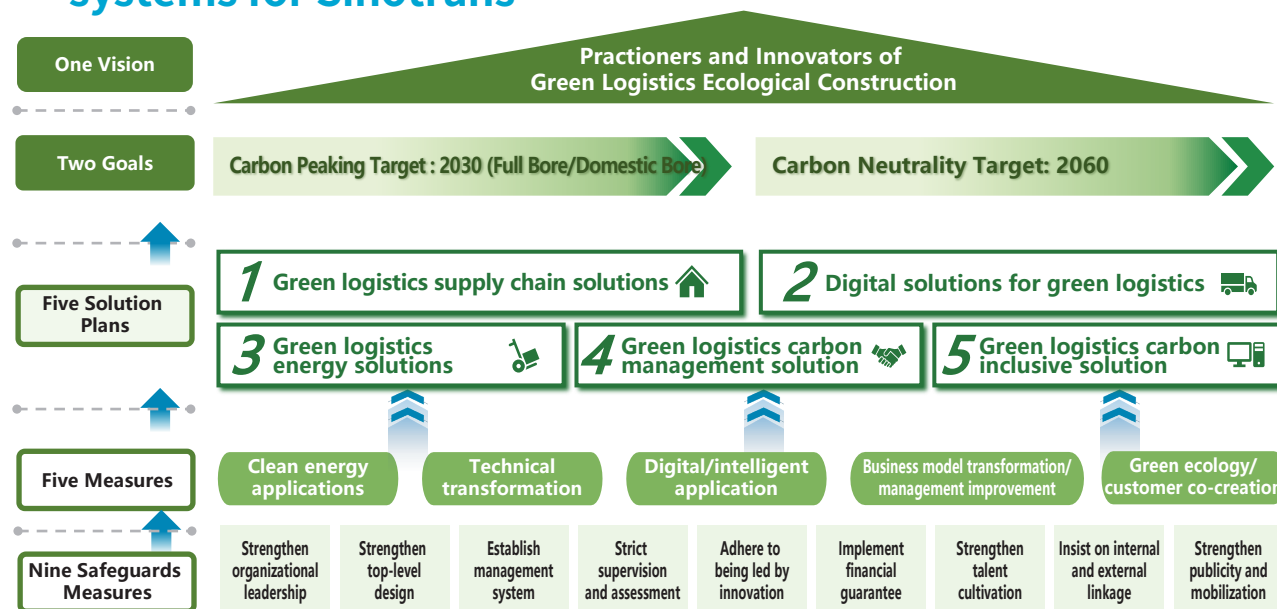
Achieve carbon peaking within its corporate operations by 2030

carbon neutrality

Set a target to achieve carbon neutrality within its corporate operations by the year 2060.



◎ Carbon peaking and carbon neutrality approaches and systems for Sinotrans



◎ Emissions and energy consumption data of Sinotrans in the recent two years: -----

Main emissions (Unit: ton)	Emission (2022)	Emission (2021)	Year-on-year change in emission (2022/2021)	Intensity per RMB100 million revenue (2022)	Intensity per RMB100 million revenue (2021)	Percentage change in intensity per RMB100 million revenue (2022/2021)
Sulfur dioxide emission	7.22	9.77	-26.10%	0.007	0.008	-15.57%
Oxynitride emission	54.99	60.57	-9.21%	0.051	0.049	3.72%
Total direct emission of greenhouse gas (carbon dioxide)	101,797.71	119,167.92	-14.58%	93.564	95.871	-2.41%
Total indirect emission of greenhouse gas (carbon dioxide)	126,332.54	130,904.00	-3.49%	116.114	105.313	10.26%
General emission of waste (sewage)	1,248,431.95	1,644,724.05	-24.09%	1,147.456	1,323.189	-13.28%

● **Notes:** (1) The above emission information is mainly due to emissions generated in the operation of the Group's transportation and warehousing business. (2) The Company has collected indirect emission data of greenhouse gas since 2021. The indirect emission of greenhouse gas of the Group was mainly due to the emission of greenhouse gas caused by the use of purchased power and heat. Direct emissions were greenhouse gas emissions generated by the burning fossil energy such as coal, natural gas and oil, and industrial production processes. (3) Since 2021, the Group has counted sewage discharge, which mainly refers to the domestic sewage generated in the daily operation of the Group, and is mainly discharged to urban sewage treatment plant after treatment.

Energy consumption	Amount Generated (2022)	Amount Generated (2021)	Year-on-year change in amount generated (2022/2021)	Intensity per RMB100 million revenue (2022)	Intensity per RMB100 million revenue (2021)	Year-on-year change in intensity per RMB100 million revenue (2022/2021)
Total energy consumption (ton of standard coal)	75,566	80,708	-6.37%	69.454	64.930	6.97%
Total electricity consumption (10,000 kilowatt hour)	20,443	16,552	23.51%	18.790	13.316	41.11%
Total gasoline consumption (ton)	2,841	4,321	-34.24%	2.612	3.476	-24.87%
Total diesel consumption (ton)	25,926	30,255	-14.31%	23.829	24.340	-2.10%
Total natural gas consumption (cubic meter)	4,233,311	4,724,229	-10.39%	3,890.911	3,800.667	2.37%
Total coal consumption (ton of standard coal)	0	100	-100.00%	0.000	0.080	-100.00%
Water consumption (ton)	2,319,751	3,098,249	-25.13%	2,132.124	2,492.558	-14.46%

● **Notes:** (1) The above energy consumption is mainly the energy consumption used in the operation of the Group's transportation and warehousing business. (2) In 2022, there was no coal consumption because that all coal-fired boilers used by the Group was transformed into gas-fired boilers.

