



中國外運

中國外運股份有限公司  
SINOTRANS LIMITED

Stock Code: 00598HK 601598SH



**BECOMING A WORLD-CLASS  
INTELLIGENT LOGISTICS  
PLATFORM ENTERPRISE**

**2024**

**Environmental, Social and  
Governance Report**

# About the Report

The Report is the 11th Environmental, Social and Governance Report (hereinafter referred to as the "Report") published by Sinotrans Limited (hereinafter referred to as "Sinotrans", the "Company", "we", "our" or "us", together with its subsidiaries, collectively the "Group"). The Report aims to objectively and fairly reflect the strategy, practice and performance of Sinotrans in respect of issues related to environmental protection, social responsibility and corporate governance, and to systematically respond to the expectations and concerns of stakeholders.

## REPORTING SCOPE

The Report covers the same scope as the annual financial report (the "Annual Report") of the Company. The Report covers the period from 1 January 2024 to 31 December 2024 (hereinafter referred to as the "Year" or the "Reporting Period") and certain contents may reasonably be retrospectively and extended in order to maintain the completeness, consistency and comparability of the information.

## BASIS OF PREPARATION

The Report has been prepared in accordance with Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial) (《上海證券交易所上市公司自律監管指引第14號 – 可持續發展報告(試行)》) issued by the Shanghai Stock Exchange (hereinafter referred to as the "SSE") and the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange").

The following basic principles are adopted during the preparation of the Report:

- **Materiality:** The Group carries out double materiality assessment by consulting with stakeholders about their concerns and expectations in terms of the Group's ESG issues, and the Board of Directors identifies and discusses in the Report the relevant issues that have a significant impact on the Company's stakeholders.
- **Quantitative:** Where applicable, key performance indicators should be quantifiable and disclosed, with targets to reduce individual impact, so that the benefits of ESG policies and management systems can be assessed and verified.

- **Balance:** The Report aims to present the Group's ESG performance in a fair and impartial manner so as to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.
- **Consistency:** The Report uses consistent disclosure statistics methods to enable meaningful comparisons of ESG data.

## DATA AND INFORMATION

The data and information contained in the Report include official documents, internal data and statistics of the Group, stakeholder questionnaire, publicly available information and third-party surveys and interviews, etc. The financial data involved in the Report is consistent with those in the Group's 2024 annual financial report. If there is any discrepancy of data, the Annual Report shall prevail. Unless otherwise stated, all currency amounts involved in the Report are presented in RMB.

## READER ACCESS MODELS

The Report is published in electronic form in Simplified Chinese, Traditional Chinese and English, and the Simplified Chinese version shall prevail in case of any discrepancy. Readers and all stakeholders can access the Report at the Group's official website ([www.sinotrans.com](http://www.sinotrans.com)), the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## RELIABILITY ASSURANCE

The Report was approved by the Board of Directors of Sinotrans on 25 March 2025. The Board is responsible for the authenticity and validity of the information contained herein, and guarantees that the information contained in the Report does not contain any false representations, misleading statements or material omissions.

## FEEDBACK FROM READERS

If you have any comments or suggestions about the Report, please contact the Company through the following channels.  
Address: China Merchants Plaza Tower B, Building 10, No.5 Anding Road, Chaoyang District, Beijing  
Tel: (86)10-5229 5721





### 3 Message from the Board

### 5 I. About the Group

- (i) Overview
- (ii) Key Performance Overview
- (iii) Sustainability-related Honors

### 9 II. Highlights of the Year

- (i) Highlight I: Green Development
- (ii) Highlight II: Digital Intelligence Empowerment

### 15 III. Governance for Sustainable Progress

- (i) Sustainability Governance
- (ii) Communication with Stakeholders and Materiality Analysis
- (iii) Sustainable Development Strategies

### 23 IV. Compliance Government: Building a Foundation for Sustainable Growth

- (i) Improve the Governance System
- (ii) Strengthen Compliance and Risk Management
- (iii) Business Ethics and Anti-Corruption
- (iv) Combating Unfair Competition

### 39 V. Full-Chain Connectivity: Co-Creating a Green Ecosystem

- (i) Compliance with Environmental Regulations
- (ii) Supporting Carbon Neutrality
- (iii) Efficient Resource Utilisation
- (iv) Enhancing Ecological Protection

### 55 VI. Innovation Oriented: Forging a Resilient Supply Chain

- (i) Driving the Transformation of Digital Intelligence
- (ii) Providing High-Quality Customer Service
- (iii) Strengthening Transportation Capacity Guarantee
- (iv) Data Security and Privacy Protection
- (v) Assisting Small and Medium-Sized Enterprises in Achieving High-Quality Development

### 69 VII. People-Centric Approach: Empowering Employees for Shared Success

- (i) Create a Diverse, Equitable, and Inclusive Work Environment
- (ii) Supporting Employees' Career Development
- (iii) Employee Rights Protection and Care
- (iv) Protecting Employee Health and Safety

### 79 VIII. Enhancing Livelihoods: Building a Harmonious Society Together

- (i) Contributing to the Revitalization of Villages
- (ii) Bravely Shouldered Social Responsibilities

### 84 APPENDICES

- Schedule I ESG Data
- Schedule II Index of the Guidelines for Sustainable Development Reporting Issued by the SSE
- Schedule III Index of Environmental, Social and Governance Reporting Guide issued by the Stock Exchange



