Create immense possibilities with logistics

A company incorporated in the Cayman Islands with limited liability
Stock Code: 9956.hk

2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ANE (Cayman) Inc.

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Message from CEO

> 2023 was a challenging year for ANE as we faced the pressures of an overall economic downturn, sluggish growth in our industry and the lifting of pandemic-related restrictions. In response, we initiated a strategic transformation and set the "Five most" objectives—most optimal cost, most superior quality, most stable timeliness, most timely service response and most dense network coverage. We continued to optimize internal organization with a focus on our service outlets with the aim of building a fair, just and healthy ecosystem, driving rapid growth and sustainable profitability and reinvigorating ANE in the express freight industry.

Leading green development with low-carbon logistics

ANE believes green transformation is the only way to enhance our sustainable growth capability as we face the challenges of climate change and China's carbon-peaking and carbon-neutrality goals. We steadfastly advance "green transportation", "green parks" and "green offices", and are taking proactive measures to mitigate climate-related risks. ANE is working in partnership with our strategic partners to deploy new energy heavy trucks in the coming year, which are expected to reduce our carbon emissions and improve efficiency. ANE is determined to play a leading role in the green, low-carbon transformation of the entire express freight industry and contribute to the sustainable development of society.

Digital transformation led to improved efficiency and reduced costs

ANE continued to adopt innovative technologies and operationalize digital systems in every aspect of our business, which led to significantly reduced operating costs and improved service efficiency. We are the first company to deploy autonomous heavy trucks in the less-than-truckload ("LTL") freight industry. Besides providing smart logistics solutions for every partner in our ecosystem, we continued to further the depth of the service network. We built an "Iron Triangle" system comprising sales, operations and customer service teams focusing on providing 24/7 services to our service outlets. This Triangle system is our key to quickly responding to service outlets, empowering them and enabling our partners to grow with us.

Putting people first and growing with employees

ANE is a people-oriented company and we always believe employees are our most valuable assets. This year, we continued to reinforce our team and make it younger and more specialized through a fair and scientific competitive hiring mechanism. We shifted to a more flat organizational structure. By clearly defining paths for internal promotions, increasing short/medium/long-term compensational incentives, and developing scientific training programs, we created for every ANE employee a career platform full of advancement opportunities. We delegated more responsibilities to employees to empower them and keep the whole team's passion and creativity alive.

Contributing to building a harmonious society

In 2023, ANE further expanded service outlets into rural areas to bridge the last-kilometer gap in rural logistics, shorten the distance between farmers and markets, and contribute to poverty alleviation and rural revitalization. In addition, ANE employees across the nation actively practiced our social responsibility commitment, from doing good deeds on highways to volunteering for flood relief efforts during the typhoon season. We also developed a *Public Welfare Freight Reduction and Exemption Program* to transport disaster relief materials more efficiently and rapidly. ANE continued to deliver on our corporate responsibility with concrete action and instill the spirit of public welfare into our culture.

Looking ahead to 2024, we will continue to fight a tough battle, strength our capabilities, build a strong ecosystem, serve customers well, drive employee development and give back to society. All of our employees and partners will work together to achieve our goals of sustainable, high-quality growth and respond to the call of developing new quality productivity.

Mr. Qin Xinghua
CEO

Statement from The Board

ANE's Board of Directors reviewed and approved this report on March 26, 2024, committing this ESG report thoroughly discloses the progress and results of the Group's ESG work in 2023 without false or misleading statements, and takes responsibility for the authenticity, accuracy and completeness of the contents.

Governance Structure

The Board of Directors is ANE's top governing body for the Group's ESG management. The board has established an ESG Committee to assist in supervising the management, policies, strategies, and measures related to ESG and climate change. The committee regularly reports to the board to ensure the orderly execution of ESG initiatives and to enhance ESG performance. For detailed information on ANE's governance structure, please refer to the section headed 「ESG Governance Structure」 of this report.

Management Approach and Strategy

ANE has well-established channels to communicate with stakeholders. We regularly engage with them and respond to issues of their concern. The Board of Directors is responsible for overseeing the formulation of policies and procedures for addressing those issues and ensuring material ESG risks are included in our corporate strategy and properly managed. In 2023, in order to grasp ESG new challenges and opportunities, the Board of Directors reevaluated the results of the materiality assessment from the previous year. For more information, please refer to the sections headed 「Stakeholders Engagement」 and 「Materiality Assessment」 of this report.

Target Review

In 2023, the ESG committee convened 2 meetings with a 100% attendance rate of Directors. The ESG committee discussed the progress and goals of ESG and climate change initiatives, delving into the latest policy changes both domestically and internationally. The committee contributed professional knowledge and opinions, demonstrating outstanding leadership in driving the ESG agenda.

In the future, we will progressively advance two key initiatives: the adoption of new energy heavy trucks and carbon accounting. These efforts are aimed at actively addressing the challenges of climate change, promoting the sustainable development of the Group, and realizing our mission of "Create immense possibilities with logistics".

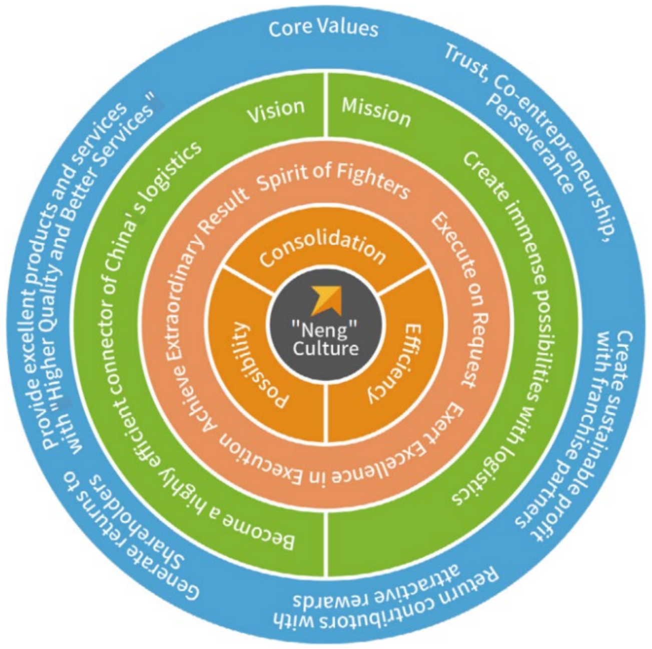
About ANE

Founded in Shanghai on June 1, 2010, ANE is a National AAAAA logistics business enterprise of comprehensive service that pioneered the freight partner platform model in China's freight transport industry. We provide cost-effective, better-experience freight services nationwide by prioritizing cost reduction, efficiency and service quality improvement. In November 2021, ANE went public and became listed on the Hong Kong Stock Exchange (stock code: 9956.HK), marks the entry of our Group into a brand-new development stage.

Leveraging our innovative business model and revolving around customer needs, we have launched industry-leading services such as MiNi E-Commerce, Standard Freight, Time-Definite, Guaranteed-Safety, and Economy Freight. Utilizing big data, cloud computing and other technologies, we have independently developed IT systems to advance the integration of technological innovations into our operations. We implemented the refined management philosophy and have completed full-link digitalization of our operations.

As of December 31, 2023, ANE had 81 self-operated sorting centres, covering 98.2% of counties and townships in China, under our self-operated truck fleet, about 28,000 freight partners and agents. We serve more than 5.5 million end-customers.

"Neng"Culture


Core Values
Trust, Co-entrepreneurship, Perseverance
Vision
Mission
Provide excellent products and services with "Higher Quality and Better Services"
Create sustainable profit with franchise partners
Return contributors with attractive rewards
Generate returns to Shareholders
Become a highly efficient connector of China's logistics
Create immense possibilities with logistics
Spirit of Fighters
Achieve Extraordinary Result
Execute on Request
Exert Excellence in Execution
Consolidation
Possibility
Efficiency
"Neng" Culture

Network Outlets
28,000+

Sorting centres
81

Line-haul routes
2,300+

Coverage rate of counties and townships
98.2%

Performance Highlights

Economic Performance

Revenue reached RMB **9,916** million, increasing by **6.2%** ↑

Gross profit reached RMB **1,268** million, increasing by **73.6%** ↑

81 self-operated sorting centres across China, together with our network outlets, to cover approximately **98.2%** of the counties and townships

Well-planned approximately **2,300** line-haul routes, which around **88.5%** are two-way routes

Over **28,000** freight partners and agents, the ratio of the number of top freight partners that remains as our freight partners was **98.2%**

Served approximately **5.5** million shippers, our end-customers

Continued to stimulate organizational vitality through **Authorizing, Activating and Empowering** our front-line operative regional organization

Our freight volume reached **12.0** million tons

While Key transit hub handled a freight volume of over **1.1** million tons

Social Performance

3,142 employees, and percentage of female employees was **35.1%**

Over **50%** of centralized suppliers were based in East China, with a local procurement rate of **70.2%**, contributing to local economic development

Damage rate (number of damaged units per hundred thousand units) decreased to **32.6**, representing a year-on-year decrease of **33.6%** ↓

Lower complaint rate (number of complaints per hundred thousand shipments) was **461**, which decreased by **64.4%** ↓

Timely fulfillment rate (number of shipments completed within guaranteed duration per total number of completed shipments) increased from **61.2%** in 2022 to **73.2%** ↑ in the same period of 2023

Enhanced training for senior-level and mid-level employees, with an average of **15.3** hours of training per employee, representing a **22.8%** ↑ increase compared to the previous year

Major accident assistance fund for partners has funded a total amount of more than RMB **1.5** million

Launched **Public Welfare Freight Reduction and Exemption Program** to practice corporate social responsibility

Environmental Performance

Applying **Autonomous Heavy Truck first** in the express freight industry, improving operational efficiency and aiding in carbon reduction efforts

Greenhouse gas emission intensity is **45.5** tCO_2e/million RMB, a year-on-year decrease of **11.3%** ↓

The power generation capacity of ANE Industrial Park's rooftop photovoltaic project has been put into operation for **48,000** m^2. The average annual power generation reached **330,000** kWh

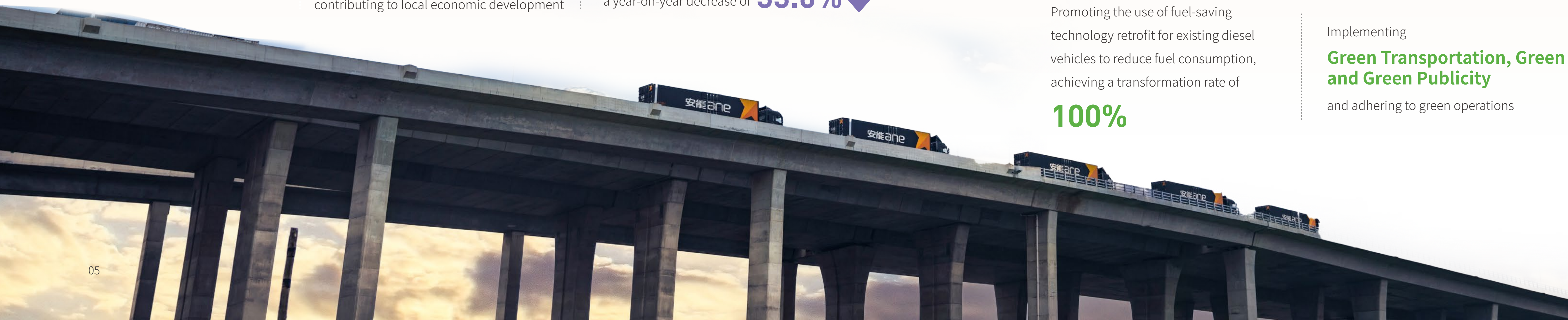
Reduce annual diesel consumption per 100 km for the second consecutive year, lowering fuel consumption target to **27.5** L/100 km

The rate of electric forklift trucks in sorting centres was **97.7%**

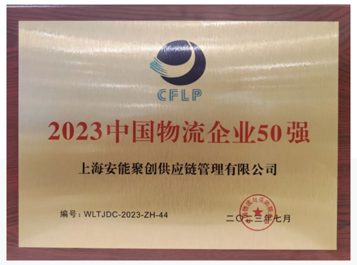
Continuously optimizing the vehicle scheduling and transportation routes through **Intelligent Modeling** to reduce energy consumption

Promoting the use of fuel-saving technology retrofit for existing diesel vehicles to reduce fuel consumption, achieving a transformation rate of **100%**

Implementing **Green Transportation, Green Office and Green Publicity** and adhering to green operations



Awards and Recognition



CFLP

2023中国物流企业50强

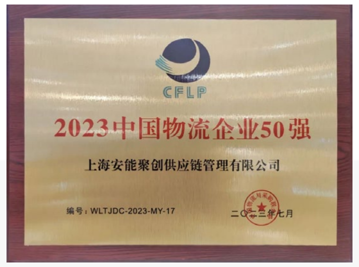
上海安能聚创供应链管理有限公司

编号：WLTJDC-2023-ZH-44

二〇二三年七月

China Federation of Logistics & Purchasing

Top 50 Logistics Companies of China in 2023



CFLP

2023中国物流企业50强

上海安能聚创供应链管理有限公司

编号：WLTJDC-2023-MY-17

二〇二三年七月

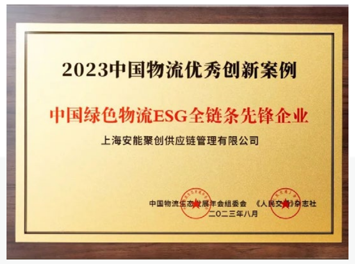
China Federation of Logistics & Purchasing

Top 50 Private Logistics Companies of China in 2023

上海安能聚创供应链管理有限公司
2023 LOG
Low Carbon Supply Chain Logistics
Outstanding Contribution Award
杰出贡献奖
2023/04/14

Logclub

2023 LOG Low Carbon Supply Chain Logistics Outstanding Contribution Award



2023中国物流优秀创新案例

中国绿色物流ESG全链条先锋企业

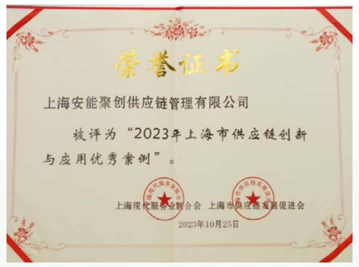
上海安能聚创供应链管理有限公司

中国物流生态发展年会组委会　《人民交通》杂志社

二〇二三年八月

China Society of Logistics Annual Conference, People's Transportation Magazine

2023 China Green Logistics ESG Whole Supply Chain Pioneer Enterprise



荣誉证书

上海安能聚创供应链管理有限公司

被评为"2023年上海市供应链创新与应用优秀案例"。

上海现代服务业联合会　上海市供应链发展促进会

2023年10月25日

The 10th Shanghai Supply Chain Development Conference

2023 Outstanding Cases of Supply Chain Innovation and Application in Shanghai

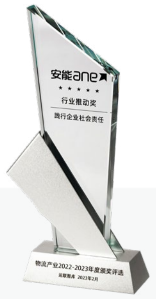
年度ESG创新先锋
安能物流

Money.163

2023 ESG Innovation Pioneer

National Business Daily

The Most Socially Responsible Listed Company


安能ane
行业推动奖
践行企业社会责任
物流产业2022-2023年度颁奖评选
运联智库 2023年2月

TUC

Industry Promotion Award

Corporate Social Responsibility Practice

01

ESG Governance

Sustainability is a prerequisite for ANE's long-term growth. We are fully aware of the importance of sustainable growth, which is why we integrate sustainability into our daily operations and management and strengthen communication with our stakeholders to effectively execute ESG work and constantly improve ESG performance.

ESG Governance Structure

ANE has established 5 professional committees under the Board of Directors, which are responsible for overseeing the management of the Group and making ultimate decisions about various affairs. All committee members have experience in the industry, risk management and professional knowledge. They also receive regular special training to improve competence and ensure they remain qualified for their roles, which is crucial for maintaining effective governance and comprehensive risk management. ANE created a *Board Diversity Policy*, and it states that we take into consideration factors, including but not limited to ethnicity, nationality, gender, age, cultural background, educational background and professional experience, when selecting and appointing board members. The objective is to enhance the effectiveness of our Board of Directors and maintain high standard of corporate governance. The nomination committee has from time to time evaluated the implementation of our *Board Diversity Policy* to ensure continued effectiveness. In 2023, we appointed 1 female director.

ANE's Governance Structure

Board of Directors

- Strategy Committee
- Audit Committee
- Remuneration Committee
- Nomination Committee
- ESG Committee

As of the date of this report

the Board of Directors of the Group has a total of **9** members

including

2 executive directors

3 non-executive directors

4 independent non-executive directors

Since establishment, ANE has been committed to improving sustainable development management mechanism. From the Board of Directors to the front-line management team, we have gradually established a top-down management structure and set up a professional ESG work group.

ANE's Board of Directors is the top governing body of the Group for all ESG matters, overseeing and deciding on ESG strategies and policies. ANE set up an independent ESG committee to assist the board, which is charged with developing the Group's ESG practices, policies, procedures, strategies, and initiatives. The ESG committee holds regular meetings to assess sustainable development risks and formulate response measures. Under the ESG Committee, our ESG task force collaborates with other departments and external resources to align with the United Nations Sustainable Development Goals ("UN SDGs"). We prioritize understanding the concerns of stakeholders, developing and promoting ANE sustainable development action plans, and ensuring the implementation of key projects.

ANE's ESG Governance Structure

Decision Making	**Board of Directors** Highest responsible body	• Review the risks and significance related to the Group's ESG matters, and ensure that significant ESG risks are included in the Group's risk management system • Review, approve and periodically review the Group's ESG vision, strategy, objectives and policies • Monitor and review the Group's policies, management, performance and progress related objectives in respect of ESG matters
Supervision and Management	**ESG Committee** Core management body	• Identify, determine and evaluate the risks and significance related to the Group's ESG matters • Evaluate and formulate the ESG strategy and objectives of the Group • Monitor, evaluate and review the Group's policies, management, performance and progress of related objectives in respect of ESG matters
Execution	**ESG Work Group** Lead executing body	• Formulate policies and action plans on ESG matters in line with the Group's ESG strategy and objectives • Manage ESG related risks and matters in the daily operation of the Group • Promote the implementation of ESG related matters

Stakeholders Engagement

ANE firmly believes our stakeholders engagement is instrumental in the Group's long-term growth. Therefore, we have systematically identified stakeholders and established special communication channels for our stakeholders. We use these channels to heed and respond to stakeholders' expectations and requirements, which we take into consideration when setting our ESG priorities.

Based on operation and industry characteristics, we have identified 11 categories of important stakeholders and actively integrated their concerns and demands into operations.