Emission

As a logistics service provider, most of energy consumed by Sinotrans in the operation was mainly in the field of road transport. Its main emissions are carbon dioxide, nitrogen oxide and sulfur dioxide, which are mainly discharged from the vehicles and ships in transportation. Sinotrans does not have industrial production activities, thus does not dump large quantity of hazardous or non-hazardous waste into water or into land during the operation. For this reason, Sinotrans has no specific information about hazardous or non-hazardous waste; nor has Sinotrans developed any relevant regulations. In addition, Sinotrans has no business involving product recycling. In addition, as the Group does not consume large quantity of water and other raw materials during the operation, there is no problem that relates to water sources, and as the Group does no business involving large quantity of over-packaged products or services, it has no official information on product packaging materials. Sinotrans is not included in the List of Key Pollutant Discharging Units in Beijing City 2022 issued by the Beijing Municipal Ecology and Environmental Protection Bureau.

Some subsidiaries of Sinotrans produced a small amount of sewage in the production and operation process, and to avoid environmental pollution, they set up treatment facilities such as sedimentation tanks and biochemical tanks, and regularly conducted facility maintenance and treatment results testing to ensure compliance with discharge. Furthermore, the Regulations on the Management of Hazardous Waste Disposal (《危險廢物處置管理規定》), the Measures on the Safety Management of Hazardous Chemicals (《危險化學品安全管理辦法》) and other regulations have been formulated, to prohibit the random discarding, stacking, and disposal of hazardous wastes and hazardous chemicals, and avoid environmental pollution caused by improper storage and disposal.

During the Reporting Period, the Group actively carried out the investigation and rectification of environmental protection risks, carried out the investigation of pollution discharge license risks, and several subsidiaries added new sewage treatment equipment and facilities to further regulate the discharge of tank washing wastewater.

Consumption of resources

In 2022, the Group continued to optimize the energy consumption structure and actively promoted the upgrading of transport vehicles and large equipment, with the proportion of new energy forklifts reaching over 75%.

01

Sinotrans' electric logistic vehicles and electric trucks were successfully displayed at the "Supply Chain and Business Services" exhibition in Hall 5 of the Shougang Park during the China International Fair Trade in Service 2022, and served as the vehicles for the providing logistics and transportation services event's main venue, demonstrating our continued progress towards green and low-carbon transformation and development.

02

Sinotrans' subsidiary cleaned the photovoltaic solar panels to reduce dust shading, increase solar energy absorption and improve power generation efficiency, the total installed capacity of photovoltaic power generation was 425.6 kilowatts.

03

Sinotrans' subsidiary has initiated a four-month pilot project for a green supply chain, and adopted B5 biodiesel for its own transport vehicles to achieve energy saving and emission reduction. The pilot project was exhibited at the 5th China International Import Expo. (B5 biodiesel is an environmentally friendly energy. It is created through a series of biochemical reactions by mixing "gutter oil" from the catering industry and sewerage with ordinary diesel fuel at a ratio of 5:95. This type of diesel can reduce the emission of heavy metals and fine particulates by over 10% and can achieve an 80% purification efficiency for nitrogen oxides.)

In addition, the Company actively practices the concept of green office and continues to issue the "strict economy, energy conservation and environmental protection" initiative to all employees, adhering to the principle of non-printing and non-color printing if necessary; advocating the "conservation" to do everything possible, turning off the lights at any time, turning off the lights for an hour at noon, and drinking water to think of the source, cleaning the plate campaign, and calling on everyone to be the advocates of energy conservation and environmental protection, practitioners of low-carbon office, and communicators of conservation.

Environment and natural resources

The business nature of Sinotrans has no significant impact on the environment or natural resources (e.g. biodiversity). The Group will continuously reinforce the work of environmental protection and reduce any possible impact of business operations on the environment. The Group formulated identification and evaluation control procedures of environmental factors to ensure important environmental factors could receive necessary attention and effective control, so as to reduce adverse impacts on the environment. Furthermore, we also formulated the Comprehensive Emergency Plan for Environmental Emergency, which clarifies the classification of environmental emergencies, emergency organization system and responsibilities, early warning and information reporting, emergency response, information release, post-processing, emergency protection, plan management, etc.

The Group constantly follows the principle of protecting the environment and natural resources in the operation and actively takes various measures to reduce the emissions and energy consumption generated in daily operations and minimize the impact on the environment. For instance, when carrying out the logistics center construction project, the Group will analyze, predict and evaluate the possible impact of the project implementation on the environment, put forward countermeasures and measures to prevent or reduce adverse environmental impacts, evaluate whether the production process and products meet the requirements of clean production, and evaluate the impact of the final pollutants discharged on the environment, etc., and submit an environmental impact assessment documents to the environmental authority as required by law. Other specific measures are described in sections of the emissions and use of resources.