# Message from the Board

## Dear shareholders, business partners and all our stakeholders,

The world is undergoing profound upheavals unseen in a century, marked by weakening momentum in the global economic recovery and intersecting climate crises and geopolitical tensions. Against this backdrop, China's economy showed sustained resilience and growth potential in “seeking progress while maintaining stability”. At Sinotrans, we remain steadfast in our mission to “create a logistics ecology system connecting the world”, and always push ourselves to live up to the grand vision of “building a world-class intelligent logistics platform enterprise”. We have the green, low-carbon and sustainable development philosophy embedded in our operation DNA, endeavouring to drive industry transformation through innovation while carrying our responsibilities to advance ethical business practices, and to resolutely pursue high-quality development. Through this Report, the Board of Directors, on behalf of Sinotrans Limited, aims to present our progress and commitments in sustainable development to all partners invested in our journey.

### Guided by strategic vision, we are reshaping the value chain of the industry with the new carrier model.

In the face of the challenge of the in-depth restructuring of the global supply chain, Sinotrans accelerated the development of the “new carrier” model and continued to promote the transformation of its logistics services towards greening, intelligence and globalization. We have restructured the entire logistics chain with digital technology, accelerated the formation of new quality productivity in logistics, optimized the global supply chain network, and constantly improved our end-to-end supply chain management capability, thus helping enhance the resilience of global industrial and supply chains with efficient and sustainable logistics solutions. We have participated in major regional development strategies such as the Northeast Land-sea Corridor (東北陸海大通道), the New Western Land-sea Corridor (西部陸海新通道) and the Golden Waterway along Yangtze River (長江黃金水道), and steadily promoted the deployment of resources in Southeast Asia, the Middle East, Latin America and other areas, to provide sound support for the globalization of enterprises.

### Going green and low carbon, we are creating a zero-carbon future through technological innovation.

Sinotrans is always committed to becoming “a practitioner and innovator in the construction of a green logistics ecosystem”. In respect of the application of green technology, we have built the first internationally certified carbon footprint calculator in China's logistics industry, which enables the traceability, accounting and optimization of carbon emissions throughout the logistics process. The calculator had been invoked for over 4.3 million times throughout the year, helping customers accurately quantify their carbon emissions and formulate emission reduction plans, and was certified by the Global Logistics Emission Council (GLEC) as one of the first intelligent freight transportation centers in China. Focusing on green logistics solutions, we have completed the first international freight train and the first international sea freight transport “end-to-end” carbon-neutral projects, with a number of projects awarded with international standard certifications and the “verification statement of achievement of carbon neutrality”, thus playing a leading role in the industry and contributing to the development of green productivity. In respect of industry leadership, we hosted the second “Green Logistics and Supply Chain Development Conference” and took the lead in the establishment of three national standards and three industry standards, thereby promoting the development of green logistics from an enterprise practice into an industry consensus.

### Empowered by digital technologies, we are building a world-class intelligent logistics platform.

Technological innovation plays a key role in promoting the upgrading and sustainable growth of the industry. In 2024, Sinotrans comprehensively advanced the implementation of its digitalization strategy, accelerated the application of intelligent technologies along the entire logistics chain, promoted the construction of an intelligent logistics system, enhanced operational efficiency, optimized customer experience, and facilitated cost reduction and efficiency improvement throughout the industry. The Company has accumulated 230 patents and 428 software copyrights, and has made breakthroughs with respect to the new model of “AI + Logistics”. Relying on cutting-edge technologies such as big data, artificial intelligence and the Internet of Things, we have continued to optimize our intelligent scheduling system and visualized supply chain management system to achieve a transparent end-to-end management of the entire supply chain, improve the efficiency of logistics operation, promote the efficient allocation of logistics resources, and enhance the ability of flexible supply chain management.

### **Carrying responsibilities, we are advancing ethical business practices with practical actions.**

Sinotrans always believes that the value of an enterprise lies not only in its commercial success, but also in its contribution to the well-being of society. In confronting emergent disasters, we activated the public emergency logistics platform under the “Disaster Relief Express” program on 32 occasions, deploying vehicles across 26,000 kilometers to deliver 13,000 parcels (or 195 tons) of relief materials to disaster areas in Guangdong and Guangxi in a timely manner, thus establishing vital lifelines for disaster response. In addition, we actively participated in public welfare education. For instance, we organized the “Borderland Youth's Dreams Coming True in Beijing” public welfare activity, which lit up the dream journey for the children of border guards from Artux City, Kizilsu Kirghiz Autonomous Prefecture, Xinjiang. We also organized the “C ME FLY Overseas Logistics Exploration Camp for Young Minds” public welfare activity in China, Laos and Thailand to cultivate young people's perception of the logistics and transportation industry and deepen their understanding of sustainable development. In respect of talent development, we adhere to the “people-oriented” principle and optimize our career development system on an ongoing basis, offering multi-level training to help our staff enhance their professional competence in cutting-edge areas such as intelligent logistics and green logistics. Moreover, we actively promote diversity and inclusiveness, and endeavor to create a fair, impartial, and respectful working environment to stimulate corporate vitality and innovation.