Stakeholder		Issues of Concern	Communication Mechanism
Government and regulators	National regulatory authorities, central and local governments	• Compliant Operations and Marketing • Low-carbon Logistic Management • Anti-corruption	• Regulators' supervision • Reporting • Field study • Seminar • Government communications
Shareholders and investors	Individuals, institutions, or entities holding ANE stocks	• Return on Investment • Green Logistics • Energy Management and Response to Climate Change • Intellectual Property Protection	• Shareholders' meetings • Financial results conferences • Quarterly and annual reports • Roadshows • Email and telephone communications
Clients and customers	B2B customers, e-commerce clients, individual customers	• Delivery Efficiency and Safety • Product and Service Quality • Information Security and Privacy Protection	• Complaint hotline • Service satisfaction surveys
Suppliers	The organization is responsible for providing vehicles, administrative supplies, and labor protection supplies	• Supply Chain Management • Low-carbon Logistic Management	• Supplier assessment • Field visits
Franchisees	Network outlets affiliated with ANE	• Win-win cooperation with Franchisees • Customer Service and Satisfaction • Low-carbon Logistic Management	• Assessment and evaluation • On-site visit
Directors and senior management	Members of the Board of Directors and department heads	• Improve Corporate Governance • Energy Management and Response to Climate Change • Low-carbon Logistic Management	• Regular board meeting and senior management meeting
Employees	Individuals employed by ANE	• Employee Health and Safety • Employee Training and Development • Diversity and Equality • Employee Rights and Welfare	• Employee satisfaction surveys • Corporate culture building activities • Training
Communities and NGOs	The operating region, public welfare organizations, charitable foundations, etc.	• Emissions Management • Water Resource Management • Social Welfare	• Social media • Charity projects • Volunteer activities
Peers and industry association	Enterprises, institutions, or organizations engaged in LTL	• Green Logistics • Product and Service Quality • Delivery Efficiency and Safety	• Industry summit • Communication in technology
Partners	Strategic and long-term partnerships institutions or organizations	• Information Security and Privacy Protection • Supply Chain Management • Industry Participation	• Email and telephone communications • Industry conferences
Media	News platform	• Rural Revitalization • Social Welfare • Industry Participation	• Press release • Media briefing

Materiality Assessment

To clearly identify key ESG issues, we follow the materiality principle provided in HKEX's ESG Reporting Guide and developed a complete and scientific materiality assessment procedure. We follow the assessment procedure below to review our materiality matrix annually, and disclose important information about the most material ESG issues in an ESG report, so as to respond to our stakeholders' expectations.

ANE's Materiality Assessment Procedure

Review
- Carry out peer benchmarking and preliminarily review the substantive evaluation results of previous years based on our strategic orientation

Indentification
- Identify ESG issues related to the Group, based on the ESG Reporting Guide and industry characteristics

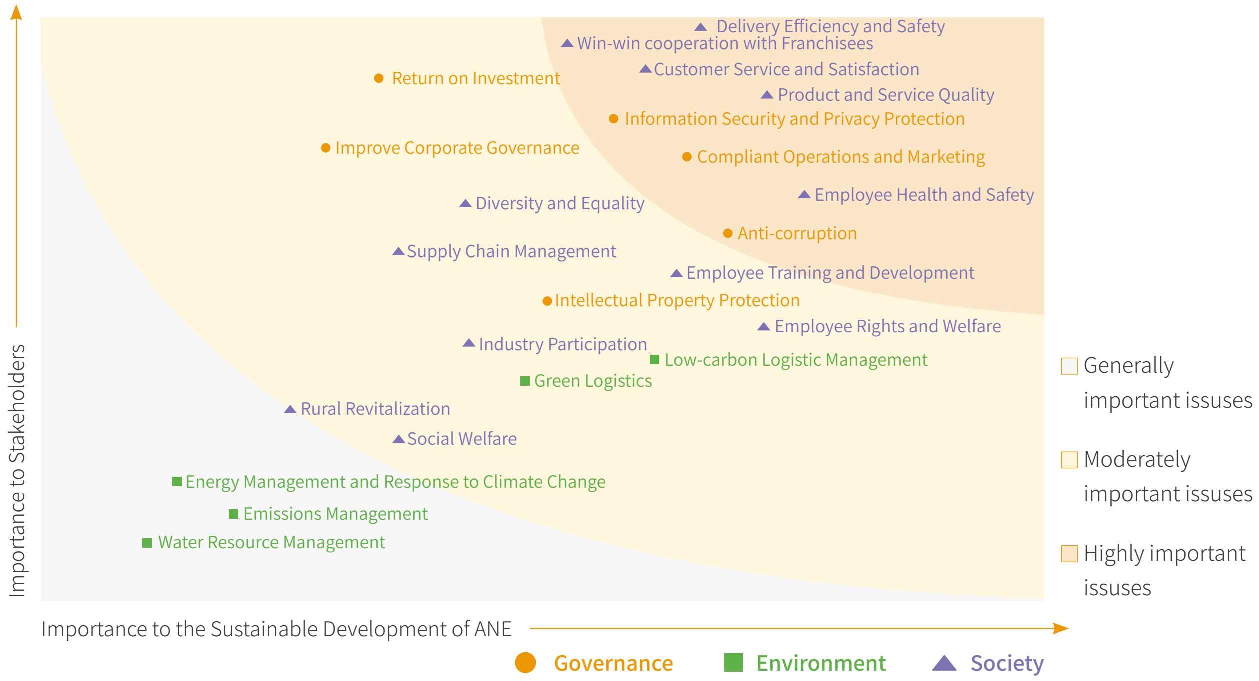
Prioritization
- Conduct internal and external stakeholder surveys based on the impact on ANE and stakeholders to confirm the importance of various ESG issues

Verification
- The ESG work group reviews the materiality assessment results, adjusts them to form the final materiality assessment results, which are confirmed by the Board of Directors

In 2023, based on the UN SDGs and incorporating best practices in the industry, seizing the opportunity presented by this report, we conducted interviews, surveys, and other forms of research, collecting over 3,100 valid responses. We conducted in-depth analysis and discussions on the collected responses, identifying a total of 23 key ESG issues in environmental, social, and governance dimensions.

Compared to the previous assessment, we have added four new issues, such as Low-carbon Logistic Management, Rural Revitalization, Win-Win Cooperation with Franchisees, and Customer Service and Satisfaction. Through the scoring results of the surveys, combined with third-party expert opinions, we have identified 8 highly important issues, 12 moderately important issues, and 3 generally important issues. These adjustments were made based on the dimensions of "importance to stakeholders" and "importance to the sustainable development of ANE". The revised substantive assessment results have been reviewed and approved by the Board of Directors.

ANE's Materiality Assessment Results



02

Corporate Governance

ANE is committed to a high standard of corporate governance and strictly complies with the laws and regulations applicable to us. We are constantly optimizing our risk management framework while placing considerable emphasis on business ethics and information security to ensure ANE is operating on a transparent, lawful and ethical footing as we strive to build a reliable and sustainable organization with exceptional values.

Risk Management

> In 2023, we further optimized the internal control and risk management framework, standardized internal management policies and procedures, and achieved improved risk prevention and management results. By identifying and assessing potential risks to our daily operations and future growth, we developed commensurate risk response strategies and effectively mitigated operational risks.

Risk Management Framework

We established the Risk Committee in September 2023 as a dedicated committee responsible for overseeing the Group's risk management operations and developing risk response plans. Led by our Risk Committee and Group department directors and regional heads as primary risk managers, we implemented risk response methods including risk avoidance, risk reduction, risk sharing and risk acceptance, and took necessary management measures in accordance with the Group's risk management objectives and actual operation, achieving effective risk control.

We continued to improve our internal control and audit system by optimizing the internal control organization and establishing an internal control supervision office. We reviewed our internal control system design and the effectiveness of its implementation to ensure an effective closed-loop internal control system. We conducted annual internal audits as planned to proactively identify potential risks to our operations and reduce the likelihood of risks happening and the severity of possible losses. Besides, we advocated integrity in procurement and participated in key parts of the bidding process to promote fair, just and open procurement.

Policies and Procedures

In accordance with the *Corporate Governance Code* and our actual operation and taking into account comprehensiveness, importance, checks and balances, adaptability, and cost-effectiveness, we developed the *Internal Control Management Policies* and the *Risk and Internal Control Manual* in an attempt to improve the Group's operational management and risk prevention capability, promote standardized operations and sustainable growth and increase operational efficiency. Also, we established an active communication and reporting mechanism for high-risk areas of our business, which has significantly improved the speed of our risk response.

In addition, our Execution Office designed a set of scientific process optimization mechanisms for our life cycle of business process management. Based on the characteristics of each process and principles of process design, we reviewed and assessed the rationality and scientificity of our systems and processes. We comprehensively identified potential risks to our business at the Group operations level, which enabled every department and division to better identify and respond to risks.

Case ANE identified risks in our business to create operational risk map 1.0

From May 2023, we began identifying and sorting out legal risks in some key fields of our business such as franchisee relationship, data/information security and intellectual property to create our risk map 1.0. We hoped to ensure low-risk, high-efficiency operations and effectively manage potential operational and legal risks to our business. We also prepared detailed legal risk reports and corresponding response plans for identified legal risks, and reported to the Group's executive operating committee by risk level.

Risk Training

To ensure our employees have full understanding of risk management and the capability to implement risk management techniques, we developed a diversified training model, which not only enabled our employees to gain deeper understanding of our internal control mechanisms but also gave them crucial process guidelines. For new employees, we provided a comprehensive introduction to the Group's risk management system and management processes during on-boarding training, focusing on raising their risk awareness. Moreover, we prepared a *Risk and Internal Control Manual* for each of our business lines and operative regional organization every quarter and gave corresponding training to employees in each business line with 100% participation. In 2023, we conducted 7 risk-specific training sessions totaling 790 hours.

After the training, we organize examinations for our employees to assess their understanding of risk management and ensure each employee had the required knowledge and skills. Through employee training, we strive to build a strong risk prevention culture and provide a solid foundation for the Group's sustainable growth.

In 2023

we conducted

7 risk-specific training

sessions totaling

790 hours

corresponding line

training coverage

100%

能学堂

安能ane

安能物流集团有限公司

风险及内控手册

操作本部

能学堂

安能ane

安能物流集团有限公司

风险及内控手册

客服模块

ANE Risk and Internal Control Manuel

Business Ethics

> ANE is committed to legal and regulatory compliance, integrity in the course of business and providing high-quality service. We have always instilled the principle of integrity into our employees and addressed any violations and reports of misconduct independently and fairly in a bid to create an environment of integrity and diligence and build ANE into a company of integrity.

Laws and Rules

ANE strictly complies with the laws and regulations of China related to bribery, extortion, fraud and money laundering applicable to us, including but not limited to the *Company Law, the Anti-Unfair Competition Law* and *the Interim Provisions on the Prohibition of Commercial Bribery*. Besides, we developed a set of internal policies and rules relating to business ethics, including our *Integrity Manuel*, the *Fraud Supervision and Management Policy*, the *Internal Audit Management Policy* and the *Internet Ecosystem Sabotage Clauses*, which defined the scope of red-line activities including misappropriation of company assets, illegal profit transfers, related-party transactions, theft and undermining the safety of funds.

As set forth in our *Fraud Supervision and Management Policy*, we routinely conduct fraud risk assessments for each department while requiring each department to review and assess fraud risks on its own to identify potential fraud risks in advance and implement appropriate preventive measures. We are committed to eliminating fraud at its source and protect the interests of the Group and our employees. Besides, we specifically developed an *Interim Integrity Reward Policy* to reward employees for rejecting commercial bribes and encourage employees to reject commercial bribes. All of these polices are intended to create an integrity-based environment and culture.

We also stepped up supervision and management of employees in key positions and processes, requiring them to sign an *Integrity Agreement*. Meanwhile, we required all of our key suppliers to sign an *Integrity in Cooperation Agreement* to ensure their legal compliance in business dealings with ANE.

Whistleblowing Mechanism

ANE encourages employees to contribute to building an integrity culture by establishing a comprehensive fraud reporting mechanism and various reporting channels including dedicated email account, telephone number and online systems. We encourage employees to report misconduct, fraud and violations through these channels using their real names or anonymously. If a report proves true, we will hold the violator accountable by giving him/her a warning, demerit points, termination of employment or transfer to the judiciary authority while rewarding the whistleblower accordingly.

Email
Sjjcb@ane56.com

Online Platform
WeChat public account, corporate account

Internal OA System
Submitting directly to relevant departments or their directors

Our policy provides that if a report is found to be fabricated or of a retaliatory nature, the whistleblower will face a severe penalty. To prevent anyone from retaliating against whistleblowers, we explicitly require those in charge of investigations to take necessary measures to protect whistleblowers and witnesses and ensure their rights are not infringed. Throughout the entire whistleblowing process from reporting and investigation to penalizing and rewarding, we strive to keep strictly confidential the whistleblowers' personal information and the documentary evidence they provide, forbid anyone involved in the process to disclose such information and prohibit anyone from extracting, copying, with holding or destroying the evidence or statements provided by whistleblowers.

Case

ANE released Anti-Fraud and Integrity Promotion Report to review our fraud management efforts and results

In March 2023, we released the Anti-Fraud and Integrity Promotion Report 2022, which summarized our fraud management efforts and results. ANE always sees integrity in operations as crucial to our strategy. We have a robust fraud management system in place and has always strived to build an integrity culture. The remarkable results achieved will drive us further on the path to healthy and sustainable growth.

In summary, ANE investigated 53 cases of fraud allegations which led to terminating employment contracts for 30 persons, giving 12 employees demerit points, 1 warning (including severe warning) and company-wide reprimanding 6. We also penalized 10 suppliers, which demonstrated our zero-tolerance stance on fraud and awareness of business ethics and corporate social responsibility.

Culture of Integrity

ANE places considerable emphasis on building an integrity culture. We require our Board of Directors, senior management and all employees to be law-abiding, self-disciplined and have integrity. To this end, we provide anti-fraud, business ethics training of various forms for directors and employees every year, which cover subjects including fraud origin theory, integrity framework and fraud prevention and control measures. Our objectives are to give all of our management and employees a deep understanding of ANE's ethical standards, raise their awareness and ability to identify fraudulent practices and create an environment and culture of integrity.In 2023, we provided 21 anti-fraud training sessions for 1,542 employees totaling 2,323 hours.

ANE's Anti-fraud Training Programs

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

In 2023

we provided **21** anti-fraud training sessions

for **1,542** employees

totaling **2,323** hours

ANE works in close cooperation with the China Enterprise Anti-Fraud Alliance and the Trust and Integrity Enterprise Alliance and actively participates in their various initiatives and activities, such as exchanging anti-fraud management experience with other members and updating the blacklist of dishonest actors to make them "invisible" to alliance members, as we share the goal of creating an integrity-based business environment.

Case | ANE cooperated with the local police in preventing economic crime

In February 2023, ANE signed a police-business cooperation agreement with the Qianjiang Century City Police Station in Xiaoshan District, Hangzhou. The agreement was intended to step up cooperation with the police in preventing economic crime, building safe businesses and promoting legal compliance. It would also significantly contribute to ANE's efforts to build a culture of integrity. This cooperation would further improve linkages and interoperability between ANE and the local police and promote our high-quality growth and policing efficiency to achieve win-win results.

钱江世纪城派出所与安能物流党建共建仪式

Information Security

ANE Information Security Management Framework

Policy

Information Security Management Policy, *Information System Operation and Maintenance Procedure*, *Data Security Management Policy*, *Data Classification Guidelines*, *Security Review and Inspection Management Procedure*

Cybersecurity certification

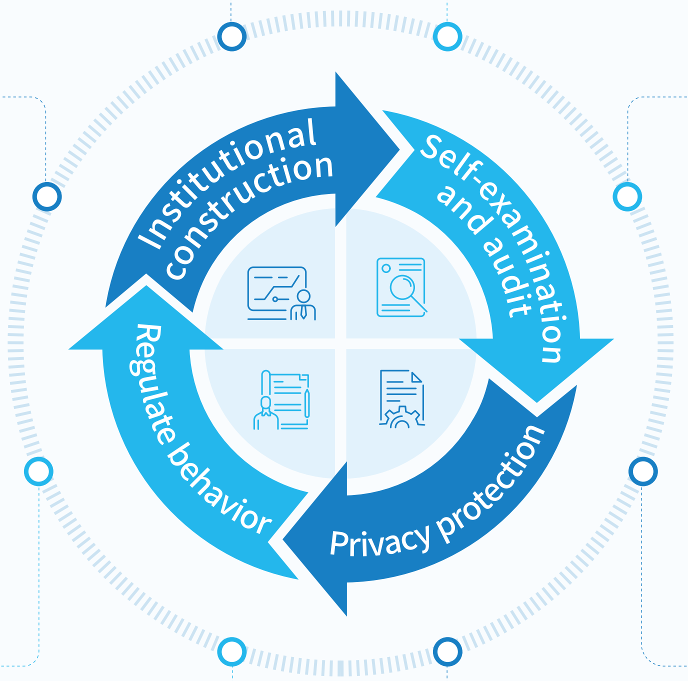
Obtain the national classifed protection of cybersecurity level 3 by National Ministry of Public Security, with full coverage of core business operations

Provide regular information security training for employees, standardize employee information security behavior

Regular training

Establish a network security accountability system, standardize the process of the incident discovery, reporting and disposal

Accountability



Scanning

Conduct regular or irregular server security vulnerability scanning, physical room security inspection. The intrusion detection and protection system can monitor the network running status 24 hours a day

Emergency drill

Regularly carry out emergency drills every year to improve our ability to handle emergencies

All information involving customer privacy will be desensitized and encrypted to prevent the risk of information leakage

Encrypted sheet

Follow the principle of "minimum necessary" while data collection, and strictly follow the wishes of users when collecting information

Data control

452.950
452.950
452.95

Measures and Procedures

To ensure information security and prevent information-related risks, ANE strictly complies with applicable laws and regulations, including *Cybersecurity Law of the People's Republic of China*, *the Data Security Law of the People's Republic of China*, *the Personal Information Protection Law of the People's Republic of China*. Besides, we have built an internal information security system upon a set of policies and procedures, including our *Information Security Management Policy*, *Information System Operation and Maintenance Procedure*, *Data Security Management Policy*, *Data Classification Guidelines, and Security Review and Inspection Management Procedure*. These policies allow us to systematically manage the collection, storage, access, transfer, exchange, backup and destruction of data and ensure information and data security. We have obtained eight Level 3 information system protection certificates from the Ministry of Public Security that cover all of core business operations.

To minimize risks to our information security, we take system security monitoring actions such as regularly or irregularly checking server log files, scanning security vulnerability and inspecting physical computer room security as well as using an intrusion detection system to monitor the operations of our network 24/7. In addition, besides adhering to the principles of "prevention first, strengthen monitoring; rapid response, defined responsibilities", we developed a *Disaster Recovery Drill Planning and Management Policy* and conducted regular emergency drills every year to improve our ability to manage emergencies.

As set forth in our *Information Security Training Management Policy*, ANE provides regular information security training for employees to enhance their data security awareness and risk response capability as well as regulating their information security practices. Besides, we devised a network security accountability framework that standardizes the procedures for discovering, reporting and responding to network security incidents and specifies who will be held accountable after network security incidents happen.