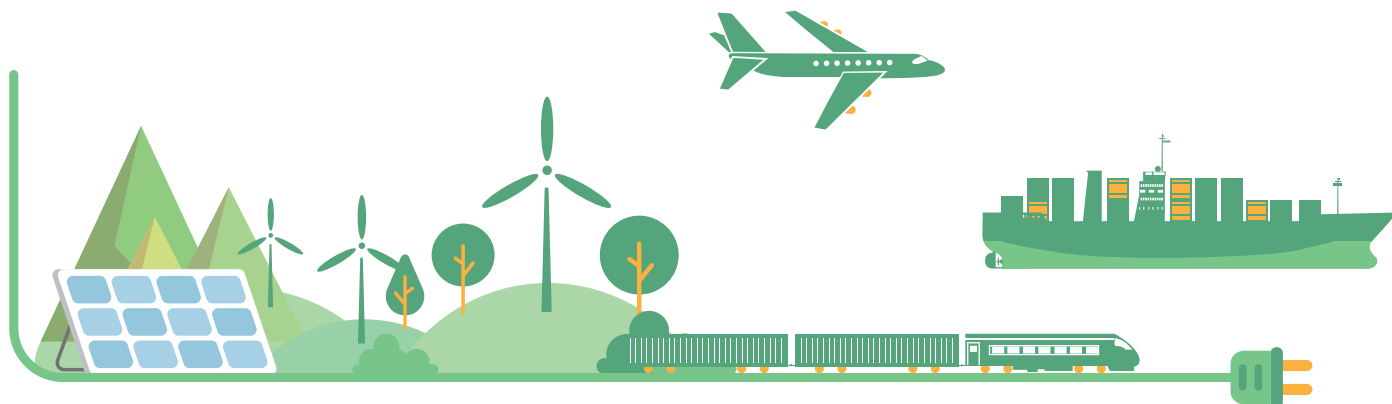
During the Reporting Period, there were no ecological environmental accidents of the Group.

Climate change

The Group has identified the risks and opportunities associated with climate change and developed a response mechanism to facilitate the implementation of climate change response actions. These actions include maintaining close cooperation with the government, the industry and research institutes to jointly promote capacity building and system innovation for the logistics and transportation industry in China to cope with climate change, and cooperate with relevant parties to reduce relevant risks, including actively participating in climate change related seminars, actively responding to CDP questionnaires and setting rating targets, etc.

In 2022, the Company formulated the Sinotrans Integrated Emergency Plan for Natural Disasters (《中國外運自然災害綜合應急預案》) and the Sinotrans Emergency Plan for Typhoon (《中國外運防颱風應急預案》). We continued to enhance the scientific, effective and operable nature of the plans; strengthened special weather monitoring and alerting, as well as enhanced co-ordination, emergency duty, information reporting and emergency preparedness, and successfully resisted a number of typhoon attacks.

At present, the Group's potential climate-related risks are mainly high temperature and flood, which are mainly due to the fact that the Group's operations are centered around warehouses (including cold storage). In the event of high temperatures, the demand for electricity in the temperature-controlled warehouse will increase significantly and the time available for storing goods in transit on the platform will be shortened. In the event of flood, warehouses may face damages. The Company will actively respond to alerts from the government's meteorological department and make plans to deal with these potential problems by stockpiling backup power.



The risk description and responses of the Group to identify climate change risks and opportunities are as follows:

Primary risk	Secondary risk	Risk description	Responses
Transition risk	Policy risk	With intensified global legislation on climate change, various countries at home and abroad have issued relevant policies and goals. China has always attached great importance to addressing climate change, vigorously implemented the concept of green development, firmly participated in and supported the multilateral process on climate change. In 2020, China confirmed that it will increase its contribution to national independent emission reduction, and strive to reach the carbon peaking by 2030 and achieve carbon neutrality by 2060. With the tightening of relevant policies, pollutant emission standards will continue to be raised, and Sinotrans will also be subject to restrictions on greenhouse gas emissions. After the opening of the national carbon market, Sinotrans may also be included in the supervision of relevant agencies, and the carbon trading price may rise, which further affect internal environmental management and operating decision-making, operating costs of the Company.	<ul style="list-style-type: none"> ① Continuously research and monitor existing and planned policies in the country or region where operation is located, strengthen communication with various regulatory authorities, analyse and give feedback in time, adjust risk management measures of the Company; ② Actively respond to "carbon peaking and carbon neutrality" goals, already formulated carbon emission reduction goals and action plans for Sinotrans, in 2022, promoting the establishment of a coordinated development model for ecological protection; ③ Focus on training carbon trading professionals and build carbon market compliance reserve, started the establishment of joint venture in green logistics which will be equipped with technology of new energy in 2022 to create the new ecosystem of green development and seek for opportunities of green development.
	Market risk	With the emphasis on climate change and environmental protection, there may be more and more customer asking for environmentally friendly logistics solutions. Our business may be effected in case of transition from "traditional" service to responsible/sustainable service.	<ul style="list-style-type: none"> ① Develop green logistics, further improve the intelligent operation system, improve business operation quality and efficiency, reduce operating energy consumption, optimize the transportation scheduling mode, adjust transport structure, realize the development of multi-modal transport and reduce greenhouse gas emissions. In this regard, Sinotrans has planned to carry out relevant activities, including increasing investment in green storage, using green materials, constructing logistics channel to match goods and capacity resources in a more efficient manner, decrease the empty driving rate to save energy; ② Accelerate business transition and upgrading, strengthen business model innovation, foster new profit models.
	Technical risk	At present, most of Sinotrans' own ships and operating vehicles are heavy traction vehicles. If there is no system or new technology to replace traditional fuels, the Group may be affected by the rising price of fossil fuels and regulatory regulations, which are adverse to promoting the operation strategy of green logistics.	<ul style="list-style-type: none"> ① Already carried out carbon verification at company level in 2022, continuously promote the utility rate of equipment with green and clean energy, eliminate vehicles and ships or equipment and facilities with high energy consumption and high emissions as soon as possible; ② Pay more attention to energy saving and consumption reduction technology research to upgrade equipment or technology, apply new low-carbon and energy-saving technologies or facilities to improve energy efficiency, such as building green parks, replacing transport vehicles and energy-saving lamps; ③ Increase the proportion of renewable energy (such as photovoltaic power, wind power, heat energy, biomass and hydrogen), replace new energy vehicles or facilities, reduce the use of fossil fuels such as gasoline and diesel vehicles, drive the development of green logistics and green transportation (such as building photovoltaic power generation equipment on the roof of warehouses, replacing forklifts and urban distribution vehicles with electric vehicles); ④ Promote automation and digitization to address climate change and improve logistics and operational efficiency (such as developing green products, promoting energy conservation and emission reduction throughout the whole life cycle of product R&D and design, production and manufacturing, packaging and logistics).
	Legal and compliance risks	As China attaches great importance to climate change and ecological environment, it may strengthen the protection of the ocean and issue certain relevant laws and regulations or restrictions, which may restrict or affect the Company's marine freight forwarding business and other operations to a certain extent and may result in some legal litigation risks.	<ul style="list-style-type: none"> ① Pay active attention to relevant national laws and regulations and strictly abide by them; ② Promote the conservation of ocean and biodiversity, control and reduce pollutant emissions, and reduce compliance risks.
Physical risk	Operational risk	Climate change may lead to drastic changes in precipitation patterns and weather patterns, resulting in frequent occurrence of extreme weather such as floods, rainstorms and typhoons, which will affect the infrastructure systems (such as electricity, water, transportation and communication) operated by the Company and the supply chain, and damage to equipment, facilities or buildings.	<ul style="list-style-type: none"> ① Regularly assess and test the impact of the Company's operating conditions, operating sites or equipment and facilities in extreme weather, make appropriate adjustments and deployments, strengthen prevention and control, and regularly update and maintain corresponding facilities and equipment; ② Make emergency plans, strengthen flood control and other emergency disaster drills for employees and regularly train on relevant escape and self-rescue knowledge; ③ Due to the specific nature of the transport industry, consider shifting the potential risk from climate change to the third party, i.e. buy insurances related to flood/storm.

Sinotrans has always advocated a concept of people-oriented, and an employment orientation of “advancing the capable, rewarding the excellent, demoting the mediocre, and eliminating the inferior” to take responsibilities for the reformers and those responsible, and encourages employees to develop together with the enterprise. It actively fulfills social responsibilities and focuses on the harmonious development of business operations and communities.

◎ Employee development and care -----

The Group has strictly complied with the relevant laws and regulations on labor and personnel such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), and the Regulations on the Implementation of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》). The Group has followed the principles of “openness, fairness, selecting the best talents in the competition”, and has formulated various regulations such as Headquarters Recruitment Management Measures of Sinotrans Limited (《公司總部招聘管理辦法》), Position and Career Development Management Measures of Sinotrans Limited (《公司職位與職業發展管理辦法》), the Labor Contracts Management Measures of Sinotrans Limited (《公司勞動合同管理辦法》), the Measures for the Administration of Working Hours, Attendance, and Vacations of Sinotrans Limited (《公司工作時間、考勤、請休假管理辦法》), the Guiding Opinions on Employee Rewards and Punishments Management (Interim) of Sinotrans Limited (《公司員工獎懲管理(暫行)指導意見》), and the Performance Management (Trial) Measures of the Sinotrans Limited (《公司績效管理(試行)辦法》), in relation to remuneration and dismissal, recruitment and promotion, working hours, leaves, equal opportunity, diversity, anti-discrimination and benefits and welfare.

In 2022, we further revised and improved the Guidance on Recruitment Management of the Company (《公司招聘管理指導意見》), adding the relevant provisions of “recruitment must comply with the national and local laws and regulations and relevant policy requirements, and it is not allowed to recruit minors under the age of 16, and illegal employment and employment in violation of policy provisions”.



Compliant recruitment

Sinotrans has continued to build and optimize its recruitment management platform. The platform is constructed on the principle of “adhering to strategic orientation, building employer brand, sustaining business, strengthening talent quality, and supporting policy implementation”, and has achieved a five-in-one group recruitment management mode of “talent supply and selection, operational efficiency, recruitment experience, and system control”. Through the online recruitment management system, Sinotrans brings the whole process of recruitment functions online including recruitment management, job posting, candidate management, integrated talent assessment, interview management, and orientation management. The recruitment channel covers all scenarios including campus recruitment, social recruitment, internal recruitment, and high-end talent introduction. While achieving economies of scale and improving recruitment efficiency, it has also greatly optimized the recruitment experience of HR, employing departments and candidates. By connecting the recruitment management platform and the E-HR management system, the Company manages the recruitment in a unified way to strictly control the talent supply, and the quality of the source talents. Through the application of qualification standards in recruitment work, Sinotrans practices recruitment evaluation standards that are based on job sequence and employee ability to improve the standardization of personalized and diversified recruitment.