### **To build the foundation, we are escorting the long-term development with transparent and compliant governance.**

Excellent governance is the foundation of sustainable development of an enterprise. In 2024, we formulated/revised more than 20 rules and regulations on corporate governance to perfect the corporate governance system on an ongoing basis. We also adjusted the setup of the Strategy and Sustainable Development Committee and emphasized its ESG governance duties to ensure the implementation of the sustainable development strategy. The Company was awarded the highest rating A in Shanghai Stock Exchange's evaluation for the fourth consecutive year, and received a number of titles such as the “Best Practice of the Secretary to the Board of Directors of Publicly Listed Companies” from the Chinese Association of Listed Companies.

We advance triumphantly, undeterred by distance; we ascend with momentum, unbounded by time. Every stride forward by Sinotrans embodies the collective ingenuity of our staff, the steadfast trust of our customers and partners, and the aspirations of society at large. Moving ahead, we will remain steered by our “new carrier” model and propelled by our commitment to sustainability, to collaborate with you in fostering a green, intelligent and symbiotic logistics ecosystem amidst the great global transformation. Together, we will propel the global logistics industry into a new era of higher-quality and more sustainable development!

Board of Directors of Sinotrans Limited  
March 2025

# I. About the Group

## (I) OVERVIEW

### 1. Corporate Profile

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

With the vision of building a world-class intelligent logistics platform enterprise, Sinotrans adheres to the corporate mission of "creating a logistics ecology system connecting the world to successfully promote industrial progress". Focusing on customer needs and industry trends, Sinotrans keeps improving its global service network, and devotes itself to providing customers with end-to-end supply chain solutions and services covering the whole process. By virtue of its professional logistics capability, Sinotrans was ranked second in the world and first in Asia in terms of sea freight forwarding service, and fifth in the world and first in Asia in terms of air freight forwarding service, according to the latest list released by Armstrong & Associates, Inc. in 2024.

Across evolving market dynamics and economic fluctuations, we have maintained unwavering dedication to advancing ethical business practices. While expanding our operational footprint, we prioritize sustainable development as an integral component of our corporate development strategy. In this connection, ecological and environmental protection, social responsibility fulfillment and corporate governance enhancement are systematically implemented throughout our business chain. Through continuous refinement of the management system and deepening of exploration, we are pioneering innovative pathways to achieve holistic high-quality growth of the Company.

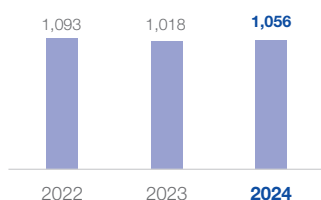
### 2. Principal Business

In order to meet the diversified needs of its customers, Sinotrans integrates its strengths in transportation capacity and resources consolidation capability, actively promotes technological innovation and business model innovation, and develops the "new carrier" model in a comprehensive manner to provide customers with customized professional logistics solutions and integrated supply chain logistics services covering the whole process. The Company has formed three core business segments, namely logistics, forwarding and related business, and e-commerce business.

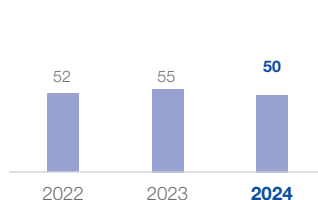
## (II) KEY PERFORMANCE OVERVIEW

### 1. Economic performance

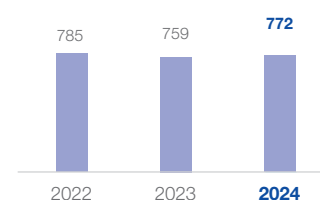
 Revenue (RMB hundred million)



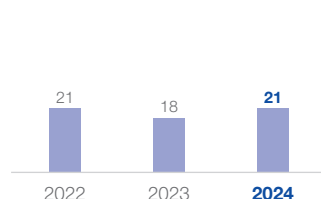
 Total Profit (RMB hundred million)



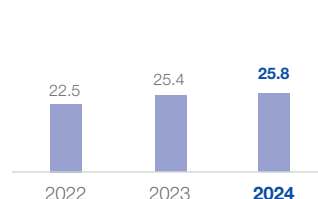
 Total Assets (RMB hundred million)



 Cash Dividend  
(Tax inclusive) (RMB hundred million)

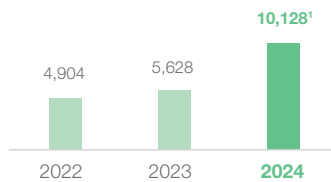


 Total Tax Contribution  
(RMB hundred million)

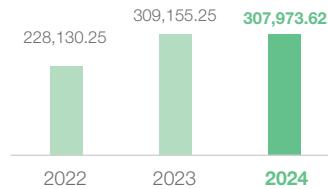


## 2. Environmental performance

Environmental Protection Investment (RMB ten thousand)

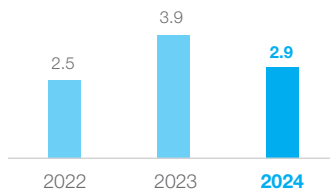


Greenhouse Gas Emissions (Scope 1+Scope 2) (tons of CO<sub>2</sub>e)<sup>2</sup>

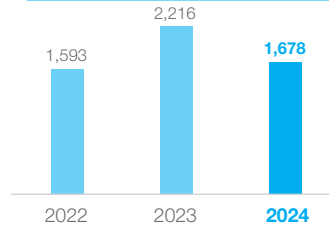


## 3. Social performance

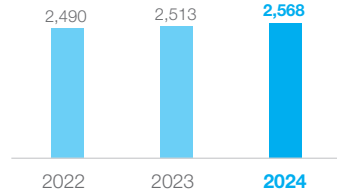
Total Investment in R&D (RMB hundred million)