Level 3 information system protection certificates from the Ministry of Public Security

8

Intrusion detection system monitor operations

24/7 available

Security Technology

ANE is committed to reinforcing the underlying technology in information security and strives to build a complete security barrier upon a robust technical foundation. To further strengthen information security, we adopted a series of security technologies in 2023 to provide multi-layered protection for our information network:

Zero Trust Policy

Providing a flexible and powerful access control strategy for information security; can finely control every identity's access to resources and services at the network and application level; can monitor user behavior and network activities through real-time, dynamic, multi-layer detection; emphasizing strict identity authentication and authorization verification to achieve fine-grained access control.

Privileged Access Management Platform

Enhancing and improving password management for privileged accounts; providing a "unified, centralized and secure" privileged account password solution; achieving centralized management of key account passwords; having control over key system privileges; protecting company assets and data security; preventing unauthorized operations and data leakage.

Protecting Privacy

ANE places considerable emphasis on the privacy and information security of our customers and business partners. Our *Data Security Management System* requires us to always follow the "minimum necessary" rule when collecting data. Before collecting customers' personal information, we must clearly notify them through our service agreement, user agreement and personal information protection policy and obtain their consent. In addition, we protect customers' privacy by obscuring their personal information on printed waybills.

Also, our *Information Security Management Policy* strictly prohibits employees from disclosing company data. Customers' private data must be masked and encrypted to prevent security risks. During the reporting period, ANE did not have any regulator-confirmed data leak incidents.

03

Efficient LTL

As a logistics and express freight company, it is our responsibility and mission to provide customers with high-quality and reliable services. With the core value of "timeliness, safety, service, and economy" as the cornerstone and the "Five Most" goals, we have not only empowered the traditional logistics network through the use of digital and intelligent technology, but also provided strong support for industrial innovation.

Relevant SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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Five Most

- most optimal cost
- most superior quality
- most dense network coverage
- most timely service response
- most stable timeliness

Intelligent Logistics

> As the initiator of the freight partner platform model, the Group is also a pioneer in the digital transformation of the express freight industry. We continue to carry out innovative research and development to drive the overall digital transformation. Our constantly iterative and optimized IT architecture provides strong technical support for our daily business operations, enabling us to flexibly respond to various business scenarios, improve operational efficiency and provide excellent experience to customers.

Technological Empowerment

The compass system is the core of ANE's digital systems, acting like the control tower or decision-making centre and taking in an enormous amount of data from our operations and management systems, including the Luban System (comprehensive data management), 360° System (network management) and Yitian System (sorting centre management). These all-encompassing data systems enable us to fully digitalize key business processes, ensure high-quality operations and effectively improve planning and execution efficiency.

Compared to the express delivery industry, the express freight industry faces more challenges such as more complex business processes and longer transaction chains, with higher requirements for data accuracy and the life cycle of online transaction data. Advanced IT systems are the cornerstone of ANE's operations and essential for improving efficiency and customer experience. In 2023, we migrated our entire operation system to the new one, constructed a new generation of one-stack logistics data platform, which greatly reduced the complexity of system data interaction, realized real-time status tracking of the whole closed-loop of goods from order placement to signing and settlement, and digitally upgraded the whole operation chain.

Main IT System Framework of ANE

Core Operation
- Yitian System
- Panshi System
- Hawk-eye System

Network Outlet
- 360° System
- Network Portal
- ANE App

Customer Service
- Robot i
- Customer Service System
- Documentary Order System

Data Management

New Generation One-stack Logistics Data Platform

According to the Group's overall strategic planning and business operation management requirements, our data centre aims to support the establishment of a closed-loop system of data in the business and functional middle platform, committing to improving the data analysis capabilities of operative regional organization.

Business System Performance Management

- In conjunction with the Group's organisational structure, business processes and development plans, we have designed and standardized the performance appraisal system for different levels and positions, established a library of key indicators and observational indicators, intelligently generating the performance appraisal scheme for each position, and commenced the implementation of the scheme, with monitoring and analysing of the appraisal results as a crucial part.

Closed-loop Management Mechanism

- We regularly conduct analyses of operating conditions and thematic analysis reports in different cycles to assist the Group's management in decision-making, pinpoint key business issues, and safeguard effective monitoring of the overall operation situation through visualisation and full-process closed-loop authority management of the operation situation.

Improvement of Data Governance

- In daily operation, we achieve data consistency and comparability of business indicator data by precisely optimizing data reports to meet changes in data standards. Meanwhile, we utilize indicator data as a driving force to promote the controllable and predictable growth of our business. To better coordinate with business departments, we have built strategic campaign dashboards around our group's strategy, enabling ANE to respond to strategic changes more quickly and accurately.

During the reporting period, we also adopted a series of highly effective and intelligent measures in our major business segments, which laid the foundation for the sustainable development of the Group while enhancing business efficiency and flexibility.

Operation - New Online Dashboards

Recording accurate and efficient business data

To meet the digital business development needs, we launched two new key dashboards online in 2023, namely the whole operation dashboard and the network outlet dashboard. The launch of these two dashboards aims to provide headquarters and network outlet managers with more comprehensive and real-time operational data to facilitate business optimisation and decision-making.

The whole operation dashboard can provide comprehensive operation index information for all level of management in headquarters, operative regional organization and sorting centres, and present data of different organisations and dimensions according to the organisation to which the current user belongs, including specific transport, operation, time and quality information. The network outlet dashboard is an online management tool designed for network outlet managers to help them timely and intuitively understand the operation status of outlets and subordinate outlets, including detailed data on the outlet's inbound and outbound shipments, income and expenditure details, and the number of customers.

Sorting Centres - RF Technology

Achieving fast localization of goods

Due to the characteristics of the industry, our goods are usually irregular in shape and large in size, resulting in a wide distribution of goods in the yard, and therefore it takes more time and effort to search for specific items (e.g. intercepted items), which affects the delivery time. In 2023, we successfully applied Radio Frequency ("RF") technology to swiftly locate parcel positions within a certain distance range, significantly improving efficiency. Additionally, RF technology can be utilized for rapid inventory of goods within the premises. Despite the relatively high current technology costs, we believe that as the technology matures, costs will gradually decrease.

Transport - Autonomous Heavy Trucks

Applying intelligent logistics first in the express freight industry

In December 2023, we deployed six autonomous heavy trucks on major trunk routes, all equipped with a intelligent navigation system, which can reduce manpower costs through the assisted driving function. In addition to autonomous driving functions such as lane keeping, adaptive cruise control, automatic lane change and fine-tuned yield avoidance, there are also advanced functions such as autonomous overtaking, curb parking, merging prediction, and partial construction avoidance, as well as the industry's first navigation-based autonomous driving feature from toll station to toll station. ANE is actively developing digital systems and autonomous driving products with the aim of safer, more economical and efficient logistics transportation through intelligent technology. Moving forward, we will further improve the vehicle utilization efficiency and logistics transportation timeliness, and realise cost reduction and efficiency gains while saving energy and reducing emissions.

Intellectual Property

While constantly innovating our technologies, ANE is intent on protecting the results of our creations and preventing others from infringing our IP rights.

In accordance with the *Copyright Law of the People's Republic of China*, the *Patent Law of the People's Republic of China* and *the Trademark Law of the People's Republic of China*, ANE developed an *Intellectual Property Management Policy* and a *VI Management Procedure*, establishing our own IP protection mechanism. We adhere to the principles of "centralized management, assistance and cooperation, confidentiality" and conduct strict management of key processes such as IP application, output, protection and use to improve our IP management and image identification system. Meanwhile, we persistently crack down on infringements by vigorously promoting our IP and setting up reporting channels.

Item	Number
Licensed trademarks obtained	159
Licensed Software Copyrights	44

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Route Optimization

To standardize route planning, optimize network routes and reduce transport time, ANE created a *Route Planning Standard* applicable to all of our business units. We clearly define the functional positions of sorting centres based on a shipment's origin point, transfer point and destination, and plan routes by taking into account freight weight, vehicle model, transport modes, resource allocation and expected time of arrival. During the reporting period, ANE had a total of 81 self-operated sorting centres with approximately 2,300 routes.

To implement the principle of "centralized route planning, sorting centre loading, shipment-based route planning and nearby transfer", the Group takes into account the road transport cost and expected time of delivery, concentrates resources on our sorting centres in a bid to achieve economies of scale. This strategy can not only reduce pressure on sorting facilities, decrease the complexity of vehicle and route coordination, but also control costs, lower the chances of overflow and ensure efficient operations of the entire network. In 2023, we launched a new sandbox routing system to help us determine the optimal routes based on both time and freight paths, as well as identifying the optimal schedules. With the basic logic of "time-effective routes to maintain the time efficiency, cost-effective routes to reduce the cost", we improved and optimised the route through the timeliness/cost-effective route redemption rate. This system also monitored and corrected driver behavior to ensure adherence to optimized routes.

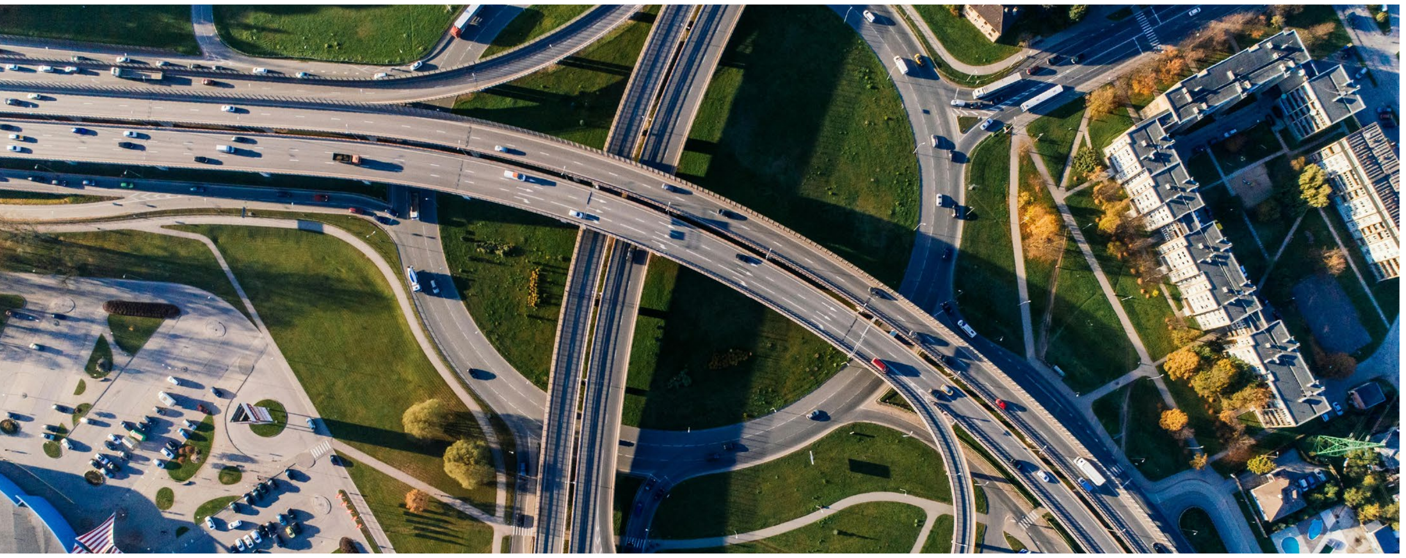
Measures for optimising time-effective routes

- Combine the volume of transshipment cargo to ensure that the time efficiency of the main route is achieved
- Combine the cargo volume of outlets to ensure that the main city routes are achieved

Measures for optimising cost-effective routes

- Optimise shift scheduling to improve manpower efficiency
- Plan the use of space to improve the utilisation rate
- Reduce speed, save fuel consumption
- Increase/revise routes to improve loading rate

To tackle abnormal operational events, we also developed an abnormal route planning standard that specifies the conditions of applying for abnormal routes and the approval process, and we clarified when it begins and when it ends. Once the abnormal events end, all affected routes must return to normal to ensure the speed and regularity of delivery services.



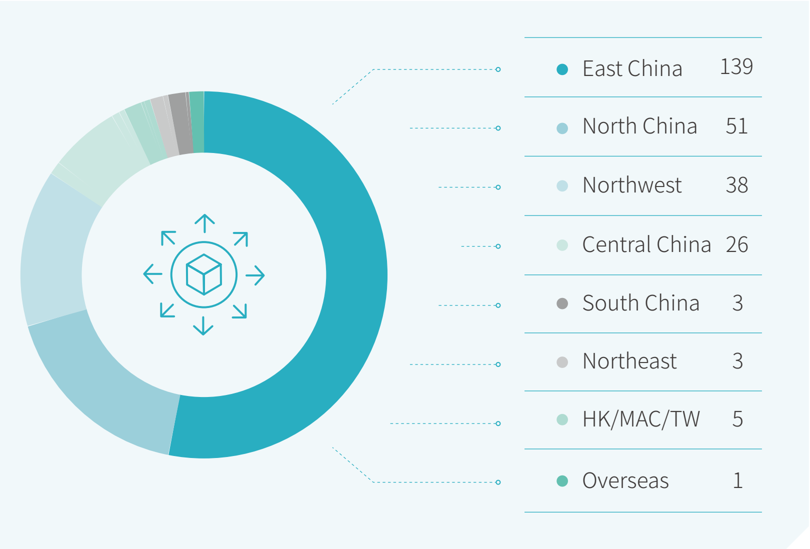
Win-win Operation

> The Group adheres to win-win cooperation, establishing trusting partnerships with suppliers, enabling our network outlets to profit sustainably. Additionally, we actively participate in industry activities and promote the formulation and enhancement of industry standards to achieve synergistic development of the value chain, thus prompting the entire logistics ecosystem to move in the direction of being highly efficiency, environmental-friendly, and sustainability.

Responsible Purchasing

ANE always prioritizes integrity in supplier selection, and is focused on maintaining the stability and sustainability of the supply chain. We use the *Purchasing Management Policy* and *Diesel Supplier Management Regulations* as standards, and classify all suppliers and standardize the selection, assessment, integrity management and training of suppliers, to drive suppliers' growth while improving our own service quality to achieve a win-win situation. During the reporting period, ANE had a total of 266 centralized suppliers, over 50% of which were based in East China, with a local procurement rate of 70.2%.

Number of suppliers by geographical region



over

50%

suppliers were based in East China

with a local procurement rate of

70.2%

In 2023, we set up a new online supplier management platform, realising the whole process of online "recruiting, bidding, opening and evaluation", creating a transparent, efficient and unified procurement platform, which also contains our business data. Through rapid and accurate analysis of business indicators, it assists in supply chain operation decision-making.

ANE has entry standards for different types of suppliers, which enable us to select suppliers in a scientific manner. During the supplier selection process, we also take in account suppliers' environmental and social factors, prioritizing cooperation with suppliers in good environmental and social performance. We require suppliers to provide environmental permits, ISO certificates and evaluating suppliers' performance related to environmental protection, employee rights, social responsibility and risk management.

For long-term suppliers, we develop the *Supplier Performance Appraisal Form* and assess their quality, effectiveness, cost and service quarterly, and conduct regular sampling inspections of product quality. Through on-site auditing and scoring, suppliers are classified into four grades including excellent, cooperative, in need of improvement, and removable. Based on the results of supplier performance assessment, we established white, yellow and black list, so as to screen out the preferred suppliers and eliminate the underperforming ones, thus forming a virtuous cycle and creating a sustainable business ecosystem.

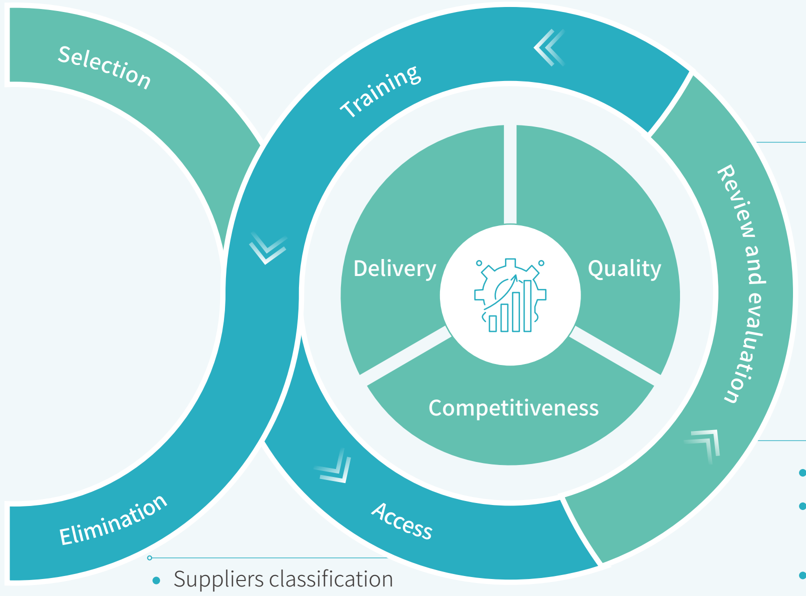
Case | Annual Diesel Supplier Sampling Programme

In order to ensure that the quality of diesel fuel meets the standards, we implemented an annual sampling plan for diesel fuel suppliers. Through a standardised process, samples of diesel provided by suppliers are regularly tested and evaluated by a professional third-party organization to ensure objectivity and accuracy in the testing process and results. If a supplier has repeated quality problems during sampling tests, it may face the consequences of contract suspension or termination.

Through regular sampling of diesel fuel and testing key indicators, we have ensured continuous high-quality supply from our suppliers and ensured environmental protection and safety of transport vehicles at source. It also guarantees environmental safety for transportation vehicles from the source, and contributes to enhancing the overall quality of fuel supply services in the industry. In 2023, we conducted sampling and testing of 11 diesel fuel suppliers, with a passing rate of 96%.

Also, we provide training for new and existing suppliers occasionally in a bid to improve their management skills with regard to quality, safety and integrity. Meanwhile, we actively communicate with suppliers about materials costs, process innovation and the industry's developments in the hope of promoting the coordinated development of the industry.

Supplier Lifecycle Management of ANE



- Carry out irregular training
- Supplier communication
- Integrity management

- Supplier rating
- High quality screening
- Last-position elimination

- Quarterly assessment
- Sampling inspection of product quality
- On-site audit

- Suppliers classification
- Establish assessment criteria according to classification
- Environmental and social responsibility assessment

Network Outlets

ANE operates an extensive nationwide logistics under an innovative freight partner platform model to draw such local operators to our ecosystem as freight partners and agents. In 2023, we had more than 28,000 network outlets, serving approximately 5.5 million shippers.

ANE believes in "Create sustainable profit with franchise partners" and are committed to creating a win-win situation in our ecosystem. We continue to improve network and franchise management, and have developed *ANE Logistics Network Operations Handbook, ANE Franchisee Network Management Handbook, Express Shipping Network Customer Service Handbook, Cross-district Complaint System and Express Shipping Network Settlement Handbook.* By raising the standards and requirements for new franchisees, reviewing existing franchisees' performance and empowering them, and prohibiting the collection of freights across zones in bad faith, we strive to build a high-quality, high-efficiency and high-standard logistics network in partnership with our franchisees. Besides, we leverage accumulated data and industry insights to provide franchisees and agents with a variety of value-added services (financial and digital tools) to help them develop competitive freight shipping solutions for large customers.