As at 31 December 2022, Sinotrans had a total of 33,341 employees, including 31,359 registered on-the-job employees. As at 31 December 2021, Sinotrans had a total of 33,794 employees, including 31,699 registered on-the-job employees. Among above mentioned, employees include contracted employees and employees in other employment forms (e.g. dispatched labor, part-time employees, etc.), and registered on-the-job employees refer to contracted on-the-job employees.

Employee data (as of 31 December 2022)			Number
By gender	Male	Persons in charge of company	606
		Persons in charge of department	1,754
		General employees	16,669
	Female	Persons in charge of company	123
		Persons in charge of department	918
		General employees	11,289
By region	Mainland China		28,822
	Hong Kong, Macao and Taiwan regions of China		313
	Overseas		2,224
By age group	30 and below		7,596
	31-40		13,188
	41-50		7,454
	51-60		3,097
	60 and above		24
By degree of education	Higher than graduate		21
	Graduate		1,701
	Bachelor		13,902
	Junior college and below		15,735
By management and staff	Directors (directors of headquarters)		11
	Managers (management and department heads of company and subordinate units)		3,390
	Employees		27,958
Other	Number of new employees (registered on-the-job employees) this year		2,383
	Number of employees with disabilities		46

During the Reporting Period, the employee turnover rate was approximately 8% (8.46% in the same period last year), all of which was voluntary. Majority of the resigning employees were of operational level (including drivers, warehouse keepers, dispatchers, system operators and customer service personnel). The major reasons for their resignation included that the nature of their business operation was homogeneous, and intense competition in the industry led to high turnover of such employees. The overall turnover rate of the Company was lower than the industrial average, which was in line with the nature of the logistics industry.

2022 employee turnover figures		Number of resigning employees	Turnover ratio (%)
Total number of resigning employees		2,739	8
By gender	Male	1,716	8
	Female	1,023	8
By region	Mainland China	2,451	8
	Hong Kong, Macao and Taiwan regions of China	40	11
	Overseas	248	10
By age group	≤30	1,128	13
	30-40	1,112	8
	40-50	426	5
	≥50	73	2

● **Note:** Turnover ratio = number of resigning employees during the Reporting Period/(number of employees at the end of the Reporting Period + total number of lost employees during the Reporting Period) * 100%. The total number of lost employees refers to the number of resigning and dismissed employees.



Training and development

Sinotrans has accumulated rich management experience and work practices in the long-term talent management, and gradually formed a system of “(competition + capacity) * culture” to evaluate talent value. The evaluation system links company strategies with standardized thresholds, supports network-wide operations with a systematic mechanism, promotes management efficiency with digital means, and focuses on individual growth with refined operations. Sinotrans continuously integrates and optimizes value evaluation tools and methods, with focus on the cultural identity, achievement contribution and ability adaptation of talents, and applies value evaluation, personal performance evaluation and qualification evaluation to promote the system building of the Company’s talent value evaluation of entire sequences and at all levels.

During the Reporting Period, the Group expanded the training quantity and invitation frequency of its own faculty, and produced exclusively designed training methods and unique courses, ensuring clear learning goals, knowledge-business practices linkage and continuous feedback and tutoring for trainees at all levels. We have built a job course system on the online learning platform, “Yunzhahui” and successfully opened up a learning channel related to the new job qualification system. We have also developed “Job Sequence Courses” and “Promotion Courses” to ensure employees in the system are able to precisely learn the necessary knowledge and skills to climb up the ranks according to their own job sequence and job grade. In 2022, a live broadcast function was newly launched on “Yunzhahui” learning platform, with over 100 training events organized online and more than 10,000 participants attending in the first six months upon its launch.

Data of employees trained in 2022		Number	Proportion (%)
Total number of employees trained		31,359	100
By employee category	Persons in charge of company	729	100
	Persons in charge of department	2,672	100
	General employees	27,958	100
By gender	Male	19,029	100
	Female	12,330	100

● **Note:** the proportion of trainees is the proportion of employees who have participated in training (once or more) among the registered employees at all levels of the Company in the total number of employees at their respective levels. All employees have participated in the training in 2022, so the proportion was 100%.

Data of training hours in 2022		Hours
Total training hours		1,270,982
Average training hours of employees		41
Average training hours by employee category	Persons in charge of company	41
	Persons in charge of department	41
	General employees	41
Average training hours by gender	Male	41
	Female	41



Remuneration and benefits

Being guided by strategic requirements, Sinotrans focused on problems and developed and implemented differentiated, medium- and long-term remuneration packages for different key groups. During the Reporting Period, the Group further promoted its medium- and long-term incentive works. It explored equity and option incentives, excess profit sharing and other ways to continuously motivate the organization and employees, including promoting the excess profit sharing plan to qualified companies among its subsidiaries and guiding the formulation of enforcement measures; implementing an exclusive incentive mechanism for outstanding management trainees to encourage talented graduates to develop together with the Company in the long run.