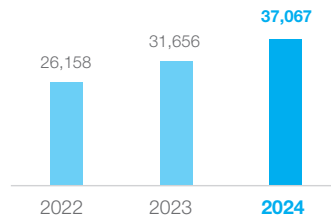
Total Investment in Public Welfare and Poverty Alleviation (RMB ten thousand)



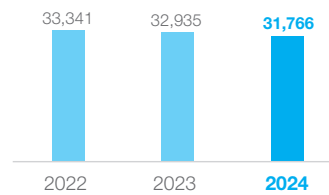
Hours of Charitable Activity (hours)



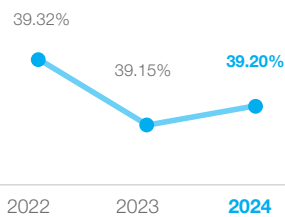
Number of Suppliers (number)



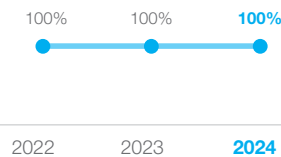
Number of Employees (person)



Proportion of Female Employees

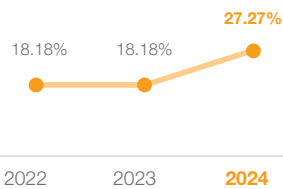


Coverage Rate of Employee Training

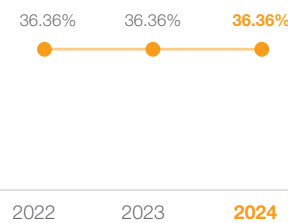


## 4. Governance performance

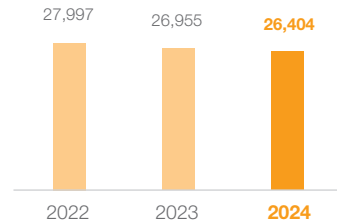
Proportion of Female Directors



Proportion of Independent Directors



Attendance of anti-corruption themed training



<sup>1</sup> The increase in environmental protection investment in 2024 was mainly for new energy equipment upgrading and technological renovation.

<sup>2</sup> Data that has been newly included in the statistics scope ever since 2023 covers KLG, an overseas subsidiary of the Group, and the four shipping enterprises newly merged into the Group in 2023.

### (III) SUSTAINABILITY-RELATED HONORS

	Carbon Disclosure Project (CDP) <b>B Rating<sup>3</sup></b>		
<b>Awarded AA in Wind ESG rating and “Wind’s Top 100 Chinese Listed Companies with Best ESG Practices in 2024”</b>	Shanghai Stock Exchange <b>Awarded the highest rating A for the fourth consecutive year</b>	U.S. Green Building Council <b>LEED Platinum Certification<sup>4</sup></b>	China Federation of Logistics & Purchasing <b>2024 CFLP Scientific and Technological Progress Award – First Prize (Provincial and Ministerial Level)</b>
			
Chinese Association of Listed Companies <b>Best Practice of the Office of the Board of Directors of Publicly Listed Companies</b> <b>Best Practice of the Secretary to the Board of Directors of Publicly Listed Companies</b>	Chinese Association of Listed Companies <b>Best Practice of Sustainable Development of Publicly Listed Companies in 2024</b>	China Information Industry Association <b>Innovation Award in Data Element Application – Second Prize</b>	Securities Times <b>Top 100 Most Valuable Listed Companies in China in terms of ESG</b>
			
China Shipping Gazette <b>Top 30 Innovative Cases in the Port and Shipping Logistics Industry for 2024</b>	SGS-CSTC Standards Technical Services Co., Ltd. (SGS) <b>Green Low-Carbon Logistics Management System - Gold Grade, Award for Excellent Contribution to Sustainability</b>	China Logistics Times and Organizing Committee of China International Logistics Festival <b>2024 Logistics Supply Chain Management Innovator Award, TOP100 Brands Winning the “Golden Pegasus Award” for Logistics Industry in China, Top10 Green Logistics Enterprises for 2024</b>	

<sup>3</sup> CDP rating (B Rating) at the forefront of global logistics enterprises, surpassing the average global rating (C Rating).

<sup>4</sup> All warehouses in the Chengdu Qingbaijiang Park of Sinotrans and warehouses 3, 5, and 6 in the Chengdu Longquan Park have successfully obtained LEED Gold Certification, while warehouses 2 and 4 in the Chengdu Longquan Park have been awarded the higher-level LEED Platinum certification.