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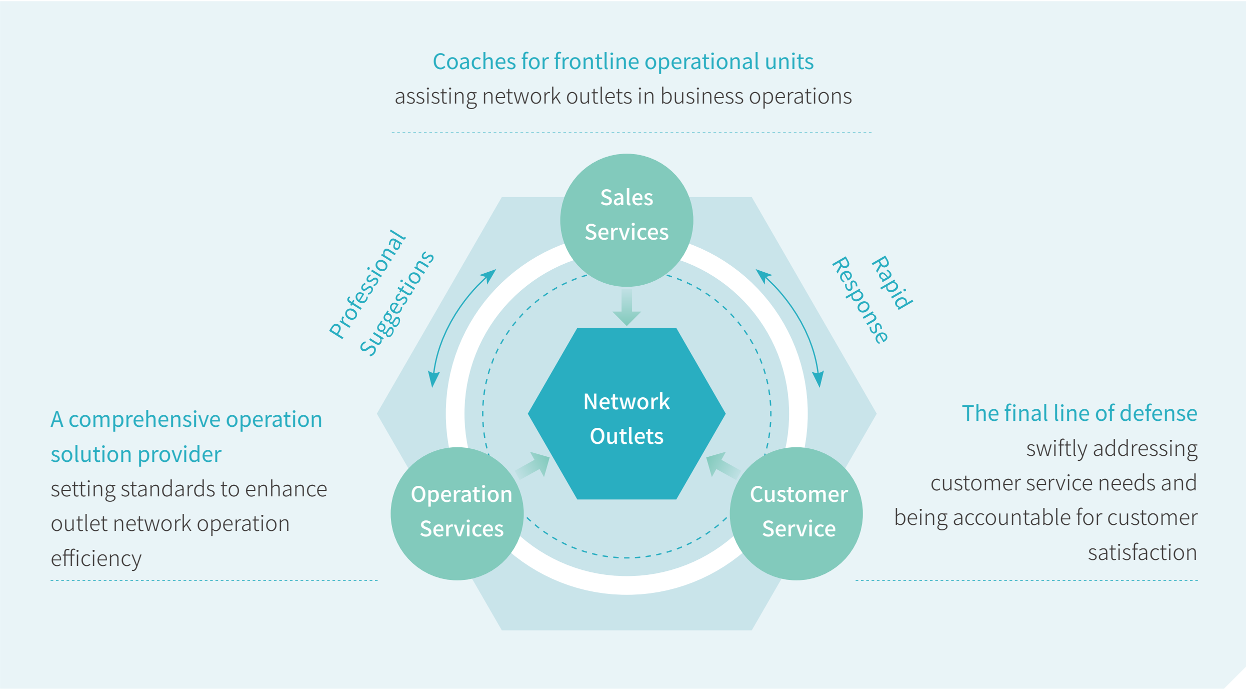
In 2023, the Group put forward a new "Five Most" strategic goal of "most optimal cost, most superior quality, most stable timeliness, most timely service response, and most dense network coverage", through continuous internal refinement, we aim to build a sustainable business growth model, ultimately ensuring the fastest and sustainable profitability for both network outlets and the Group, creating a fair express freight network. Simultaneously, we have established a new healthy ecosystem network to ensure sustainable profitability for network outlets, including adjustments to organizational structures, the elimination of warehousing fees, and the removal of penalties for low shipment volumes. We continue to expand network coverage, build a "Iron Triangle" comprehensive team (including sales, operation, and customer service) centered around outlets. This approach accelerates issue resolution, strengthens outlet engagement, enhances customer service experiences, and consistently supports outlets growth. During the reporting period, we established 40 primary "Iron Triangle" teams and 270 secondary "Iron Triangle" teams, totaling 1,089 staff.

New "Iron Triangle" comprehensive team centered around outlets


Coaches for frontline operational units
assisting network outlets in business operations
Sales Services
Professional Suggestions
Rapid Response
Network Outlets
A comprehensive operation solution provider
setting standards to enhance outlet network operation efficiency
Operation Services
Customer Service
The final line of defense
swiftly addressing customer service needs and being accountable for customer satisfaction

Case Outstanding Outlets Selection Activity

To further commend the advancement, set up models and motivate the national outlets to release new motivation of development, the Group launched the Outstanding Outlet Selection Activity and incentive programmes to select, commend and motivate the advanced outlets.

All outstanding outlets received honour trophies and certificates. At the same time, we also carried out all-round, multi-angle and high-density honor publicity, using online and offline channel resources to expand the influence of outlet role models in the form of tweets, short videos, honor posters, commendation ceremonies, experience-sharing conferences and other forms, to share and disseminate the excellent methodology and experience of the advanced outlets nationwide, and to guide the entire network to consciously align themselves with them.

In our daily operations, we always maintain friendly and efficient communication with each franchisee, keep track of their growth, and show our care for them. To build a better network, we formed a franchisee council charged with helping franchisees absorb ANE's ideals and culture, collecting franchisees' suggestions and finding solutions to their problems by consulting other headquarter's departments.

Case Major accident assistance fund for partners has funded a total amount of more than RMB1.5 million

Since we set up the major accident assistance fund for partners in 2022, we have delivered the care of ANE to 18 outlets, with a total funding amount of more than RMB1.5 million. The assistance relieved recipients of financial burdens and operating pressure. In the future, we will continue to consolidate resources to care for each partners' development and create a warmer network.

Industry-wide Collaboration

ANE always strives for symbiosis and win-win with our partners. We work closely with our partners, regulators and industry associations to promote the growth of the express freight industry. As the vice-chairmanship of the China Federation of Logistics and Purchasing (CFLP), and also a AAAAA-grade logistics company, we actively participate in industry exchange activities, make good use of resources, and seek to create synergy in efforts to expand the possibilities for development, create more value and drive the growth of the industry.

In 2023, under the leadership of the China Communications and Transportation Association (CCTA) Express Service Commitee, we participated in the drafting of the national standard for express transportation service specification together with many other companies and talents in the same industry. Our Group's professionals not only provided professional advices, but also shared our management experiences and were committed to enhancing the level of transport management in the express transport industry. We believe that through concerted efforts with the industry, ANE will be able to provide more efficient and standardised express services to customers.

Quality Service

> ANE delivers clear messages with responsible marketing to ensure that our customers have a clear perception of our services. At the same time, we have established a comprehensive complaints system to respond to customer needs. As a leader in the express freight industry, ANE focuses on providing high-quality express freight services, ensuring that goods arrive safely and on time, and is committed to becoming a trusted logistics partner in the industry.

Responsible Marketing

ANE strictly complies with the *Advertising Law of the People's Republic of China* and other regulations applicable to marketing and advertising. We also developed *internal ANE Store Decorating and Vehicle Body Imaging Standard* and *Store Decorating and Vehicle Visual Management Rules*. To ensure the authenticity and accuracy of promotional materials and external information, in 2023, we established a centralized marketing platform that contains design documents, video files, promotional content, and other materials. This platform allows all outlets to access and download these resources online at any time and from anywhere. In addition, we review all advertising materials submitted by our franchisees through the Luban System to ensure all marketing materials and information are truthful, accurate without exaggerated, false or misleading statements. This is crucial for safeguarding customers' interests and our brand image. Also, we train our employees and franchisees in marketing compliance to increase their awareness and understanding of responsible marketing.

Uniformity	Timing	Acceptance	Motivation
Do not modify the visual identity of the network outlets and vehicle body without authorization	Complete the update of the new image in time	The headquarters of ANE shall conduct acceptance of the visual identity of network outlets and vehicles	Strengthen the responsibility of personnel in the competent department and adopt the principle of combining positive and negative

Case The First ANE Most Beautiful Brand Image Store Selection Competition

Brand image is crucial to the development of outlets, and a good brand image can attract more consumers, increase customer trust and further enhance the volume of goods in outlets. In 2023, the Group held the first ANE Most Beautiful Brand Image Store Selection Competition, which selected ANE's top ten most beautiful brand image shops based on the three indicators of store decoration, store environment, and vehicle advertisement, to help outlets enhance the brand power.

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Complaint Management

ANE values each and every customer's opinions and feedback. We developed the *Customer Service Handbook, Customer Compliant Management Policy* and *Online Complaint Management Policy* to standardize customer service management, constantly improve customer communication channels and patiently heed customer suggestions. Our customers can submit complaints by calling 95344, chatting with our online customer service specialists or visiting our website, Weibo, WeChat and Mini Program. In 2023, the complaint rate (number of complaints per hundred thousand shipments) is 461, which decreased by 64.4% in the same period of 2022, with a 100% complaint handling rate and a customer satisfaction rate of 97.9%. ANE is an express freight service provider and we do not manufacture or sell any physical products, thus we do not have product recalls.

In 2023

the complaint rate (number of complaints per hundred thousand shipments)	complaint handling rate	customer satisfaction rate
461	100%	97.9%

Customer Compliant Handling Procedure

Receiving complaints

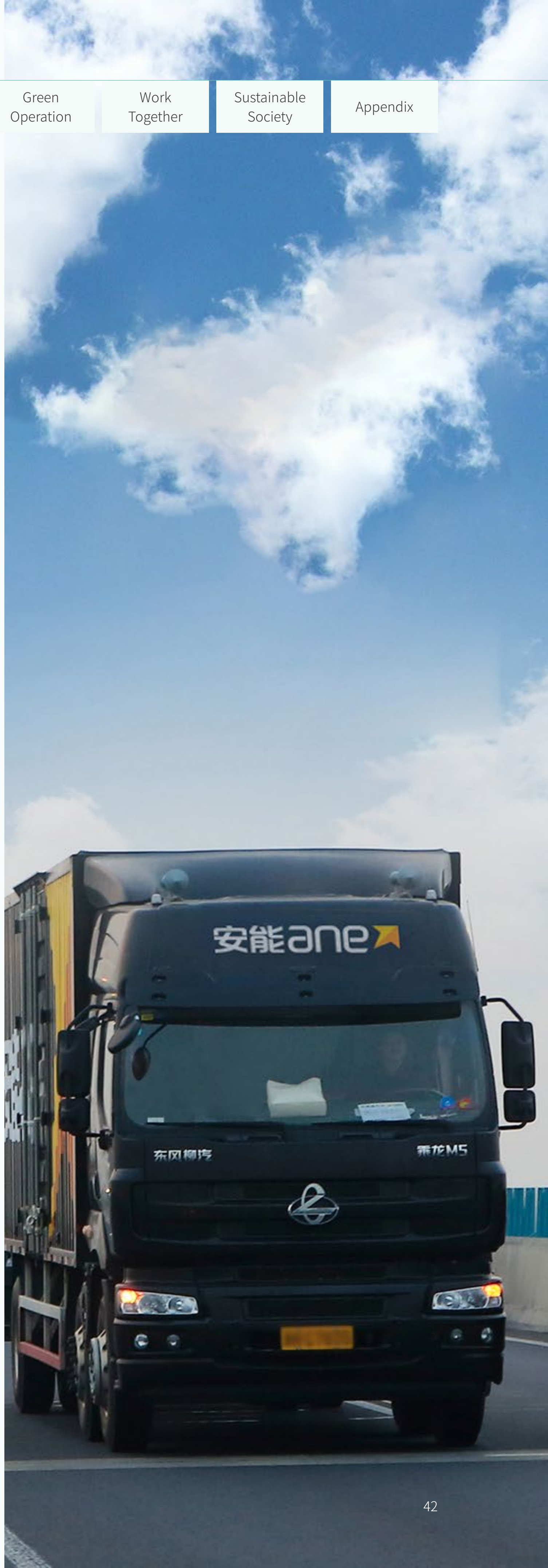
- Clients contact call centre through different channels. Call centre verifies and registers the case in the system.

Resolving complaints

- The responsible department provides a response to the client within 20 minutes to resolve issues.
- If the client comes back with the same complaint, the case will be escalated to provincial and regional levels until resolved.

Following up

- After responding to a complaint, the responsible department will continue to follow up on the case within the processing time (8 hours) until resolved.



We optimize service quality through various satisfaction improvement projects and build a good brand reputation. We optimized our *Customer Complaint Management Policy* and implemented multiple measures to maximize the efficiency of complaint handling while ensuring high quality:

Management and accountability

- Check the authenticity of complaints, evaluate the resolution of complaints, and newly add accountability system

Claims treated by operative regional organization

- Operative regional organization would deal with claims first, process is faster and more tailored to actual circumstances

Online settlement

- Develop and pilot mini programs for online settlement to improve efficiency

ANE classifies complaints into six categories: shipping delay complaints, shipment damage complaints, sorting delay complaints, transit delay complaints, delivery delay complaints and delivery service complaints, and has handling plans for each category of complaints. Since implementing the "Iron Triangle" model, ANE has seen a significant improvement in service response timeliness, with an average claims processing time of 1-2 days, far exceeding industry standards, significantly enhancing the customer experience.

In addition to efficiently responding to customer complaints, we regularly conduct quality analysis of our customer service processes and results, including but not limited to communication standards, internal service review and analysis of why customers complain, in an effort to upgrade our service procedure and improve service quality from multiple perspectives and dimensions. Besides, we have targeted training for both internal and external customer service teams to improve their skills, and review issues in a timely manner to ensure complaints are satisfactorily resolved and increase customer satisfaction and trust. We also provide customer service training and guidance for franchisees to ensure the delivery of high-quality customer service to customers.

In 2023, the Group issued the *ANE Arbitration Star Rating Management System*, which is based on the basic principle of performance-based and competence-centred. We regularly assess the overall competence of our customer service employees through indicators such as the complaint rate, service red line issues, service recognition and processing time, formulate generic and personalised training plans for high-potential reserve talents. We also provide customer service training guidance for outlets to ensure high-quality customer service to end-users.

Carefree Express

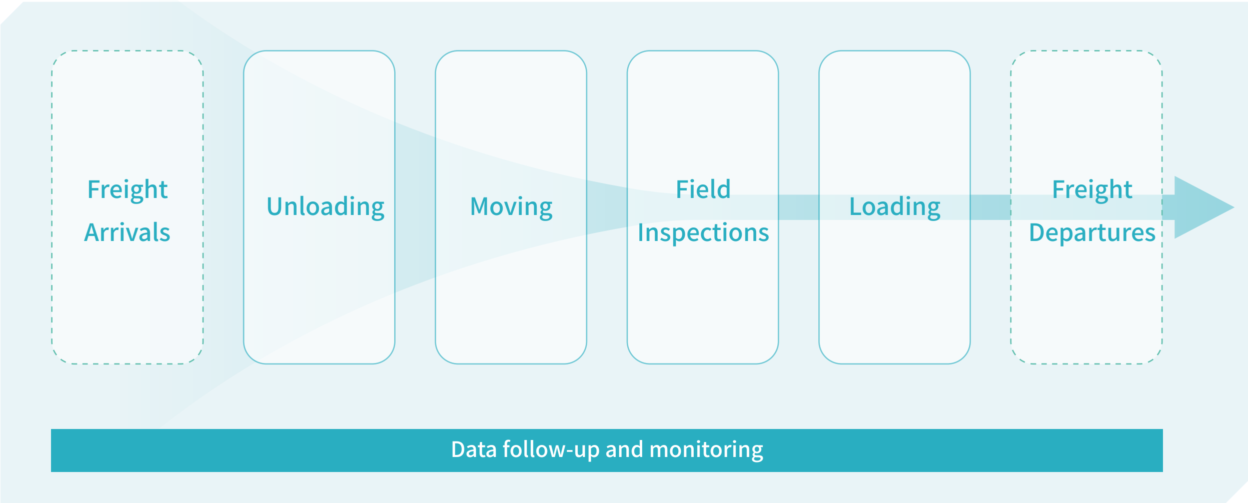
In addition to providing customers with professional, eco-friendly, convenient and efficient packaging service according to freight categories and needs to ensure the best protection for customers' freight in transit. We have a *Damage Arbitration Management System* that specifies the types of arbitration and responsibility, provides standard loading/unloading operating procedure, and assigns personnel to regularly check for freight damage and repair the damaged goods. We do our best to lower the likelihood of freight damage and protect customers' interests. In 2023, our damage rate (number of damaged units per hundred thousand units) was only 32.6. This low damage rate not only demonstrates our high level of concern for the safety of customer goods and effective management but also reflects our excellent performance in express freight services.

In 2023

our damage rate (number of damaged units per hundred thousand units) was only

32.6

Flowchart of key risk points to prevent damage



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Green Operation

Under the national policy of "carbon peaking and carbon neutrality" goals, guided by the principle of green transportation, ANE is committed to improving transportation efficiency, optimizing the transportation network, continuously adopting innovative environmental protection measures and setting a series of environmental-friendly targets, thereby effectively reducing our carbon footprint and addressing the potential risks and opportunities of climate change, and contributing to environmental protection.

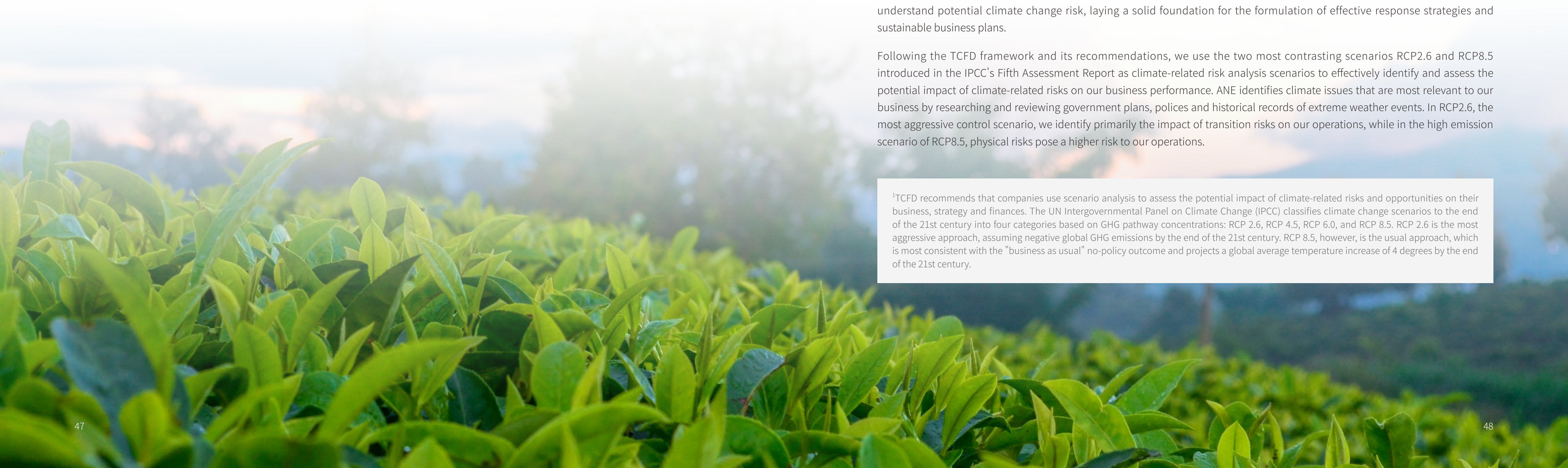
Relevant SDGs

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

Climate Change

> Climate change is one of the biggest challenges the world is facing right now, and is also a significant ESG issue in the transportation and logistics industry. As a leading LTL logistics company in China, ANE is fully aware of the environmental impact of our operations while facing major climate-related risks and opportunities.
>
> ANE follows the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and the Hong Kong Stock Exchange's *Guidance on Climate Disclosures* to plan its work related to addressing climate change risks.