The Group provides statutory benefits such as paid vacation and high temperature subsidies to all employees, as well as meal allowances and annual health examinations for employees. It actively promotes the employee care EAP program. The Group organized employees to participate in two mental health seminars during the Reporting Period, and purchased 7*24 hours of psychological counseling services and physiological counseling services for employees. In 2022, the Group granted employees who have served the company for 10, 20 or 30 years with awards such as the Dedication Award (至誠獎) and the Loyalty Award (丹心獎) in appreciation of their long-term contribution and devotion to the company. It also provided health consultation for employees by introducing health management services into the company, such as inviting TCM physicians to the site and offering a “black technology”, Airdoc intelligent inspection, experience for employees, etc.



Rights protection and care

Employee care

During the Reporting Period, in order to enrich the spare time life of employees and relieve their pressure in daily work, the labor union organized diverse activities including: **(1) Constantly constructed staff homes.** 9 “staff home” construction projects were completed in 2022, effectively improving the production, living, cultural and leisure conditions of front-line employees. **(2) Vigorously promoted employee care activities to give warmth to them.** During the National Day holiday in 2022, we carried out care activities for seconded or exchanged employees in Beijing; actively conducted holiday consolation activities on major festivals, employees’ birthdays, and employees’ marriages and childbirths; and held “Welcoming New Year in Culture (文化迎新春)” activity, Women’s Day activity and other events during major festivals. **(3) Visited Party members with subsistence difficulties, old Party members and veteran cadres.** More than 800 people were visited during the New Year’s Day, Spring Festival and Double Ninth Festival in 2022.

In 2022, Sinotrans actively liaised with the tele-med platform of the state-owned enterprises to provide message consultations and video consultations for a total of 43 times for sick employees overseas under the severe situation of the continued spread of pandemic overseas and the frequent occurrence of pandemic domestically.

In addition, the Group attaches high importance to staff communication and holds staff meetings from time to time, inviting management and staff representatives to talk face-to-face. A young staff seminar was held in 2022, in which the management of the company responded to the suggestions and demands from employees and further discussed with them on issues of concern.

Case 1



Celebrating the 20th anniversary of the founding of Sinotrans



Case 2



Table tennis and badminton carnival

Case 3



3.5km walking event

Health and safety

Sinotrans strictly implements the policies of social security, medical insurance and work-related injury insurance in various places. In accordance with national and local requirements, the Company provides employees with benefits such as subsidies for high temperatures and meals to fully ensure the basic guarantees for such employees.

During the Reporting Period, one employee of the Group died in work, and the rate of work-related fatalities was 0.003% (the number and rate of work-related deaths were the same as in 2021, and the data for 2020 were both 0). The number of working days lost due to work-related injuries was 2,644 days. The main reasons for work-related injuries were injuries during unloading, falls on the way to and from work, and traffic accidents.

In addition to the basic guarantees, supplementary commercial insurances such as employer liability insurance and accident insurance are purchased to protect our employees. The Company provides employees with health examinations every year, and formulates a mechanism of entry physical examination plus annual health examination. In addition, we attached importance to enhancing safety and health training and conducted 282,432 employee workplace safety drills and trainings with a total of 8,650 training hours during the Reporting Period. For details of safety production and safety culture construction related to the Company, please refer to the section “IV. Operation and management level (II) Safety production” of this Report.



Harmonious community

During the Reporting Period, the Group, as always, actively participated in social activities and public welfare undertakings. It engaged in activities such as charitable donations and caring for the community, and actively assumed social responsibilities while strengthening and optimizing the core business, thereby realizing the harmonious co-development between the Company and the community.

Charitable activities

Taking the China Merchants Foundation as a professional unified public welfare platform, Sinotrans invested RMB7 million through the China Merchants Foundation mainly for public welfare projects and rural revitalization in 2022. Meanwhile, we further strengthened and standardized the management of external donations and formulated the Management System for External Donations of Sinotrans.

During the Reporting Period, the Group actively fulfilled social responsibilities by promoting the implementation of projects such as “realizing dreams with childlike innocence and contributing to the community during the trip”, realizing the dream-renovating earth-rock playgrounds, emergency logistics training, and railway summer camp. In 2022, the total investment in public welfare activities amounted to RMB1.8636 million, benefiting 9,461 people.

The public welfare project, namely “Adults together with children” to realize dreams with childlike innocence and contribute to the community during the trip

The Group has carried out the public welfare project of “Adults together with children” for five consecutive years, and held 8 activities in total, helping more than 200 teenagers in special difficulties, actively advocating social concern and care for the growth of teenagers so as to “help teenagers buckle their first button in life”.

The public welfare project, namely “Realizing the dream-renovating the earth-rock playground”

In 2022, the Group officially launched and completed the “Realizing the dream-renovating the earth-rock playground” project at Dalijichengzi Primary School in Jinpu New District, Dalian. Upon the renovation, various sports can be carried out on the new playground, providing a good learning and living environment for left-behind children and primary school students from migrant worker families.

Education activities on emergency logistics training and public disaster

The Group selected Chengdu, Kunming and Shenyang as the host cities for the activities, and carried out volunteer relay activities, namely the “Zaijisong emergency logistics training and public disaster education”, to improve the emergency support capacity of public welfare volunteers and publicize the responsibility of safe production.