		
<p>Transport Logistic China <b>TOP50 Intelligent Logistics Awards (Integrated Logistics Services)</b></p>	<p>GuanCha.cn <b>2024 ESG Model Company ESG Amidst High-Quality Development Best Humanistic Care Award</b></p>	<p>Sub Committee for Freight Industry of China Federation of Logistics &amp; Purchasing <b>Public Welfare Enterprise of the Year</b></p>
		
<p>Ernst &amp; Young <b>Award for Best Performance in Sustainability Outstanding Enterprise for 2024</b></p>	<p>China Logistics &amp; Purchasing (magazine house) <b>2024 Innovation Demonstration Enterprise for Logistics Industry and Chairman Unit of China Federation of Logistics &amp; Purchasing</b></p>	<p>51job, Inc. <b>Distinguished Employers for 2025<sup>5</sup></b></p>

<sup>5</sup>

The "2025 Outstanding Award in Human Resource Management" was awarded in recognition of Sinotrans' performance in the year 2024.

## II. Highlights of the Year

### (I) HIGHLIGHT I: GREEN DEVELOPMENT

Under the general trend of green transformation in the logistics industry, Sinotrans is committed to positioning itself as a “practitioner and innovator in the construction of a green logistics ecosystem”. Driven by its Digital and Green Transformation (數字化+綠色化) Initiatives, Sinotrans actively explores technological applications and innovative business models for more eco-friendly logistical operations, continues to advance its green and low-carbon initiatives, delivering comprehensive green logistics solutions with high added value to customers and supporting sustainable, low-carbon growth of the whole logistics sector. To date, Sinotrans’ journey in green logistics development has undergone three stages:



#### Initial Exploration (2007-2021)

In 2007, Sinotrans proposed in collaboration with logistics peers to vigorously promote the green logistics system, which ushered in the new journey of green logistics.



#### System Construction (2022-2023)

In October 2022, Sinotrans announced the Strategic Plan for Carbon Peaking and Carbon Neutrality, marking a new chapter in the path of green logistics. **Sinotrans’ commitment to carbon peaking and carbon neutrality: the whole organisation is to achieve carbon peaking by 2030 in the course of business operation, with carbon intensity in 2030 to decrease by 30% from the level of 2020, and strives to realise carbon neutrality by 2060.**

In 2023, Sinotrans published the Green Logistics White Paper, which expounded its insights into industry development and systematic reflection on its own transformation and upgrading. To advance all-pronged green transformation, Sinotrans provided five key solutions: Green Logistics Supply Chain, Green Logistics Digitalisation, Green Logistics Energy Management, Green Logistics Carbon Management, and Green Logistics Carbon Inclusion.



#### Enhanced Practice (2024 up to date)

In 2024, the Group prioritised the five key green logistics solutions, and worked closely with partners across the supply chain to drive meaningful implementation, seamlessly integrating green technologies and solutions into real-world applications such as transportation, warehousing and industrial parks, thereby continuously advancing the transition toward sustainable and low-carbon business practices.

## 1. Green Logistics Energy Solution

By adjusting the energy structure and promoting projects and technologies of photovoltaic power generation, advanced refrigeration system and green refrigerants, this solution is designed to reduce energy consumption and greenhouse gas emissions.



### Sinotrans' First Green and Intelligent Port Accredited with ISO14068 Carbon Neutrality Verification Certificate

Jiangmen High-Tech Port, operated as a subsidiary of the Group, has been awarded a carbon neutrality verification statement certificate, a milestone signifying that Jiangmen High-Tech Port has achieved organisational-level carbon neutrality in compliance with the ISO14068 standard, marking it the first port of Sinotrans honoured with this prestigious certification.

Strictly following the ISO14068 standard, Jiangmen High-Tech Port conducts thorough carbon audit and verification within its organisational boundaries, establishes green, low-carbon and emission reduction goals, plans and programmes, and adopts a range of strategies to reduce carbon footprint, including transitioning to clean energy, upgrading technologies and promoting network-wide operational control, in addition to offsetting the remaining carbon emissions by purchasing Verified Carbon Standard (VCS) credits, thus achieving "carbon neutrality". Further, Jiangmen High-Tech Port has been honoured as "Green Logistics Pioneer Enterprise" by Green Branch of China Federation of Logistics and Purchasing.



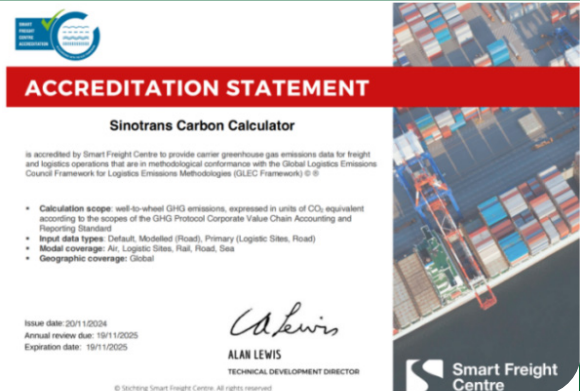
## 2. Green Logistics Carbon Management Solution

With carbon footprint visualisation tools, carbon accounting technologies and the carbon data management platform, this solution performs data collection, monitoring, analysis and visualised management for carbon emissions, facilitating efficient allocation of carbon resources and achieving targeted carbon reduction objectives.



### Sinotrans Carbon Footprint Calculator among the first Chinese participants recognized with GLEC Accreditation

In the field of green logistics, Sinotrans develops the first carbon footprint calculator available for China's logistics industry that complies with international certification systems, bases on order-by-order measurement and covers all scenarios, to support accurate calculation of "4 transportation methods + 3 logistics site categories + intermodal transport", facilitating comprehensive carbon footprint tracking throughout the logistics service continuum. With over 4.3 million invocations annually, the solution has earned accreditation from the Global Logistics Emissions Council (GLEC), standing among the first Chinese recipients of this distinction.