Governance

The Board of Directors is responsible for overseeing the establishment of a regular climate change risk identification process for the Group. The ESG Committee is responsible for overseeing the regular climate change risk identification work, coordinating the action taken by various departments to address identified climate change risks, regularly reporting and making recommendations to the Board of Directors, and assisting the Board of Directors in assessing the effectiveness of the Group's climate change risk-response measures.

Strategy

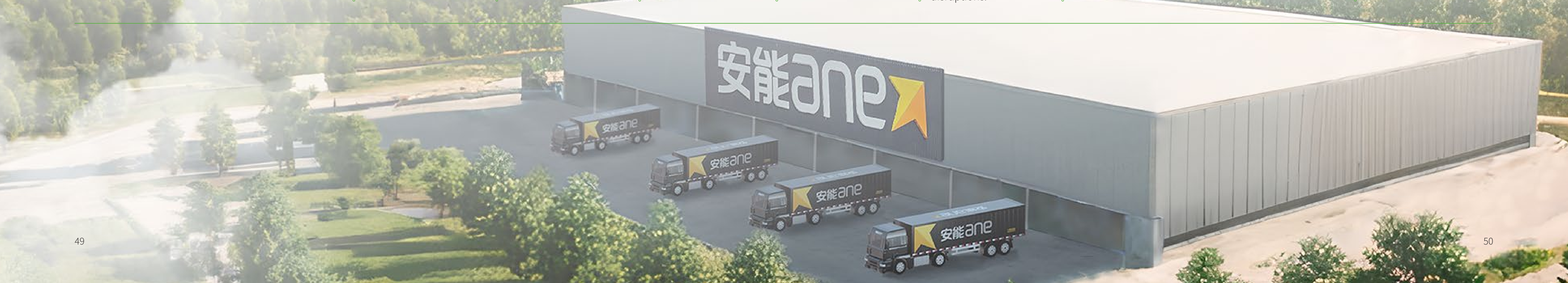
ANE actively identifies climate change risks, understands the impact of climate change on the group's business operations, and formulates corresponding risk response measures in conjunction with the group's business development process. We have preliminarily established a systematic disclosure framework by drawing on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Hong Kong Stock Exchange's *Guidance on Climate Disclosures*. Additionally, the company conducts in-depth comparisons with peers to understand climate change risk management measures within the industry, including but not limited to adaptation measures, implementation of risk mitigation strategies, and best practices for sustainable operations.

Internally, we actively engage in communication and interviews with frontline business departments, including management, technical professionals, and frontline employee. This initiative helps them strengthen the understanding of climate change risks and encourages their participation and support on climate change issues. This framework enables ANE to comprehensively understand potential climate change risk, laying a solid foundation for the formulation of effective response strategies and sustainable business plans.

Following the TCFD framework and its recommendations, we use the two most contrasting scenarios RCP2.6 and RCP8.5 introduced in the IPCC's Fifth Assessment Report as climate-related risk analysis scenarios to effectively identify and assess the potential impact of climate-related risks on our business performance. ANE identifies climate issues that are most relevant to our business by researching and reviewing government plans, polices and historical records of extreme weather events. In RCP2.6, the most aggressive control scenario, we identify primarily the impact of transition risks on our operations, while in the high emission scenario of RCP8.5, physical risks pose a higher risk to our operations.

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

Climate Change Risk Category	Transition Risk							Physical Risk	
Major Climate Change Risk	Carbon disclosure	Carbon pricing	Changes in regulatory requirements and standards of products	Capital expenditure for transition to lower-carbon technologies	Higher fuel cost	Supply chain management	Stakeholders' concern	Acute risk (increased severity of extreme weather events, such as typhoons, floods)	Chronic risk (changes in precipitation patterns, extreme climate variability and rising sea levels)
Relevant Notes	The regulation of carbon disclosure requires companies to transparently report greenhouse gas ("GHG") and carbon footprint, aiming to encourage company to manage climate impacts more responsibly. In fulfilling carbon disclosure obligations, companies face a series of risks related to operations, reputation, compliance, and investor relations.	Carbon pricing would affect ANE's fuel and other energy expenses, and therefore the cost of our transportation services. In the future, if the LTL industry were to be included in the carbon trading system, ANE would have to bear the cost once its verified emissions exceed its allocated allowance.	More stringent environmental standards would tighten the regulation of ANE vehicles' carbon emissions and energy use, requiring ANE to invest in fuel-efficient/green vehicles and optimizing energy use mix.	ANE would need to accelerate low-carbon transformation to reduce carbon emissions, such as new energy heavy trucks, which would require an increase in capital expenditure and operating costs in the future.	Fuel is a major part of ANE's costs, so a rise in fuel prices would impact our fuel supply, service quality and overall costs. If we were unable to effectively manage climate-related risks and sustainably manage fuel procurement and price volatility, our financial performance would be adversely impacted.	As climate change intensifies, enterprises face a series of potential risks when undergoing supply chain management transformation. This transformation includes adopting more environmental-friendly production/transportation methods, promoting green supply chains, and reducing carbon emissions, which impose higher requirements on suppliers, these may lead to heightened costs associated with supplier selection and temporary disruptions.	The views and policies of enterprises regarding climate change are increasingly under scrutiny by stakeholders such as governments, investors, consumers, and employees. Failure to provide effective feedback to stakeholders may impact the ANE's reputation, potentially leading government and consumers to choose logistics services with lower emissions among competitors.	ANE is a labor-intensive company. Extremely hot weather may harm the health and safety of our employees. Snowstorms and extremely cold weather would have significant impacts on businesses, particularly road transport services. Increases in extreme weather such as extreme precipitation, floods and typhoons would impact ANE's operations in nationwide.	By the end of the 21st century (2081-2100), about 95% of the world's seas would very likely rise. ANE's operations in China's eastern coastal regions would be directly impacted by rising sea levels.



Risk Management

Based on the identified climate-related risks, the Group plans to reduce the impact of climate change on our operations by adopting mitigation and adaptation strategies. On the one hand, we will adapt to climate change by increasing the monitoring of extreme weather and establishing contingency plans to minimize the risk of climate change; on the other hand, by accelerating our low-carbon transition, strengthening energy management, and adjusting our energy use structure, we are committed to reducing the environmental impact of our operations and working together with the industry and the whole society to mitigate the impact of climate change.

So far, ANE has taken a series of measures to manage climate-related risks that would have a significant impact on our business:

Carbon disclosure

- The Group has planned to develop a detailed carbon emission disclosure plan, outlining standardized procedures for measurement, monitoring, and reporting. In the future, we aim to disclose carbon emission data more transparently, building upon our existing data foundation.

Carbon pricing

- Based on the carbon accounting conducted and in line with government requirements and industry initiatives, the Group plans to assess the risk level and necessity of implementing an internal carbon pricing mechanism in the future. We intend to disclose this information as well.

Changes in regulatory requirements and standards of products

- In response to changes in environmental regulatory requirements and standards, ANE has adopted flexible strategic adjustments. The Group has established a team to closely monitor changes in environmental regulations and standards and quickly adjust accordingly to ensure compliance with the latest regulatory requirements. Additionally, we have strengthened our collaboration with relevant regulatory agencies and social organizations, participating in the formulation and revision of environmental standards, thereby actively contributing to the sustainable development of the industry.

Capital expenditure for transition to lower-carbon technologies

- ANE has made strides in lowering emissions by operating clean energy vehicles, intelligent route optimization, upgrading existing gasoline/diesel vehicles, and intelligently monitoring vehicle fuel use. ANE's Logistics Industrial Park in Changshan, Quzhou now partially runs on solar power generated on-site.

Higher fuel cost

- ANE will induct new energy heavy trucks with the aim of leveraging the lower cost of new energy compared to fuels like diesel, thus reducing raw material costs. Simultaneously, ANE has identified and monitored market risks associated with fuel prices.

Supply chain management

- ANE has incorporated environmental and social requirements for suppliers in *Procurement Management System*. Additionally, ANE actively monitors suppliers' environmental and social performance in operations to ensure compliance.

Stakeholders' concern

- ANE has a stakeholder communication mechanism in place and conducts ESG materiality assessments.

Extreme heat, Extreme cold, Changes in precipitation patterns and extreme climate variability, Rising sea levels

- The Group develops an *Emergency Response Plan for Severe Weather and Natural Disasters* that specifies the ways to deal with disastrous weather events, and regularly conducts emergency drills. We also communicate real-time weather and road conditions via an internal WeChat account, and closely watch weather warnings to identify risky shipping routes and notify drivers.

Case | ANE conducted Emergency Response Plan for Severe Weather and Natural Disasters

In 2023, to further enhance ANE' resilience to climate risks, we released the *Emergency Response Plan for Severe Weather and Natural Disasters*. This plan clearly defines hazards under different extreme weather conditions and provides detailed descriptions of potential accidents and consequences. The situations addressed include but are not limited to landslides, avalanches, floods, mudslides, typhoons, earthquakes, heavy rain, heavy snow, dense fog, haze, and high temperatures. Additionally, the plan outlines the departments involved, their respective responsibilities, and the standardized steps and procedures for emergency actions.

Metric and Targets

To effectively address climate change risks and strengthen ANE's climate resilience, we implemented comprehensive measures and set metrics and targets:

Governance

In board meeting in 2023, we outlined a series of governance objectives to emphasize ANE's ESG commitment. The board decided to establish management systems related to ESG and climate change, and to advance carbon accounting, actively addressing climate change and promoting sustainable operations.

Environmental Responsibility and Compliance Commitment

ANE actively fulfills our corporate environmental responsibilities, diligently adhering to relevant environmental laws and regulations. We were committed to reducing emissions of waste, exhaust gas, and wastewater, and responsibly managing water resources and other natural resources. ANE ensures to minimize environmental impact in operational chain.

Emission Management

ANE has established rigorous environmental management standards across all operation including office, leasing, distribution, transportation, and packaging. Regular inspections and policy updates are conducted to ensure compliance. We treat waste and minor pollutants generated during production and operations in a compliant and transparent manner, strictly adhering to national and local pollution emission standards.

Exhaust Gas Management

ANE ensures that all emissions generated during operation meet the emission standards. Additionally, we require diesel vehicles to use diesel engine exhaust fluid such as automotive urea, effectively reducing the emission of pollutants from exhaust gases.

Wastewater Management

To protect water sources and reduce water pollution, ANE strives to use phosphate-free detergents and biodegradable cleaning products as much as possible in office and operations to further avoid the wastewater.

Waste Emission Target

By continuously promoting measures such as electronic waybills, ANE is committed to reducing the generation of waste. We ensure 100% compliant disposal of waste.

Water Resources and Site Management

ANE has implemented various environmental initiatives in water resource and site management, including water conservation training, implementation of water resource monitoring, and formulation of site leasing management regulations. In the future, ANE will continue to fulfill our responsibilities in ecological civilization construction, contributing to sustainable development.

Low Carbon Logistics

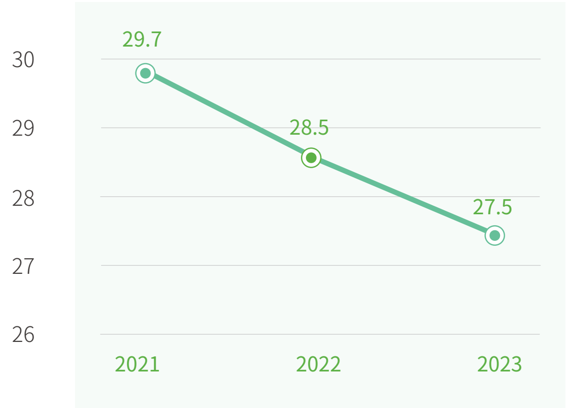
> ANE deeply recognizes that the LTL Express industry is a high-energy consumption and high-carbon emission, and as a leading enterprise in the industry, it bears the responsibility of energy conservation, emission reduction, and low-carbon transformation. To achieve the goal of green operations, we have reduced carbon emissions across our operations by implementing green transportation, green office and green publicity measures.

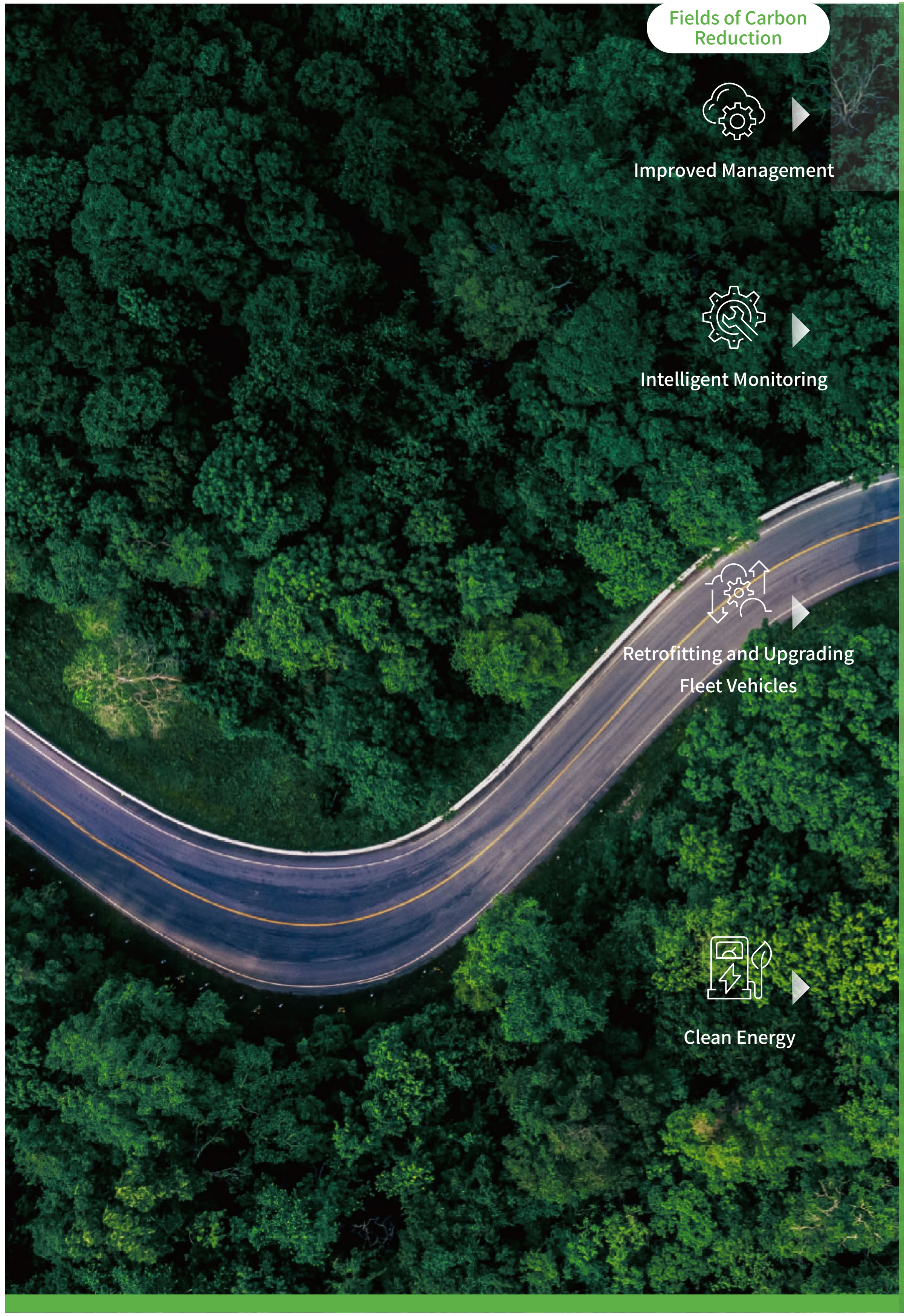
Green Transportation

ANE is committed to adopting green and low-carbon measures in logistics operations to improve energy efficiency and reduce environmental impact. The Group strictly controls the energy use and GHG emissions of our fleet by measures such as intelligent decision-making for route planning, introduction of self-driving heavy truck technology, replacement of fuel-efficient vehicles, upgrading existing vehicles and using liquified natural gas ("LNG") vehicles.

We are practicing "Green Transportation" principles, which effectively improved our fleet's energy efficiency and reduced diesel consumption. The replacement and technological upgrades of our own fleet will continue to be promoted in order to further reduce GHGs emissions and contribute to sustainable development and environmental protection.In 2023, we have achieved a reduction in annual diesel consumption per 100 km for the second consecutive year, lowering our fuel consumption target to 27.5 L/100 km.

ANE fuel consumption target (L/100km)




Fields of Carbon Reduction
Improved Management
Intelligent Monitoring
Retrofitting and Upgrading Fleet Vehicles
Clean Energy

Specific Actions

- **Improving rules and regulations:** We implemented the Refueling Management Plan and the Fuel Use Reward and Penalty Program, specifying the rules for fuel use management and putting in place a reward and penalty system to incentivize drivers to drive economically.

- **Intelligence model decision:** Optimize systems to analyze big data for optimizing vehicle deployment and route planning, reducing capacity loss, and lowering energy consumption and carbon emissions.
- **Vehicles networking system:** Monitor vehicle fuel use through our vehicles networking system, comprehensively and accurately monitor driving behavior and vehicle energy efficiency through data such as accelerator opening and engine speed, and evaluate and score drivers' driving behavior. Conduct regularly factor analysis based on collected data by vehicles networking system, and raise drivers' awareness of saving fuel and train drivers in economical driving.
- **Fuel-saving technology:** Retrofit existing diesel vehicles with low-rolling-resistance tires, and fairings to reduce vehicle fuel consumption. In 2023, we had a total of 3,574 vehicles.

Transfomation rate of fuel-saving technology (low-rolling-resistance tires, fairings)

100 %

- **Promote of fuel-saving vehicle:** Replace three-axle vehicles with more fuel-efficient two-axle vehicles to minimize environmental impact while ensuring transportation needs and safety requirements. In 2023, the number of these kind of vehicles reached 1,884.

- **Introduce new energy heavy truck:** Vigorously introduce new energy heavy trucks, with plans for a nationwide rollout of battery-swapping heavy trucks by 2024-2025, aiming to save on energy costs and reduce our carbon footprint.
- **Using clean energy:** Invest heavily in the use of clean energy and continue to promote the use of LNG vehicles. During the reporting period, ANE launched 52 LNG vehicles to replace diesel vehicles, which saved 2,787.3 tons of diesel.

ANE launched	which saved
52 LNG vehicles	**2,787.3** tons of diesel

- **Replacing diesel forklifts with electric ones:** We are committed to building green sorting centres by replacing fuel-powered forklifts with electric ones.