Summer camp activities in the railway corridor of Angola Lobito.

The Group hosted the “three hours of public welfare” Lobito corridor railway summer camp in Lobito, Angola, which lasted for two days. By organizing 150 Angolan children who were looking forward to going out of the countryside and the mountain villages to take a train tour along the Lobito railway corridor in Angola, we realized local children’s dreams to experience an unforgettable journey.



In addition, the volunteer service team established by Sinotrans adheres to the concept of “doing more practical things in solid manner and giving back to the society with practical actions” and participates in various social public welfare activities. In March 2022, Sinotrans carried out community service activities organized by the volunteers in the Aonan Business District. After gathering with the volunteer team of the Anyuanli Community Party Committee, 8 volunteers completed the cleaning and wiping of express cabinets around the Aonan Business District Building, and the public transport platform billboards near the buildings in different groups and by regions.



Poverty alleviation

During the Reporting Period, by taking the China Merchants Foundation as a professional unified public welfare platform, Sinotrans focused on “consolidating and expanding the achievements in poverty alleviation as well as effective bridging of rural revitalization” by keeping up its efforts and standards unchanged, continuing to improve the level of public services such as medical care, education and employment, industrial promotion and deepening of consumption assistance and other works.

During the Reporting Period, the Group carried out one Industrial Assistance Project, one Educational Assistance Project and one Livelihood Assistance Project, with a total investment of RMB5.1364 million, benefiting 26,358 people.

Xinjiang Fuyun County Dure Town Assistance Project

Based on the advantages of large freight traffic in Dure Town, Fuyun County, the Group supported Dure Town to build a logistics distribution center for agricultural and sideline products by investing and building a new 1,850 square meter production building and auxiliary buildings, with about 12 shops for retail, catering, vehicle maintenance, and accommodation. The project is still under construction. After the completion of the project, the collective income of the village will be increased by renting shops, and 50-150 positions will be provided. The annual per capita income of the employed people will increase by RMB30,000 to RMB100,000.

Xinjiang “Making Visit, Delivering Benefits and Gathering Morale (訪惠聚)” Village Assistance Project

We supported the cultural street construction project in Youleigunjiayi (8) Village. We supported Village 9 of Boxireke Township in Yecheng County to build an elderly activity center and we supported Village 10 of Boxireke Township in Yecheng County to build a village-level clinic and an elderly activity center, in a bid to further supplement public cultural facilities in rural areas and improve the activity places for the elderly as well as the village-level medical service and meet the entertainment and cultural needs of the elderly. The projects are still under construction.

Newly built dormitory of Donggu Ethnic Primary School in Qingyuan, Jiangxi

Donggu She Autonomous Township, Qingyuan District, Jiangxi Province is the Base of the Red Revolution. The subordinate ethnic primary school is the only full-time primary school in the township, with more than 1,200 students. Due to the inconvenient transportation in the mountainous area, the farthest village is 20 kilometers away from the school, and the existing dormitory buildings of the school fail to fully meet the accommodation needs of teachers and students. In order to improve the educational conditions in remote mountainous areas, we assisted the construction of a comprehensive building for Donggu Ethnic Primary School in Qingyuan District, which was used as a cultural auditorium and dormitory for teachers and students and put into use in September 2022.

Meanwhile, the headquarters of the Company signed the Responsibility Letter of Consumption for Poverty Alleviation of Sinotrans (中國外運消費扶貧責任書) with its subordinate companies to actively expand the channels of consumption for poverty alleviation, including benefits for the labor union and cooperation with 27° agricultural public welfare products to customize products. The total consumption for alleviation throughout the year reached RMB8.9296 million.



Responsibility undertaking

In 2022, we fulfilled the responsibilities as a central enterprise during this challenging time. Focusing on ensuring the safety and stability of the industrial chain, we successively completed a series of major tasks to maintain smooth transport, such as supporting the Winter Olympics, aiding Hong Kong to fight against the pandemic, defending Shanghai, aiding Tibet to fight against the pandemic, and aiding Sichuan and Chongqing to fight against the heat.

01



In February 2022, amidst the severe situation of epidemic prevention and control in Baise City, Guangxi Zhuang Autonomous Region, the shortage of anti-epidemic materials aroused the public attention. Sinotrans Shenzhen Logistics Co., Ltd.* (深圳中外运物流有限公司) actively coordinated and formulated an emergency transportation plan, collected anti-epidemic materials donated by the Shenzhen Charity Federation and caring enterprises, and urgently delivered more than 120,000 protective masks, 6,000 face masks, temperature measuring guns, disinfectants and other anti-epidemic materials to Baise, Guangxi to provide assistance for the front-line epidemic prevention

02



In March 2022, Sinotrans selected a number of drivers who participated in the aid of Wuhan to form a transport convoy to Laixi, and completed 28 trips of emergency material transportation in Laixi within ten days. As such, various anti-epidemic materials were delivered to the specified destinations in a safe, rapid and accurate manner and were well preserved. With such actions, Sinotrans contributed to the combat against the epidemic as well as passed warmth to the society.