## 3. Green Logistics Supply Chain Solution

By consolidating resources across the supply chain, leveraging clean energy and cutting-edge technologies, and adopting transportation modes with reduced energy use and emissions, this solution drives the shift from conventional logistics to sustainable, low-carbon operations, ensuring energy efficiency and emission reduction across every stage of the supply chain.



### Sinotrans "End-to-End" Carbon Neutrality Initiative for International Freight Trains

To advance green, low-carbon practices, Sinotrans achieved a significant milestone on 11 May 2024, as its pilot project was officially certified with a "Carbon Neutrality Achievement Verification Statement". This accomplishment highlights Sinotrans' success in its first "end-to-end" carbon neutrality project for international freight trains, and also signifies that Sinotrans has pioneered integrated services in the international logistics sector, providing customers with comprehensive solutions of "sustainable planning, low-carbon operation, and zero-carbon transformation".



#### 4. Green Logistics Digitalisation Solution

Leveraging advanced technologies such as electronic documentation and smart data analytics, this solution streamlines logistics data integration and automates processes to boost operational efficiency and cut costs, driving the growth of green logistics through digital tools.



Case

#### Sinotrans' construction of hydrogen corridor and first success in accurate measurement of carbon emissions from hydrogen-powered road transport

In 2024, Sinotrans vigorously advanced the commercialization of hydrogen energy transportation in the Yangtze River Delta, exploring hydrogen energy solutions tailored to diverse scenarios. By leveraging intelligent operations and visual monitoring, the solutions integrated Sinotrans' carbon footprint calculator, quantifiable hydrogen emission factors, operational systems and data as well as in-vehicle systems and data to enable logistics visualization, precise calculation of energy consumption and carbon emissions at the order level and quantification of the emission reduction benefits of green transportation, providing data-driven commercialization pathways for hydrogen logistics, comprehensively supporting the Group in building low-carbon supply chains.

#### 5. Green Logistics Carbon Inclusion Solution

The solution establishes a carbon inclusion system that quantifies and assigns values to individuals' efforts in energy conservation and carbon reduction, and connects with third-party platforms for mutual recognition of carbon credits under the support of carbon credits-based incentive mechanism, thereby encouraging employees and the public to engage in green initiatives, exploring carbon inclusion assets and then bridging them with the carbon trading market, thus inspiring collective actions towards green logistics and lower carbon footprint.



Case

#### C ME FLY Overseas Logistics Exploration Camp for Young Minds

With the public spirit, "C ME FLY Overseas Logistics Exploration Camp for Young Minds" sponsored by Sinotrans sets out on the journey from in October 2024. Combining the vision of "green logistics ecosystem practitioner and innovator" with the ethos of "sustainable travel" and based on Sinotrans Carbon Footprint Calculator, the camp engages youngsters in measuring the carbon emissions of their activities through the design of carbon footprint cards, allowing them to offset carbon footprint by purchasing SAF (Sustainable Aviation Fuel) and VCS (Verified Carbon Standard) (both being carbon credits), creating a low-carbon exploration experience. The camp, recognised with a "Carbon Neutrality Achievement Verification Statement", embarks on an enlightening path for "carbon neutrality" logistics exploration.



## (II) HIGHLIGHT II: DIGITAL INTELLIGENCE EMPOWERMENT

Sinotrans aligns its business development with industry trends, persistently deploying cutting-edge technologies to boost business value. Through technological innovation, organizational transformation, and the application of next-generation technologies, the Company steadily improves workforce efficiency and enhances operational and delivery quality. Concentrated on order management and technological empowerment, Sinotrans links and collaborates with customers to enhance their experience and strive to provide more diverse and differentiated logistics services, thereby bolstering operational safety and management capabilities of the whole supply chain.

In 2024, the Group actively explored the construction of a new “AI + Logistics” model in the field of smart logistics, focusing on the research and application of pan-AI technologies, including AI large models and digital intelligence technologies across the entire logistics service process, which has resulted in a series of achievements, including the development of self-controllable digital intelligence technological service capabilities covering various scenarios.

### 1. Marketing services



#### **AI + Sales:**

We have developed and launched an AI-empowered business solution generator to support automatic industrial solution creation, enabling our sales teams to quickly process business materials based on the overall logistics resources of Sinotrans, significantly improving service efficiency and quality.

### 2. Customer services



#### **Digital Online Services:**

We have launched a one-stop online service platform known as “Sinotrans Guaranteed Delivery (外運必達)” for corporate customers, leveraging digital intelligence to offer self-service options such as paperless bill of lading replacement, bill of lading application, electronic EIR, USD electronic payments, and container yard/terminal/warehouse pickup and delivery reservations through web portals and WeChat mini-programs in 2024, offering 24/7 uninterrupted self-service for our customers.

### 3. Documentation services



#### **AI + Documentation Processing:**

We have developed a logistics document processing system known as “Logistics Documents Hub(物流單證通)” equipped with logistics expertise and document understanding capabilities based on our proprietary intelligent document processing platform, focusing on overcoming the technical challenges of handling small, scattered, and diverse documents from long-tail customers, where identification difficulty is significant and accuracy is low. The system is now capable of processing over 15 million documents annually through automated services.