During the reporting period, the proportion of electric forklifts in the distribution centers reached

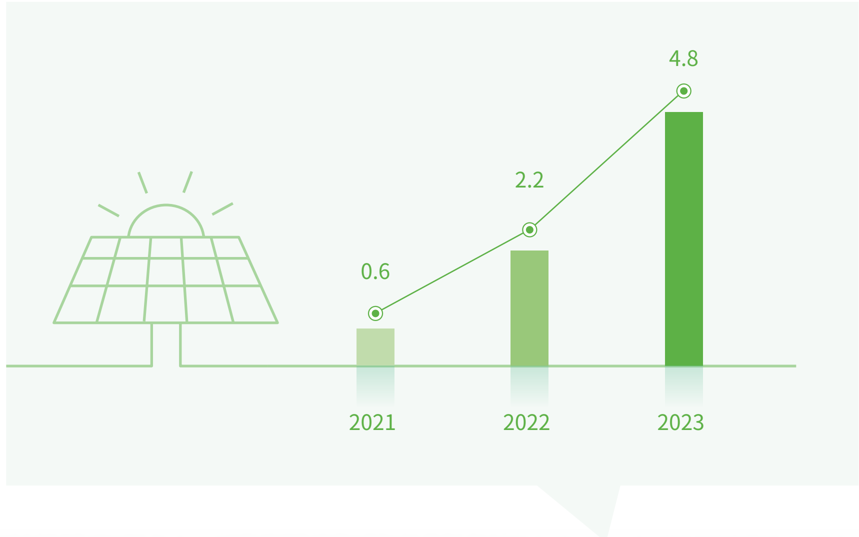
97.7 %

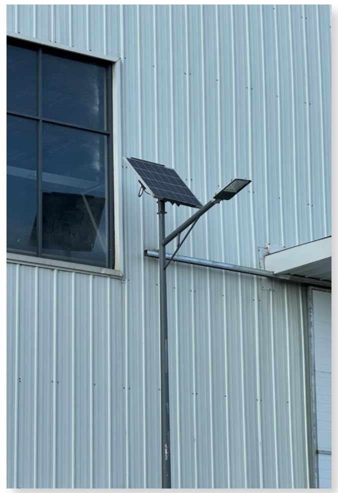
Green Industrial Park

For the commitment to sustainable development, ANE actively builds green industrial parks to contribute to environmental protection. The establishment of the green industrial parks not only improves the efficiency of energy utilization, but also demonstrates the innovative practice of ANE in the field of green science and technology. In 2023, the number of resident enterprises in ANE industrial parks reached more than 200.

In order to gradually reduce the Group's reliance on traditional electricity and enrich the accumulation of technologies for clean energy applications, we are accelerating the promotion of renewable energy applications in industrial parks. Since 2021, we have been promoting the application of photovoltaic power generation technology in our Logistics Industrial Park located in Changshan, Quzhou, Zhejiang Province. As of the end of the reporting period, the park has put into operation a cumulative total of 48,000 square meters of factory roof solar electric panels, which can generate more than 3.3 million kWh of photovoltaic power annually. Meanwhile, nearly 60 intelligent PV lighting streetlights have been installed in the public areas.

Size of solar electric panels in Logistics Industrial Park (Unit: 10^4 m^2)





Intelligent PV lighting

The Group has formulated *the Industrial Park Investment Operation Management* System and the *Industrial Park Property Management System*. Through equipment and site management, safety management, power and water supply management, and environmental sanitation management, the Group has formulated the requirements on the water and electricity consumption behavior of tenants in the industrial parks, striving to promote energy conservation and emission reduction together with our partners.

Case Express to the village "U station" site in ANE Changshan Industrial Park, cracking the rural logistics "terminal difficulties"

Promoting the construction of "U-station" in the village is an important initiative to open up the "last kilometer" blockage of rural express delivery in Changshan, Zhejiang Province. The Group actively responded to the government's call and built a 4,700-square-meter Changshan e-commerce logistics supply and distribution center in Changshan Industrial Park, which currently houses 9 express delivery companies, greatly enhancing the convenience of delivery services and solving the problem of delivery difficulties faced by local villagers, which is of great significance in unleashing the consumption potential of the rural areas and promoting the revitalization of the countryside.

常山县电商物流共配中心 快递下村U驿站

Green Office

To improve energy efficiency in the workplace, ANE put in place internal policies including the *Regulations on Standardized Office Management*, the *Group Business Travel Management Policy*, and the *Dormitory Management Policy*. We require employees to promptly turn off appliances and strictly control air conditioning temperatures. Besides, we advocate online video meetings as an alternative to employees' business travel to reduce travel-related carbon emissions.

ANE encourages employees to actively participate in sustainable development initiatives and promotes a series of energy-saving and emission-reduction measures. To reduce energy consumption, we promote the automatic light-off mode, which effectively reduces electricity consumption for lighting through induction or manual mode. Meanwhile, we set reasonable temperatures for air conditioners according to the seasons to optimize the efficiency of energy use and achieve a balance between environmental protection and employee comfort. In terms of the office, we promote the saving of printing paper and encourage employees to replace paper usage with electronic document management. In addition, the Group also actively promotes waste separation and recycling. Through the establishment of waste separation containers and related training, we guide our employees to effectively separate waste during their daily work to minimize the adverse impact on the environment. For our sorting centers, we monitor water consumption and extend the above energy-saving and emission-reduction measures. We also conduct monthly analyses of water and energy consumption data to follow up on any abnormalities in consumption and promote efficient use of resources at the sorting centers.

Promote automatic light-off mode

- Time-controlled switches would cut off air-conditioning power at 8:00 p.m. to save electricity costs.
- Doors, windows, lamps, air-conditioners and other facilities are checked and closed by the officer of the department in corresponding area at the end of the day.

Setting reasonable air-conditioning temperatures

- Strictly control the temperature of the air conditioners turned on. When the outdoor temperature is higher than 30° C and lower than 5° C, air conditioners will be turned on by Administration Department.
- When the air conditioner is turned on, the temperature of the air conditioner shall not be lower than 25° C in summer, and not be higher than 18° C in winter.

Saving printing paper

- When using the printer, it is necessary to set up the printing format in advance, check the printing area to avoid misprinting and retyping, and the error report or waste paper, etc. must be coded and placed neatly next to the printer and be reused.
- Printing paper is requested according to the standard procedure, each department arrange specific officer to claim.

Garbage separation and recycling

- Set up garbage classification and recycling facilities to encourage employees to participate in waste classification and resource recovery.
- Reasonable use of paper, plastic, glass and other recyclable materials to avoid waste of resources and environmental pollution.

Pollution Prevention and Control

> ANE fully complies with the environmental laws and regulations of China, including the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*. We established strict environmental management standards for all of our operations, including office use and leasing, shipment sorting, transportation and packaging. During the reporting period, ANE disposed of the emissions and waste it produced in a transparent and compliant manner, and strictly complied with national and local environmental standards without receiving any environmental penalty.

Exhaust Gas

The emissions generated during ANE's operations are primarily nitrogen oxides and sulfur dioxide emitted by company-operated fleet vehicles. We regularly maintain and repair our operating vehicles, and use diesel exhaust fluid, for example urea, to effectively reduce exhaust emissions. We now operate 52 LNG vehicles and 66 National VI Emission Standard vehicles, and will continue to upgrade our fleet to reduce our exhaust gas emissions as best as we can.

Wastewater

ANE's water use came primarily from municipal water supplies. Our water source was sufficiently guaranteed, and our water use had no significant impact on the environment.

ANE does not engage in industrial production, so our operations do not produce or discharge hazardous wastewater to water bodies or soil. We only produce small amounts of domestic wastewater from our offices and facilities.

Solid Waste

As China sees developing a circular economy as a major social-economic development strategy, ANE is also committed to doing own part by actively reducing and recycling waste throughout our operations. The solid waste generated during our operations is primarily non-hazardous waste generated in our offices and sorting facilities as well as domestic waste. The hazardous waste generated during ANE's operations is mainly printers' ink cartridges, but we leases our printers from third party vendors, who are charged with disposing of related waste. We do not produce hazardous waste.

05

Work Together

ANE has always believed in "people first", striving to strengthen the close connection between employees and the Group, and pursuing mutually beneficial development. We have a well-established human resources organizational framework that provides compliant employees policy, protecting employee rights, and creating an fair, safe and healthy work environment. Meanwhile, we pay more attention to the personal growth of employees, provide them with diverse training and clear career paths, and reward every employee's hard work and dedication with a competitive compensation and benefits system that is rich in market competitiveness.

Relevant SDGs

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

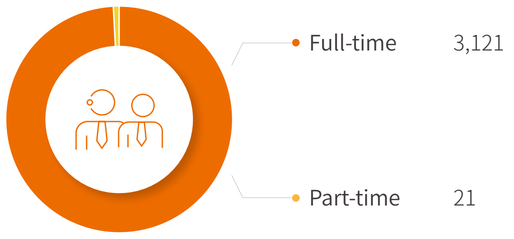
Employee well-being

> ANE strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law on the Protection of Minors of the People's Republic of China*, and other employment-related laws and regulations. We continue to perfect our human resources management systems, *Recruitment Management System* and *Employee Handbook* to provide rule-based protection for employee rights.

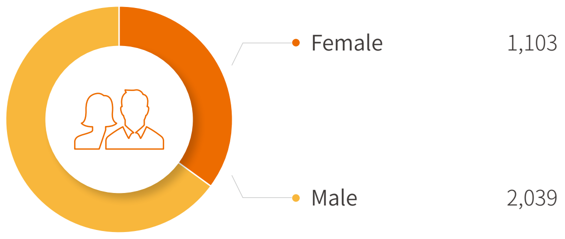
Employment Practices

Based on a well-established recruitment and talent selection procedure, we treat all job applicants within principle of non-discrimination and equal, regardless of their age, region, nationality, race, skin color, religion belief and gender, and use various, innovative channels to conduct equal, just and open recruitment to make sure we have a diverse talent pool that contributes to the vitality of the company. At the end of 2023, ANE had 3,142 employees.

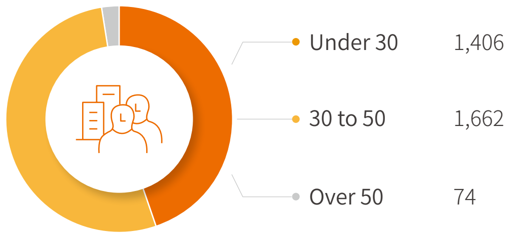
Number of employee by employment type (unit: person)



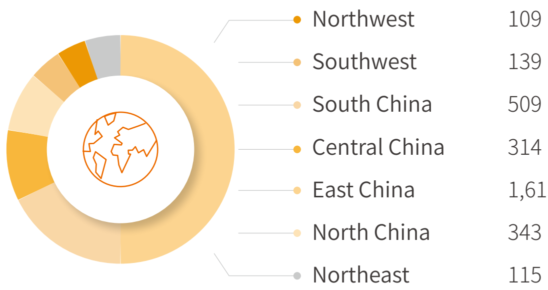
Number of employee by gender (unit: person)



Number of employee by age (unit: person)



Number of employee by region(unit: person)



Campus Recruitment

- ANE is committed to building a diversified team of talents, and our campus recruitment program has been running for nine years. The program is designed to attract exceptional fresh graduates and develop them into management and core staff in various departments through professional training in future.

Social Recruitment

- We conduct recruitment activities for administrative and blue-collar positions through diverse channels. In addition to utilizing online third-party recruitment channels, we also actively recruit through offline channels such as headhunters, agencies and advertisements. These channels complement each other and are primarily used for administrative and blue-collar positions to create a diverse and efficient talent pool.

Internal Introduction

- We have especially set up an internal referral system to encourage employees to proactively recommend suitable candidates, which can stimulate work motivation and increase participation. Currently, internal referrals contribute nearly 40% of our recruitment channels, enriching our team with a diverse pool of talent.

We continue to perfect our *Employee Handbook* and *Attendance Policy*, specifying work hours, benefits and leave policy for employees. Our *Leave Policy* states that employees are entitled to paid leave stipulated by law, including statutory holidays, work injury leave, maternity leave, paternity leave, breastfeeding leave and parental leave.

ANE is focused on protecting employee rights and complies with employee laws. We have a zero-tolerance policy on child labor and forced labor, and use both prevention and severe punishment to prevent the use of child labor and forced labor. During the recruitment process, we follow the *Provisions on the Prohibition of Using Child Labor* by carefully reviewing and verifying the identity information and age submitted by applicants. If we mistakenly hired child labor, we would immediately terminate employment contracts and contact their guardians. As of the end of the reporting period, ANE had never hired child labor or used forced labor.

安能 无限可能
2022届秋季校园招聘
确认过眼神 你是我要的人
加入安能 成就梦想
校园招聘
梦想定时达
2022届秋季校园招聘
STATE

Employee Care

ANE strives to create a warm, considerate work environment by establishing a diversified employee care system. We care for our employees, take heed of their needs, and take concrete action to address their problems. We hope to inspire employees to grow with us and increase their sense of belonging and happiness.

We conduct a cafeteria and dormitory satisfaction survey every two months to improve the cafeteria and dormitories at our sorting centers and improve employees' quality of life. Their satisfaction is now over 80%. We also provide employees with high-temperature subsidies, heating subsidies, and education funds for their children. In 2023, ANE's employee children's education fund gave out RMB 282,000 to 37 employees' kids. In addition, we launched a Firefly Mutual Aid Plan to help ill and needy employees. We offer a dedicated employer's liability insurance policy to spare our employees' concerns.

In 2023

ANE's employee children's education fund

37 employees' kids

The cumulative total reached

282 thousand

Case | ANE Firefly Mutual Aid Plan

Adhering to the "When disaster struck, help came from all sides" purpose, ANE set up a Firefly Mutual Aid Plan to help employees in need overcome difficulties. Employees and their immediate family members (parents/spouse/children) who participate in this program are eligible for reimbursement at a certain percentage for major illnesses, based on their self-payment level. The Firefly Mutual Aid Plan provides strong backing for ANE employees in their lives and protects them during times of crisis.

Work-life Balance

ANE values employees' work and life balance, advocating for a harmonious integration of work and leisure. Through a series of cultural promotions and team-building activities, we actively foster unity and cultural identity within our organization. In 2023, the management team's on-site visits served as a bridge of communication, bridging the gap between management and frontline employees, and facilitated the sharing of information and the optimization of business processes. We created the "Consensus Meeting", a platform for culture promotion, which not only provided employees with opportunities to share their insights, but also deepened the dissemination of corporate culture.

For the management team, we have reinforced collaboration and communication skills and established closer bond through team development training and various team-building activities. The concept of win-win cooperation highlighted in these activities not only stimulates the teamwork spirit of team members, but also infused the entire team with greater strength and unity.

Case | Co-Creation Conference Gathers Representatives to Enhance Management Capabilities

In 2023, the Group convened 318 management representatives and successfully organized the Management Co-Creation Conference, aiming to comprehensively enhance the cognitive level of the management team through problem discovery, problem-solving, and broadening perspectives. Participants experienced multiple days of high-intensity management co-creation in the form of candid discussions, experiential training and collaborative seminar to jointly grow their insights and effectively enhance their sense of mission and responsibility in promoting the high-quality development of ANE. The success of the Management Co-Creation Conference has clarified the direction of the team's efforts and the path of realization. After the conference, the participants returned to their respective areas to continue to co-create consensus and injecting more vitality into the development of the Group.

Case | 13th Anniversary Celebration of ANE

In June 2023, ANE held the 13th Anniversary Celebration and 2023 Network Conference with the theme of "Reinventing ANE, Witnessing the Journey". More than 5,000 external guests such as network entrepreneurs, frontline instructors, and investment institutions from all over the country gathered in Xi'an, where they enjoyed the millennium's historical splendor and collectively strategized for the development of ANE's future.

The ceremony was broadcasted via live video streaming, attracting more than 7.7 million viewers. Mr. Qin Xinghua, the Chairman and CEO of ANE, made an in-depth analysis of the internal and external risks faced by the company in the "Year of Enterprise Depth", emphasized that ANE had achieved remarkable results in strategy, organization, products and channels, and called for continued and deepened transformation. Mr. Qin cut the cake and sang the birthday song together with employees from various regions, wishing ANE a bright future. A variety of performances including instrumental music, dances and other kinds of programs, presenting an audio-visual feast, which made the attendees in the celebration have a great time and look forward to the bright future of ANE.

Health and Safety

> The health and safety of our employees is ANE's priority. In addition to ensuring the safety of our employees, we have also strengthened the safety management of our front-line workers including drivers and operators, to drive the safe and healthy development of the industry ecosystem.

Safe Management

ANE strictly complies with the occupational and transportation safety laws and regulations of China, including the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Road Transportation Safety*, the *Regulations for the Management of Road Transportation*, and the *Regulations for the Reporting, Investigation and Handling of Work Safety* Accidents. We also developed an internal *Work Safety Accountability Policy and Work Safety Management Procedure*. We diligently adhere to the guidelines of "safety first, prioritizing prevention and comprehensive management", and have set up a safety committee. We strengthened the management of safety risks, rectified potential risks and conducted regular safety drills to safeguard the safety of our employees' lives and property. During the reporting period, ANE did not have major safety accidents.

ANE also attaches great importance to electric and fire safety in facilities. We require our sorting centers to strictly follow fire safety rules, regularly inspect fire-fighting equipment, post fire safety signs, specify accountability for fire safety accidents and incorporate safety prevention into the managers' daily work. We developed a *Safety Risk Graded Management and Control System* that classified risks into four tiers, allowing our employees to identify and evaluate risk factors on-site. Based on risk identification, the safety risk grading system also provides a list of measures for managing different tiers of risks. Besides, ANE has facility safety agreements with the tenants and owners inside logistics industrial park, specifying facility safety rules and strictly managing the safety in industrial park facilities.

In terms of office safety, ANE is committed to providing our employees with a safe and healthy working environment to ensure the physical and mental well-being. We have set up an employee rest area to provide employees with a relaxing and comfortable place to rest, which helps to relieve work pressure and promote physical and mental health. First aid kits have been set up in office premises to cope with health problems in daily work and to ensure that employees can obtain basic medical emergency support promptly. The Group strictly enforces the *Work Injury Management Measures* to safeguard the rights and safety of employees during work, and provides comprehensive safety protection for employees through standardized work-related injury management processes. Additionally, we established internal safety awards to encourage employees to pay attention to safety issues raise their alertness to potential risks, strengthen their safety awareness and encourage them to prioritize safety details at work.

Employee Rest Area

Drivers' Safety

ANE always prioritizes drivers' safety during transportation, and created several internal policies, including the *Three-Tier Safe Driving Policy*, *Road Safe Driving Manual*, *Driver Reward and Penalty Policy*, and *Safety Monitoring System Management and Assessment Procedure*, which specify rules and requirements for vehicle safety, driving safety and operation safety. Our reward and penalty policy is intended to increase drivers' awareness of safe driving, provide measures to restrain unsafe driving behavior, lower the chances of human-caused accidents and protect drivers' safety.