03

In March 2022, in the face of the severe and complicated epidemic situation in Hong Kong, in order to achieve centralized transshipment of cross-border goods and closed-loop management of truck drivers from Hong Kong, and reduce the risk of cross-border epidemic importation, the Daya Bay District Government of Huizhou City (惠州市大亞灣轄區政府) established temporary, centralized handling and transshipment outlets for cross-border goods in the Daya Bay District (大亞灣區). Guangdong Sinotrans Chemical International Logistics Limited*(广东中外运化工国际物流有限公司) actively responded to the government's call and took the initiative to undertake the operation and management of transshipment outlets by using its own land resources.

04

In 2022, Sinotrans successfully completed the supporting project for the Winter Olympics, achieving zero food safety accidents, zero infection in epidemic prevention and control, and zero error in supporting service. Sinotrans was awarded the Best Supporting Medal of 2022 Beijing Winter Olympics Supply Project (2022年北京冬奥供應項目最佳保障獎牌) by the client, the Excellent Supporting Enterprise Medal of Winter Olympics (冬奥保障優秀企業獎牌) by the Bureau of Commerce and Finance of the Beijing Economic-Technological Development Area (北京市經開區商務金融局), and the Advanced Supporting Institution Medal of Winter Olympics (冬奥保障先進單位獎牌) by Tongzhou Branch Bureau of Beijing Municipal Bureau of Public Security (北京市公安局通州分局).



Synergetic development

While focusing on the transformation and upgrading of its own business, Sinotrans lays emphasis on enhancing exchanges and cooperation with peer companies and universities to jointly explore integrated logistics solutions, and make progress together for win-win results.

01

In July 2022, the 12th Pan-Beibu Gulf Economic Cooperation and 2022 Beibu Gulf International Gateway Port Cooperation Forum (hereinafter referred to as the “Forum”) was held in Nanning, Guangxi. Li Shichu, the deputy general manager and secretary of the board of directors of Sinotrans, was invited to attend the opening ceremony of the forum and delivered a speech titled “Seize RCEP Opportunities, Promote the Integrated Development of Regional Industrial and Supply Chains with High Quality” (「搶抓 RCEP 機遇，高質量促進區域產業鏈供應鏈融合發展」), shared his views on the new RCEP economic and trade rules, and introduced his visions for Sinotrans in the future development against the background of RCEP.



02

In November 2022, the 2nd World Maritime Merchants Forum opened in Hong Kong where Sinotrans hosted the “2022 World Maritime Forum · Logistics Sub-Forum” (「2022 世界航商大會 · 物流分論壇」). With the theme of “Win-Win Cooperation to Build a Resilient Supply Chain” (「合作共贏 共同構建韌性供應鏈」), it focused on insights into global supply chain trends under “new changes and new situations”, discussed how to build a resilient supply chain through win-win cooperation from the perspectives of industries, experts, and customer needs. The number of online participants of the event reached 13 thousand, and the accumulated number of likes for each link reached 178 thousand.

03

In December 2022, the State Administration for Market Regulation and the Standardization Administration of the People’s Republic of China jointly issued a mandatory national standard – “General Rules for the Storage of Hazardous Chemicals” (GB15603-2022). The chemical subsidiary of Sinotrans, as the main drafting institution, participated in the amendment of the standard in order to promote the standardization of the hazardous chemical storage industry.



SINOTRANS

Appendix: Content Index

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



A. Environmental			
Level	Aspect number	"Comply or explain" Provisions	Location in the report
A1: Emissions	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P20-21, 23
	A1.1	The types of emissions and respective emissions data.	P22-33
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P22
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P23, The statistics are not available.
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P23, The statistics are not available.
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	P21, 23-25
	A1.6	Description of how hazardous and non-hazardous wastes are handled and a description of reduction target(s) set and steps taken to achieve them.	P23
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P21, 23
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P22
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P22
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P21, 23-25
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P21, 23
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not available for the transportation industry
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	P24
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P23-25
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P24-25
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P25



B. Social

Level	Aspect number	“Comply or explain” Provisions	Location in the report
B1: Employment	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P26-30
	B1.1	Total workforce by gender, employment type, age group and geographical region.	P27
	B1.2	Employee turnover rate by gender, age group and geographical region.	P27
B2: Health and Safety	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P30
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P30
	B2.2	Lost days due to work injury.	P30
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P30
B3: Development and Training	General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	P28
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P28
	B3.2	The average training hours completed per employee by gender and employee category.	P28
B4: Labour Standards	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	P26
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P26
	B4.2	Description of steps taken to eliminate such practices when discovered.	There is no case on the use of child or forced labor received by the Group.
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P19
	B5.1	Number of suppliers by geographical region.	P19
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P19
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P19
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P19
B6: Product Responsibility	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	P17-18
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not available for the transportation industry
	B6.2	Number of products and service related complaints received and how they are dealt with.	P18
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P12
	B6.4	Description of quality assurance process and recall procedures.	Not available for the transportation industry
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P18
B7: Anti-Corruption	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P16
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P16
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P16
	B7.3	Description of anti-corruption training provided to directors and staff.	P16
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	P30-33
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P30-31
	B8.2	Resources contributed (e.g. money or time) to the focus area.	P30



中國外運股份有限公司
SINOTRANS LIMITED

Address: Sinotrans Building Tower B, Building 10,
No. 5 Anding Road, Chaoyang District, Beijing, China

Postcode: 100029

Fax: 8610 52296519

Email: ir@sinotrans.com

Company website: <http://www.sinotrans.com>