## 4. Cargo storage



### AI + Inventory Management:

Leveraging AI visual recognition, AGV navigation, and control technologies, we have developed an intelligent, unmanned inventory management solution, which utilizes visual perception, optimization, and control systems to achieve comprehensive recognition of cargo attributes and rapid identification, significantly enhancing inventory efficiency. It is expected to increase operating efficiency by 4 to 5 times, save RMB500,000 to 1 million in labor costs annually, and improve warehouse operational efficiency by 30% to 50%. By 2024, this solution has been widely applied in multiple projects across Sinotrans' operational regions and specialized subsidiaries.

### AI + Inbound Operations:

By converting manual forklifts into smart forklifts, we have achieved automated data collection of cargo barcode information for efficient record-keeping. 3D radar positioning modules are now installed on top of our forklifts, enabling real-time environmental scanning and high-precision localization. This allows automatic locking of cargo storage locations without manual scanning, enabling seamless cargo information entry and management. Additionally, the in-vehicle terminal provides real-time navigation within the warehouse, assisting drivers in accurately determining locations and distances. This solution has already been applied in three subsidiaries of Sinotrans, covering six regions and four industries.

### AI + Receiving and Shipping:

Our self-developed Cargo Recognition System known as "Smart Goods Identifier (識貨寶)" is based on visual recognition and multi-sensor fusion technology, which automates and intellectualizes the receiving and shipping process. By integrating hardware and software for cloud-end collaboration, it quickly identifies cargo specifications, quantities, batches, and labels in special scenarios, ensuring accurate record-keeping. This system has been applied in multiple industries such as electronics, fast-moving consumer goods, and tires, improving warehouse operational efficiency by 2 times and recognition accuracy by 99% or higher.

## 5. Freight transportation



### AI + Transportation:

Sinotrans further advanced the commercialization of autonomous driving technology by optimizing the route network and innovating application scenarios. By the end of 2024, Sinotrans has been unrelentingly advancing the commercial application of autonomous driving on highways in the Pearl River Delta-Yangtze River Delta-Shandong Economic Corridor, with a cumulative mileage of 2.428 million kilometers. In January 2024, it was approved as the first cross-provincial intelligently-connected heavy truck demonstration application on the Jing-Jin-Tang (京津唐) Highway and officially launched commercial operations. Additionally, we have successfully launched China's first large-scale self-driving electric container truck application in a mixed traffic scenario at Jiangmen High-Tech Port, representing a significant breakthrough in container transportation technology at inland terminals.

### AI + Dispatch:

The development and application of the Wendao Intelligent Dispatch System (問道智能調度系統) has reduced the working time of dispatchers by over 70% and lowered costs by an average of 3.13%. Furthermore, intelligent dispatch can help customers optimize their inventory planning.

## 6. Office management



### AI + Office Management:

We have launched an industry-wide general knowledge Q&A management platform for the logistics sector, providing users with Retrieval-Augmented Generation (RAG) solutions to help our business units quickly develop AI-based question and answer services tailored to their specialized knowledge.

# III.

## Governance for Sustainable Progress

The Company is steadfastly refining its governance framework for sustainable development, enhancing its structural efficiency, and bolstering strategic coordination and effective implementation. By employing informed decision-making and fine management practices, and fostering profound partnerships with stakeholders, it accurately identifies opportunities and challenges, and ensures steady advancement of the sustainability strategy, underpinning Sinotrans' commitment to high-quality development and long-term value creation.