ANE always adheres to high standards with regard to the routine inspection and maintenance of our vehicles, and strictly controls vehicle safety by mandating pre-departure vehicle inspections and checking in for related orders. Besides, we manage safety at the fleet level by establishing and improving routine dormitory inspection, alcohol inspection and vehicle inspection mechanisms.

Drivers' Safety Management

Before departure

- Vehicle maintenance
- Check list
- Clock out for departure
- Fleet inspection mechanism

On the way

- Intelligent driver assistance system
- Automatic risk warning system
- Real-time driving behavior monitoring
- Driver risk identification management

After the accident

- Statistical report on safety accidents
- Accident statistical analysis
- Driver reward and punishment system

Meanwhile, the Group invested smart driving assistance systems that provide automatic risk alerts, and established a dedicated monitoring team that provide manual alerts and rectify unsafe driving behavior to prevent accidents according to our *Safety Monitoring System Management and Assessment Procedure*. To prevent drowsy driving and other dangerous driving behavior, we, in our *Driver Reward and Penalty Policy*, specify a list of violations and their respective penalties. We also train drivers in risk identification and monitor in-transit driving behavior to ensure driver safety.

ANE also has a *Safety Accident Reporting, Investigation, Handling and Data Preparation Policy* that standardizes accident reporting and data preparation. We believe scientific, comprehensive accident data not only reflects the safety situation of road transportation accurately and in-time, but also allows us to learn from mistakes and prevent accidents in future.

Third-party Fleet Management

In order to further implement guidelines of "safety first, prioritizing prevention and comprehensive management", the Group formulated the *Safety Management Agreement for External Vehicle Suppliers* in 2023. This safety management agreement has become a key component of the safety management system of ANE and is aimed at improving the overall quality of transportation services by establishing norms for suppliers of external vehicles. The agreement clearly stipulates a series of contents, including vehicle maintenance standards, driver training requirements, transportation route specifications, etc. It establishes a clearer cooperation framework between ANE and the external vehicle suppliers. This allows both parties to conduct business in a more orderly and efficient manner.

The improvement of the third-party fleet management system not only contributes to ensure the smooth cooperation of the overall transportation process, but also sets a new benchmark for ANE in terms of reducing transportation risks and improving safety, which not only promotes the construction of the Group's safety culture, but also establishes a positive model in the industry, reflecting the Group's relentless pursuit of the depth and breadth of safety management.

Safety Culture

ANE actively conducts safety education and training to create a culture of safety within the Group. Our safety training is provided to all of our front-line operations staff and drivers concerning potential safety hazards throughout our operations, including standard operating procedure, fire safety, emergency rescue and safe driving.

We require our sorting centres to have pre-shift meetings for all employees and prioritize standard operating procedures and emergency rescue measures. For our fleet, we conduct safety education in various forms, including monthly safety education and training, training by external experts, special training at our Changshan training centre, and online learning. Also, we constantly remind employees of the importance of safety through safety culture activities, such as police-employee interaction, Safe Production Month, safety knowledge competitions, safety-themed short videos, and safety rectification action. We do all of these to raise their safety awareness and self-discipline in the hope of preventing dangerous behavior and violations from happening.

安能ane 加强职业培训 激发员工潜能 创
安能ane 安全培训多一份耐心 安全行车

Safety training

Fire Drill in sorting centres

A total of **5,694** safety trainings

with **109,973** participants

a coverage rate of **86%**

2 operational training sessions for new safety officers

83 training sessions with external experts

Training hours by external experts **100** hours

Certified safety instructors totaling **24**

A total of **4** special safety activities

35 emergency drills during the year

Developing Talent

> The Group regards our employees as most valuable assets. Through providing extensive avenues for career advancement, establishing a fair and transparent compensation system, implementing comprehensive talent development programs, emphasizing individual career planning and growth, and motivating employees to unleash their potential, we aim to meet the growth needs of our employees at various stages of their careers.

Promotion

ANE has an internal *ANE Talent Career Development Management System* and continues to optimize our promotion mechanism. We believe in "Don't race horses", and have promotion mechanisms for different categories of employees, such as the Manager Reserve Pool, Empowerment Plan for Management Positions in Operations Support Department, and Training Plan for Newly Appointed Channel Expansion Positions. We promote employees primarily based on performance, and select those who are responsible, capable and daring to breakthrough.

We are committed to building a transparent, open hierarchy, a clear growth path and a well-defined promotion process. In 2023, we established the *ANE Talent Career Development Management System* and *Comprehensive Assessment Mechanism*, categorizing positions into management, sales, professional, technical, and operational sequences, with clear requirements and standards. The aim is to continually improve career development pathways, optimize promotion mechanisms and systems, and provide employees with clear paths for advancement. Furthermore, our performance evaluation plan covers all employees, ensuring fair, further solidifying the foundation of talent cultivation within our Group, and providing robust talent system support for the high-quality development of ANE.

ANE Comprehensive Assessment Mechanism

Dimension	Shared Responsibility	Process Tracking		Organizational Capability
Content	Business performance	Core indicators	Key behaviours	Leadership
Methods	**Accountability for results** • By company/operating area • Reflection of "Profit +Quality" • Overall operating results under the strategic direction	**Quantitative indicators for positions** • Measure the contribution of each position to the company's profit and quality based on the performance of each department	**Behavioural indicators for positions** • Set milestones for key behavioural indicators to ensure high-quality implementation of non-quantifiable work during the organizational change phase	**Leadership assessment** • Evaluate the culture, capabilities, and internal service development of departments or business units using behavior rating scales or a 360-degree assessment model

Since 2019, ANE launched the "CEO Lunch" program. Each CEO Lunch will invite 12 top-performing employees from different regions, departments, and positions as well as outstanding employees who have made exceptional contributions to the Group to have a lunch meeting with our CEO. In 2023, we conducted a CEO town hall meeting, inviting frontline drivers, operational staff, administrative employees, and branch personnel. This gives those employees an opportunity to share their experiences and discuss the future development direction and strategic approach of the Group face-to-face. During the reporting period, ANE held 9 CEO Lunch, and many invitees received salary raises and promotions.

安能ane
总裁&网点&一线优秀员工见面会
华哥 & 能哥
总裁&一线优秀员工见面会

Compensation

Believing in paying employees based on performance, ANE is committed to establishing a scientific, incentive-based compensation system to ensure that every employee receives fair and reasonable remuneration. To achieve this, the Group continuously innovates in driving employee motivation, aiming to enhance employee engagement and a sense of belonging.

Employee Short-Term Incentive Policy

To strengthen the foundation of well-being, the Group has formulated the *Employee Short-Term Incentive Policy*, which encompasses full-cycle incentives, including short-term security, mid-term bias, and long-term activation, to more effectively ignite employees' enthusiasm for work. This policy emphasizes goal achievement in the short term, highlights contributors in the mid-term, and encourages employees to maintain a sense of ownership and actively participate in the overall organizational development in the long term.

Compensation and Benefits Management System

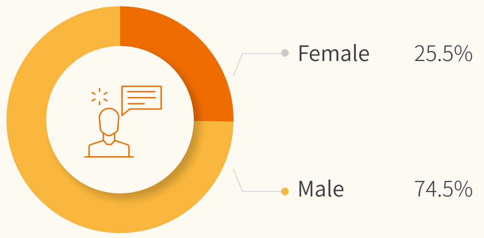
The Group has issued the *ANE Compensation and Benefits Management System*, which clarifies the standards and promotion performance of compensation and benefits. Its aim is to ensure that employees' compensation is highly aligned with their job responsibilities and the development strategy of the company, thus stimulating their enthusiasm for work. The implementation of this system not only provides employees with a more transparent and predictable compensation and benefits system, but also helps to enhance their sense of belonging to the Group.

安能ane
安能物流天津营运区
年度优秀员工
荣誉证书
CERTIFICATE OF HONOR

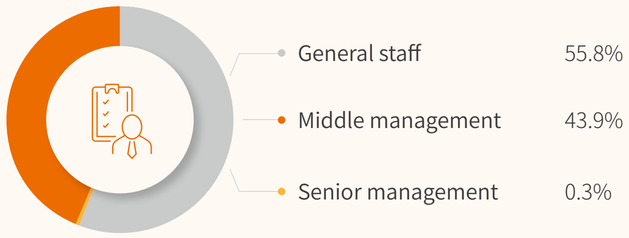
Training

ANE prioritizes providing employees with professional training courses and conducts training satisfaction surveys to understand the effectiveness of training through feedback, continuously optimizing the training system to ensure the effectiveness, professionalism, and practicality of the training content. During the reporting period, we organized various training camps such as the Marketing Growth Training Camp, Comprehensive Operation Training, and Data Business Partner Growth Training Camp, aiming to empower employees to achieve higher performance in various fields through systematic training. In 2023, ANE enhanced training for senior and mid-level employees, with a total training expenditure of RMB6.44 million, an average of 15.3 training hours per employee, and an overall training satisfaction score of 94.7.

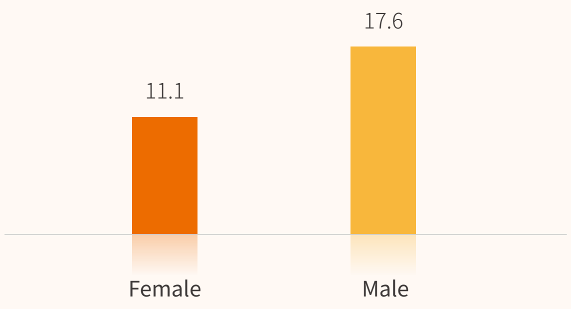
Percentage of employees trained by gender (%)



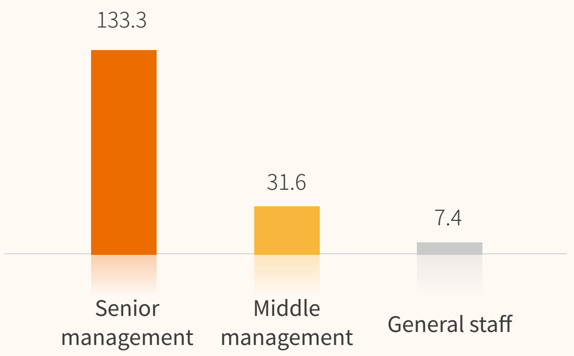
Percentage of employees trained by position (%)



Average training hours completed per employee by gender (unit: hours)



Average training hours completed per employee by position (unit: hours)



To meet employees' diverse training needs and make our training courses up to date, we developed the *Training Course Research and Development Policy* to gather the collective wisdom of employees, sort out ANE-specific knowledge and skills, and disseminate ANE's business management experience. In 2023, we updated and developed 42 courses, with a year-on-year growth of 360%.

ANE developed an internal *Trainer Management Policy* to standardize the management of internal training teachers and improve their quality. We also selected the top ten trainers of the year, which effectively improved our training quality and encouraged more great trainers to share their work experience and provide personalized training content for employees.

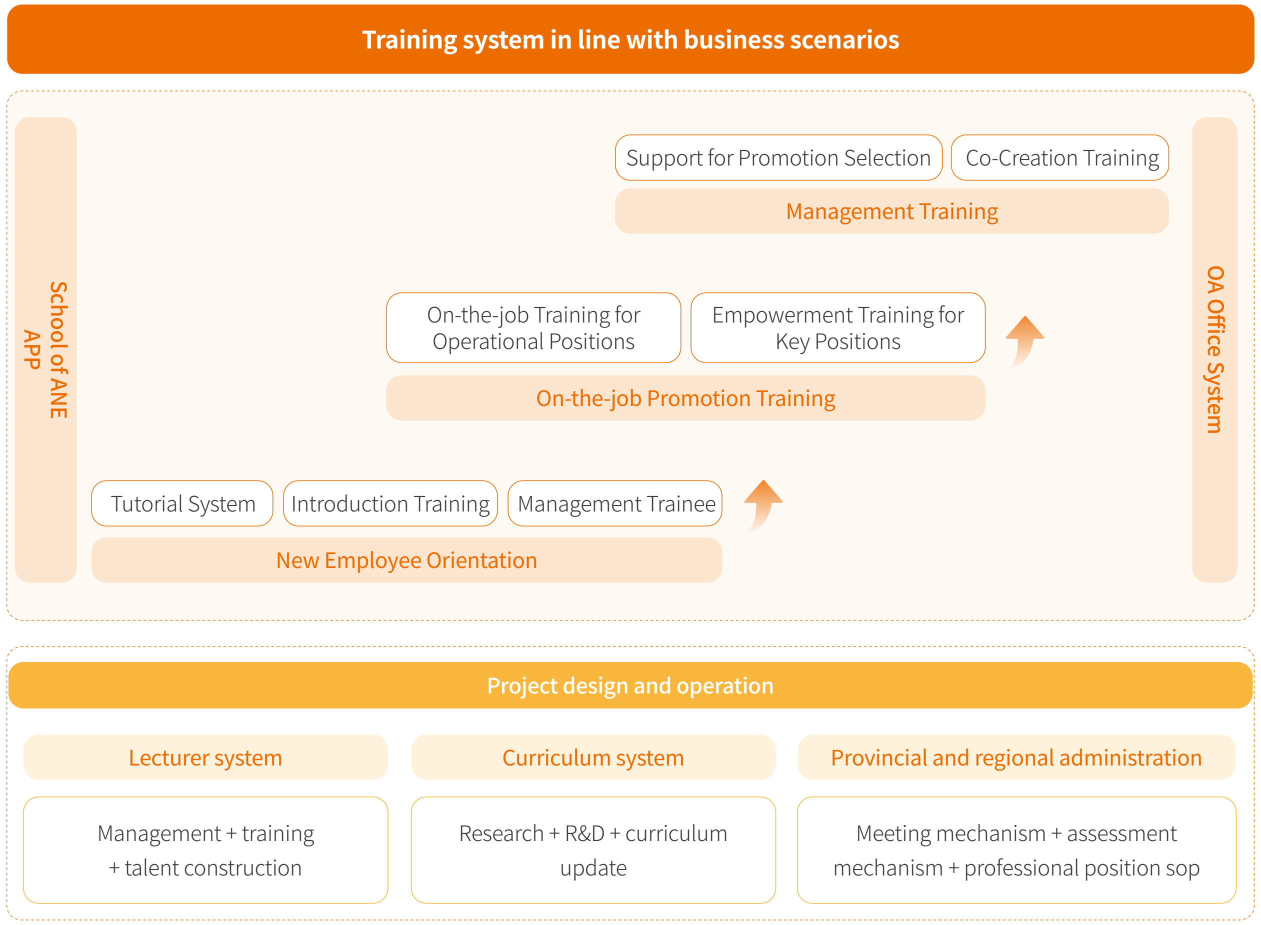
To establish a training framework tailored to our business needs, the Group actively promotes the comprehensive and systematic development of our training system. In 2023, building upon our previous efforts, we revamped our approach by constructing three major support systems: the trainer system, the curriculum system, and the management system. In the instructor system, we emphasize instructor qualification management, focusing on cultivation and team building to ensure an ample supply of high-level training expertise. Within the curriculum system, our dedicated market research and professional development teams continue to provide practical and forward-looking training content, regularly updating to maintain the effectiveness of our courses. In the management system, we ensure the orderly progression of training efforts, harnessing the combined power of regular meetings, assessment mechanisms, and the effective integration of professional position standard operating procedures (SOPs) to unleash employee potential, enhance capabilities, cultivate professional competence, and provide employees with greater career development opportunities.

trainers in pool during the reporting period

356

internal training courses

2,798 hours


Training system in line with business scenarios

School of ANE APP

Support for Promotion Selection | Co-Creation Training
Management Training

On-the-job Training for Operational Positions | Empowerment Training for Key Positions
On-the-job Promotion Training

Tutorial System | Introduction Training | Management Trainee
New Employee Orientation

OA Office System

Project design and operation

Lecturer system	Curriculum system	Provincial and regional administration
Management + training + talent construction	Research + R&D + curriculum update	Meeting mechanism + assessment mechanism + professional position sop

专业赋能，技能提升，思想同频
第五组
Data Business Partner Growth Training Camp

Marketing Growth Training Camp

Comprehensive Operation Training Camp

06

Sustainable Society

While ANE continues to improve services and customer experience, we never forget where we came from, and is committed to giving back to society and being a socially responsible business. Leveraging our extensive network, we have extended services to China's vast rural areas and substantively helped farmers increase incomes. ANE will continue to take concrete action to benefit society and help build prosperous communities.

Relevant SDGs

1 NO POVERTY

3 GOOD HEALTH AND WELL-BEING

11 SUSTAINABLE CITIES AND COMMUNITIES

安能ane
安能ane
西藏安能物流
全国 ⇌ 西藏全境
象雄古堡
堆龙德庆区象雄美朵生态旅游文

Rural Revitalization

> ANE is proud to contribute to China's rural revitalization strategy and safeguarding the achievements of poverty alleviation. Taking advantage of our franchise business model and full-link digital operations, we were able to expand service to China's vast rural areas. As of 2023, ANE covered 98.2% of counties and townships. Our service has been crucial to the distribution of agricultural products, increasing farmers' incomes and the improvement in farmers' life.

Rural Post Stations

With the rapid development of the network business and in order to meet diversified service demands, ANE has launched a self-built post station system and opened rural post stations to continuously improve the service quality of its rural outlets and bridge the last-mile gap in the shipping route.

The Group identifies the shortcomings of transportation and distribution in rural towns through big data in order to accurately set up post station sites. We have realized the interoperability between the system of rural post stations and the 360° system used for outlet management, so that when the goods are delivered to the post stations, they can be automatically identified and a reminder SMS of the arrival of the goods can be sent to remind the customers to pick up the goods. The establishment of the rural stations effectively solved the shortcomings of the rural terminal delivery service. In the future, ANE will gradually open the delivery function in combination with the average daily arrival volume and market demand in the townships.

Case Chongyang ANE bridged the last-mile gap in the rural shipping route

Xiao Ling Township is a blind area in mountainous areas, where mountain roads are difficult to travel, addresses are hard to find, and transportation costs are high. In order to resolve the difficulties of rural terminal distribution, the Group successfully laid out the secondary outlet Chongyang Xiaoling outlet in July 2023, which opened up the last kilometer of logistics services.

During the reporting period, ANE has become the only logistics enterprise with full coverage in Xiao Ling Township, filling the blind spot of rural logistics. Through the construction of the new outlets, we have improved the rural logistics nodes at the county, town and village levels, and improved the comprehensive coverage of logistics services. The project has successfully opened up the last kilometer of logistics services, ensuring that cargo collection and delivery will no longer be a problem in the countryside. This series of initiatives has set a positive image for ANE in the field of rural logistics, and at the same time has brought real convenience to local rural residents.

Enriching Farmers

The development of rural logistics can promote the flow of production factors between urban and rural areas and help regional industries transform and upgrade. It is crucial to rural revitalization, economic growth and improving rural residents' lives. ANE will continue to expand services into rural industrial areas, provide quality shipping experience to rural customers, help bring agricultural products to urban markets, shorten the distance between small farmers and markets, boost rural consumption upgrade, and help farmers increase incomes.

Case Specialized trucks are sent directly to help sell Aksu apples to the country

During the harvest season of Aksu apples in Xinjiang, in order to improve the efficiency of logistics services, the Group upgraded the packaging standards of Aksu apples, introduced a dedicated trucking system, and adopted a method to effectively reduce the transit costs, so as to comprehensively improve the quality and efficiency of logistics services. Through the overall planning of the logistics chain, we have realized an efficient connection from the origin to the sales channels, ensuring that fresh fruits can enter the market at a swifter pace. This implementation process involves not only the upgrading of logistics technology, but also the optimization and synergy of all links in the supply chain. The successful implementation of the project not only contributed to the sustainable prosperity of local agriculture, but also laid the foundation for the Group's development in the Xinjiang.

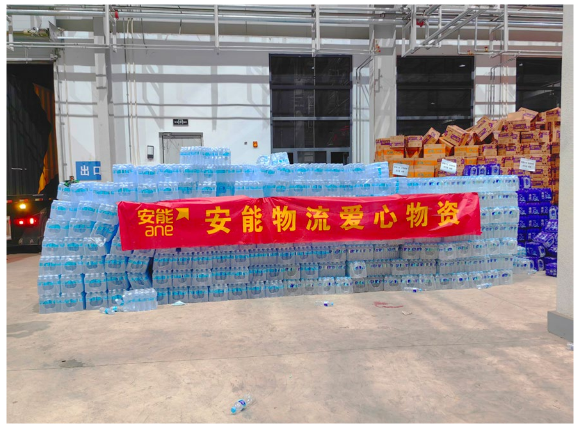
Flood Response

In August 2023, during the fight against Super Typhoon Doksuri, numerous outlets made donations on their own initiative to participate in the rescue and relief work and public welfare relief materials transportation operations. The ANEs interpret corporate responsibility with practical actions and integrate the spirit of public welfare into corporate culture.

Case Waiving transit fees for the transportation of disaster relief supplies

To promote corporate social responsibility and encourage branches to actively participate in public welfare activities, the Group formulated the *Public Welfare Freight Reduction and Exemption Program* in 2023. The program aims to support primary outlets in participating in the transportation of emergency relief supplies for sudden natural disasters by waiving transit fees, thus fulfilling social responsibility.

According to the scheme, if a primary branch undertakes the transportation of emergency relief supplies for sudden natural disasters such as typhoons, floods, or earthquakes, they can submit a transportation application to the company in advance. Once the application is approved, the outlet can proceed with public welfare transportation. After completing the transportation, the branch can apply for a refund of the transit fee according to regulations. Upon successful approval, the transit fee for the public welfare transportation will be waived. This scheme will provide more efficient and rapid logistics support for emergency disaster relief, demonstrating our determination and responsible attitude in fulfilling social responsibilities.



Road Safety

ANE drivers are not only part of our transportation team, but also guardians of road safety in the community. Our drivers are involved in assisting traffic police patrols, supporting them by sharing real-time information on road conditions and traffic. This collaboration helps to improve the effectiveness of highway management and promotes the good functioning of traffic order. In the face of emergencies and unforeseen events, ANE drivers demonstrate a high degree of emergency response capability. They not only report information about accidents, fires and other disaster sites in a timely manner, but also take effective measures for rescue and relief in the first time.

Case ANE drivers act as volunteer patrollers, escorting the highway safely and smoothly.

In the Fuyin Expressway, which carries the east to the west and runs through the north and south of the transportation artery, the volunteer from ANE drivers become a special "patroller", which consists of more than a dozen of ANE's excellent drivers to assist the Fuyin Expressway's traffic police brigade to carry out voluntary patrols.

In addition to the implementation of the Group's transportation tasks, to ensure the safety of goods, they also shared the latest vehicle and road information with the traffic police and other drivers through the online platform, so that the traffic police brigade to take immediate measures to start the action, drivers can also avoid congested roads in time to maximize the avoidance of accidents, to ensure that the timing of the goods and safety, and to achieve the police-enterprise linkage to build a safe. During the Mid-Autumn Festival and National Day holidays, in the face of the rapid increase in traffic flow, in order to improve the efficiency of highway management, the volunteer patrol team reports the information of each patrol in a timely manner, to provide a basic for the traffic police brigade to provide scientific decision-making, to assist in the realization of rapid command and control.

Charity

ANE established an internal policy called *Charity and Public Welfare Transportation Policy* to provide charitable transportation service. During the reporting period, ANE put a lot of funds and human resources into charity work to proactively take on social responsibility and build a positive corporate image.

Case ANE's charity truck connects Shanghai and Yunnan across thousands of miles

In September 2023, nearly 200 boxes of counterpart aid materials from Changning District, Shanghai were escorted by the Group and departed in batches from warehouses in Guangdong, Hebei and Jiangsu, and arrived safely at the Bureau of Rural Revitalization of Jinping County, Honghe Prefecture, Yunnan Province, after a long-distance transportation of approximately 7,000 kilometers. To ensure the rapid delivery of the supplies, we arranged special vehicles and personnel to quickly pick up the goods from the warehouses. Upon the successful arrival of the aid supplies in Yunnan, we immediately used dedicated vehicles to deliver them to Jinping County. This practical action fully demonstrates our sense of mission and contributes to consolidating the achievements in poverty alleviation with strong corporate support.

Appendix

About This Report

ANE (Cayman) Inc. (hereinafter as "ANE", "the Group", or "We") hereby publishes its Environmental, Social and Governance Report ("ESG Report"), in which we disclose our sustainability practice and performance to our investors, partners, clients, employees, communities, and other stakeholders. This is ANE's third ESG report.

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95344
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Reporting Scope

This report reflects the ESG performance of ANE's headquarters and subsidiaries, with its reporting scope consistent with our annual report and our 2022 ESG report published in May 2023.

This is an annual report and covers ANE's fiscal year from January 1, 2023 to December 31, 2023 ("Reporting period"), with certain information dated from prior to this period to ensure the continuity of reporting.

Basis and Principles

This report was prepared pursuant to *Appendix C2 Environmental, Social and Governance Reporting Guide* of the Listing Rules of the Stock Exchange of Hong Kong Limited ("HKEX") and the Reporting Principles therein contained, including:

"Materiality": The ESG issues presented in this report were determined by identifying ANE's significant stakeholders, communicating with them with respect to ESG issues, and our assessment of those issues. For more information, please see the 「ESG Governance」 section.

"Quantitative": Key performance indicators ("KPIs") in respect of environmental and social issues disclosed in this report are measurable. The standard and methodology for preparing such quantitative information are also specified.

"Consistency": The scope and methodology used for this report are consistent with those used for the previous report, unless otherwise stated.

"Balance": This report aims to provide an objective, unbiased picture of ANE's ESG performance.

At the same time, this report also referred to the United Nations Sustainable Development Goals (SDGs), the Global Sustainability Standards Board (GSSB)'s *Sustainable Reporting Standards* (GRI Standards), the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and the *Hong Kong Stock Exchange's Guidance on Climate Disclosures.*

Data Sources

The data and cases presented in this report are all from the Group's formal documents, management materials and statistical reports. All currencies are shown in Renminbi ("RMB") unless otherwise stated.

Confirmation and Approval

This report was confirmed by ANE's management and then approved by ANE's Board of Directors on March 26, 2024.

Publishing Formats

This report is published in both printed and electronic forms. The electronic form is available on ANE's website (https://www.ane56.com/) and the HKEX news website (http://www.hkexnews.hk). This report is published in both Chinese and English. Where there is any discrepancy, the Chinese version overrides the English version.

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Email: ESG@ane56.com

ESG Key Performance Indicators

Business Performance Indicators

Indicator	Unit	2023	2022	2021
Revenue	million RMB	9,916	9,334	9,645
Total freight volume	million tons	12.0	12.1	12.6
Network outlets	spots	~28,000	~30,000	~29,100
Self-operated sorting centres	spots	81	136	162
Line-haul routes	lines	~2,300	~2,900	~3,100

Environmental Performance Indicators

Indicator	Unit	2023	2022	2021
Greenhouse gas emissions				
Direct (Scope 1) Greenhouse Gas Emissions	tCO_2e	424,655	448,160	363,048
Energy Indirect (Scope 2) Greenhouse Gas Emissions	tCO_2e	26,363	30,825	29,197
Total greenhouse gas emissions[2]	tCO_2e	451,018	478,985	392,245
Greenhouse gas emission intensity	tCO_2e/million RMB	45.48	51.31	40.67
Waste				
Amount of non-hazardous waste generated	tons	5,270	5,405	5,359
Non-hazardous waste emission intensity	tons/million RMB	0.53	0.58	0.56
Exhaust gas[3]				
Nitrogen oxides	tons	1,881	1,956	1,479
Sulfur dioxide	kilogram	2,573	2,731	2,239
Energy consumption[4]				
Purchased power consumption	MWh	46,226	45,636	42,988
Renewable energy use	MWh	286	153	32
Natural gas consumption	m^3	4,980	10,656	9,945
LNG	tons	3,232	3,019	2,801
Diesel consumption	tons	132,627	142,482	115,420
Direct energy consumption	MWh	1,633,957	1,715,116	1,389,379
Indirect energy consumption	MWh	46,512	45,789	43,020
Comprehensive energy consumption	MWh	1,680,469	1,760,905	1,432,399
Comprehensive energy consumption intensity	MWh/million RMB	169.46	188.64	149.92
Water consumption				
Water withdrawal from the tap/municipal water	tons	775,013	695,549	785,545
Water consumption intensity	tons/million RMB	77.64	75.34	81.44
Package consumption				
Packing tapes	tons	115.39	110.31	162.68
Stretch film	tons	22.39	24.91	40.28

[2] Scope 1 GHG contain GHG emissions from natural gas and diesel, while Scope 2 GHG contain outsourced electricity and renewable electricity from rooftop PV. Greenhouse gas accounting is presented in terms of carbon dioxide equivalent and is based on the *Guidance on Accounting Methods and Reporting of Greenhouse Gas Emissions of Land Transport Enterprises (Trial)* and *Notice on the Management of Greenhouse Gas Emissions Reporting for Power Generation Enterprises for the Period 2023-2025.*

[3] Nitrogen oxide and sulfur dioxide production were calculated with reference to Appendix II: *Guidelines on Reporting Environmental Key Performance Indicators in HKEX's How to Prepare Environmental, Social and Governance Reports.*

[4] The energy used by the group is mainly purchased electricity, renewable energy electricity, natural gas for the canteen and LNG and diesel for its own fleet; Direct energy consumption includes natural gas, LNG and diesel, while indirect energy consumption includes outsourced electricity and renewable energy generated by rooftop photovoltaic.

Social Performance Indicators

Indicator	Unit	2023	2022	2021
Employment				
Total number of full-time employees	person	3,121	3,843	4,580
Total number of part-time employees	person	21	51	100
By Gender				
Male employees	person	2,039	2,538	2,975
Female employees	person	1,103	1,356	1,705
By Age				
Under 30 years old	person	1,406	1,909	2,610
30 to 50 years old	person	1,662	1,882	1,955
Over 50 years old	person	74	103	115
By Region				
Northeast	person	115	156	210
North China	person	343	533	614
Northwest	person	109	142	164
Southwest	person	139	164	210
East China	person	1,613	1,916	2,276
South China	person	509	566	662
Central China	person	314	417	544
Employee turnover rate				
Total turnover rate	%	4.32	4.06	3.71
By Gender				
Male employees	%	4.19	3.91	3.75

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[5] The annual employee turnover rate of each category is the annual average of the monthly employee turnover rate of each category. Monthly employee turnover rate of each category = total number of employees who leave each month /((number at the beginning of the month + number at the end of the month)/2)*100%.

Indicator	Unit	2023	2022	2021
Female employees	%	4.30	4.34	3.64
By Age				
Under 30 years old	%	5.06	5.19	4.64
30 to 50 years old	%	3.39	2.78	2.39
Over 50 years old	%	5.26	3.67	2.76
By Region				
Northeast	%	4.06	4.83	2.85
North China	%	5.60	3.66	3.03
Northwest	%	4.59	3.43	3.86
Southwest	%	4.03	4.31	3.58
East China	%	4.06	4.15	3.83
South China	%	3.86	3.73	4.16
Central China	%	4.06	4.37	3.75
Training and Development[6]				
Total number of full-time employee training sessions	Number of people	2,653	37,052	34,476
Amount of training and development input	RMB10,000	644	1,163	1,097.2
Percentage trained				
By Gender				
Male employees	%	74.52	66.85	63.57
Female employees	%	25.48	33.15	36.43
By Position				
Senior management	%	0.38	11.92	/

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[6] The training data excludes departed employees. During the reporting period, due to the reform of the group's human resources system and job level adjustments, in order to implement the group's cost reduction and efficiency enhancement strategy and improve training effectiveness, we discontinued the previous all-employee training and focused on refining and optimizing training programs. This resulted in a significant decrease in both the total number of training participants and training costs.

Indicator	Unit	2023	2022	2021
Middle management	%	55.76	27.68	/
General staff	%	43.86	60.40	/
Number of training hours				
Number of training hours per employee	hours	15.33	12.48	6.5
By Gender				
Male employees	hours	17.64	12.67	6.6
Female employees	hours	11.05	12.10	6.4
By Position[7]				
Senior management	hours	133.33	18.45	/
Middle management	hours	31.56	11.30	/
General staff	hours	7.43	11.85	/
Occupational Health and Safety				
Number of work-related fatalities	person	0	0	0
Percentage of work-related fatalities	%	0	0	0
Number of working days lost due to work-related injuries	days	234	369	307
Customer Complaints				
Complaint handling centre	number of centre	40	24	20
Customer complaint rate[8]	number of complaint	461	1,294	/
Customer complaint handling rate	%	100	100	100
Customer satisfaction rate	%	97.9	96.9	91.8
Supplier Management				
Total number of suppliers	Number of supplier	266	198	112

[7] To strengthen our business operations leadership and management capabilities, we have emphasized the enhancement of mid-level and senior-level management training. This resulted in significant changes in the average training hours for employees at different levels, including senior, middle, and general staff.

[8] Here, the customer complaint rate refers to the number of customer complaints per hundred thousand transactions. It's a newly established metric by the group, combining actual operation, aiming to improve customer service quality. Therefore, historical data in 2021 is not available.

Indicator	Unit	2023	2022	2021
By Region				
North China	Number of supplier	51	31	8
Central China	Number of supplier	26	23	5
East China	Number of supplier	139	107	86
Northeast China	Number of supplier	3	2	0
Northwest China	Number of supplier	3	3	0
South China	Number of supplier	38	32	13
HK&MAC&TW	Number of supplier	5	0	0
Overseas	Number of supplier	1	0	0
By Type				
IT Class	Number of supplier	21	35	28
Operation class	Number of supplier	23	31	23
Administrative	Number of supplier	5	7	6
Labor protection supplies	Number of supplier	0	1	14
Vehicles	Number of supplier	116	102	27
Venue rental	Number of supplier	0	7	0
Business Class	Number of supplier	74	14	14
Others	Number of supplier	27	1	0
Anti-Corruption				
Completed Corruption Litigation Cases	Number of case	0	1	1

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KPI	Description	Disclosed or not	Note
A1 Emissions			
Disclosure	Information on: (a) the policies; and (b) 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.	Disclosed	Green Operation – Pollution Prevention and Control
A1.1	The types of emissions and respective emissions data.	Disclosed	Environmental Performance Indicators
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).	Disclosed	Environmental Performance Indicators
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Irrelevant	Green Operation – Pollution Prevention and Control
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Performance Indicators
A1.5	Description of emission target(s) set and steps taken to achieve them.	Disclosed	Green Operation
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.	Disclosed	Green Operation
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	Green Operation
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).	Disclosed	Environmental Performance Indicators
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Performance Indicators
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	Green Operation
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.	Disclosed	Green Operation
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Disclosed	Environmental Performance Indicators
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Disclosed	Green Operation
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Green Operation
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.	Disclosed	Green Operation – Climate Change
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.	Disclosed	Green Operation – Climate Change
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compe diversity, anti-discrimination, and other benefits and welfare.	Disclosed	Work Together
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Disclosed	Work Together – Employee well-being Social Performance Indicators
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Social Performance Indicators
B2 Health and Safety			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	Work Together – Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Social Performance Indicators
B2.2	Lost days due to work injury.	Disclosed	Social Performance Indicators

KPI	Description	Disclosed or not	Note
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Work Together – Health and Safety
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Work Together – Developing Talent
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Work Together – Developing Talent Social Performance Indicators
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Work Together – Developing Talent Social Performance Indicators
B4 Labour Standards			
General Disclosure	Information on:(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	Work Together – Employee well-being
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	Work Together – Employee well-being
B4.2	Description of steps taken to eliminate violations when discovered.	Disclosed	Work Together – Employee well-being
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Efficient LTL – Win-win Operation
B5.1	Number of suppliers by geographical region.	Disclosed	Efficient LTL – Win-win Operation Social Performance Indicators
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.	Disclosed	Efficient LTL – Win-win Operation
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	Efficient LTL – Win-win Operation
B5.4	Description of practices used to promote environmentally preferable products and services, and how they are implemented and monitored.	Disclosed	Efficient LTL – Win-win Operation

KPI	Description	Disclosed or not	Note
B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	Corporate Governance – Information Security Efficient LTL – Quality Service
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Irrelevant	Efficient LTL – Quality Service
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	Efficient LTL – Quality Service
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Efficient LTL – Intelligent Logistic
B6.4	Description of quality assurance process and recall procedures.	Disclosed	Efficient LTL – Quality Service
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Corporate Governance – Information Security
B7 Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Corporate Governance – Business Ethics
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.	Disclosed	Social Performance Indicators
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	Corporate Governance – Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	Corporate Governance – Business Ethics
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.	Disclosed	Sustainable Society
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	Sustainable Society
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Sustainable Society

Readers Feedback Form

Thank you for reading the Group's 2023 ESG Report. In order to better improve the Group's ability and level of ESG management, the Group would welcome any feedback or suggestions you might have about this Report.

How would you rate the Group's 2023 ESG Report?

☐ Extremely Satisfied ☐ Very Satisfied ☐ Satisfied ☐ Less Satisfied ☐ Not Satisfied

Please rate the effectiveness of this Report in reflecting the economics, social and environmental impact the Group has brought about through its ESG practices.

☐ Excellent ☐ Good ☐ Fair ☐ Poor ☐ Terrible

How would you rate the clarity, accuracy and completeness of the information, data and indicators this Report has disclosed?

Clarity	☐ Extremely Satisfied	☐ Very Satisfied	☐ Satisfied	☐ Less Satisfied	☐ Not Satisfied
Accuracy	☐ Extremely Satisfied	☐ Very Satisfied	☐ Satisfied	☐ Less Satisfied	☐ Not Satisfied
Completeness	☐ Extremely Satisfied	☐ Very Satisfied	☐ Satisfied	☐ Less Satisfied	☐ Not Satisfied

Do you find this Report in easy-to-read contents and formatting?

☐ Yes ☐ Neutral ☐ No

What other information or content would you like to obtain in this report:

Feel free to share any comments or suggestions you may have on the Group's ESG work and this Report:

You can fill out the feedback form and send this form to any of the following:
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