### Topics Covered in This Chapter:

**Due Diligence, Communication with Stakeholders**



### United Nations Sustainable Development Goals:

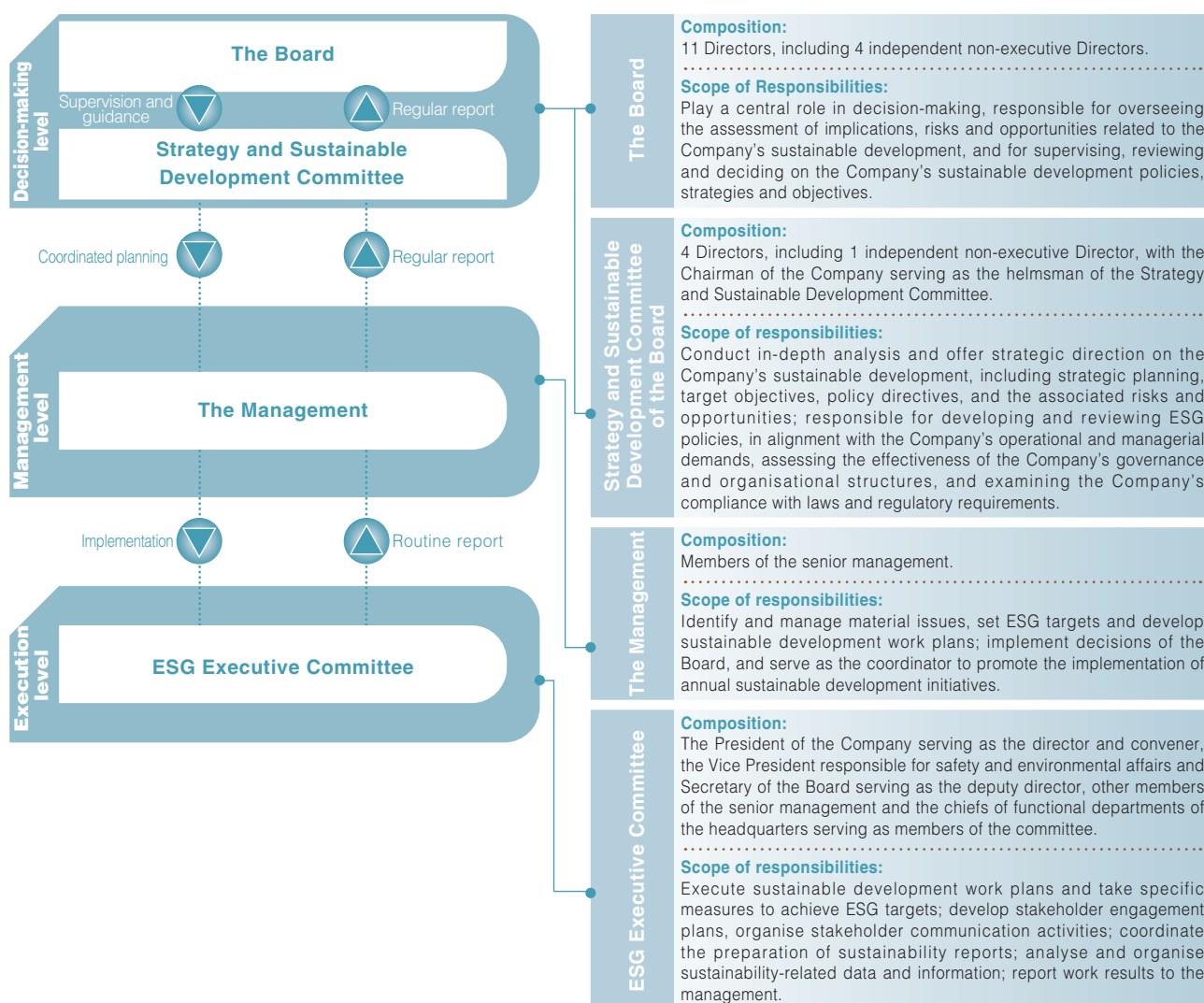


## (I) SUSTAINABILITY GOVERNANCE

Dedicated to the sustainability philosophy, Sinotrans continuously enhances the sustainable development management system, constructs a sophisticated governance framework and a scientific governance mechanism, identifies implications, risks and opportunities related to sustainability through close communication with both internal and external stakeholders, with particular attention to adverse or negative impacts on community and environmental aspects concerning the Company and its subsidiaries, and devises a suite of tailored strategic measures, thereby guaranteeing that the sustainability initiatives are executed in a standardised, effective and well-organised fashion.

### 1. Sustainability governance structure

In a strategic move to amplify the core role of the Board in advancing the Company's sustainable development and to weave sustainability considerations into the fabric of corporate governance, the Company, in 2024, renamed the "Strategy Committee" as the "Strategy and Sustainable Development Committee", entrusting it with the responsibility of considering the Company's development strategies from the perspective of sustainability. This initiative has formally instituted a three-tier governance framework of "decision-making level – management level – execution level" that encompasses the Board, the Strategy and Sustainable Development Committee, the management and the ESG Executive Committee. This framework fosters a synergistic organizational model that vertically unites different tiers and horizontally facilitates functional collaborations, thereby cementing a robust organisational foundation for the Company's sustainable development<sup>6</sup>.



<sup>6</sup> The information regarding the Company's directors provided in this report is accurate as of 31 December 2024.

## 2. Sustainability governance mechanism

The Company has formulated the Environmental, Social, and Governance Management Policy, establishing an ESG management framework, defining ESG working principles, organisational responsibilities and outlining procedures for daily management and oversight, thereby ensuring systematic and effective execution of ESG initiatives.

In 2024, the Company amended the Procedural Rules for the Strategy and Sustainable Development Committee under the Board of Directors, which has incorporated the agenda items pertinent to sustainable development and explicitly required the Strategy and Sustainable Development Committee to provide professional advice to the Board. The Strategy and Sustainable Development Committee convenes at least one meeting annually to review the annual sustainability report, material issues, key sustainable development work plans and other relevant matters.

To further promote and incentivize sustainable development, the Group has integrated sustainability performance metrics into the corporate-level performance evaluation framework, directly tying them to executive compensation. The overarching sustainability goals are broken down into specific targets and embedded into the annual priorities of both headquarters departments and subordinate units. Performance-based rewards and consequences are applied based on annual reviews, ensuring successful execution of the sustainability objectives.

## (II) COMMUNICATION WITH STAKEHOLDERS AND MATERIALITY ANALYSIS

### 1. Communication with stakeholders and response

We recognise the paramount importance of stakeholder opinions and expectations in shaping the Company's business and growth. Consequently, the Group is committed to fostering robust relationships with a diverse array of stakeholders, including customers and investors, suppliers and business partners, employees, government and regulatory agencies, and other stakeholders.

Sinotrans has formulated and implemented systems such as the Administration Policies on Information Disclosure, the Investor Relations Management Framework and etc., establishing a regular communication mechanism. Through various communication channels, it understands and responds to the demands and concerns of stakeholders, and takes these insights as a pivotal compass for its sustainable development.

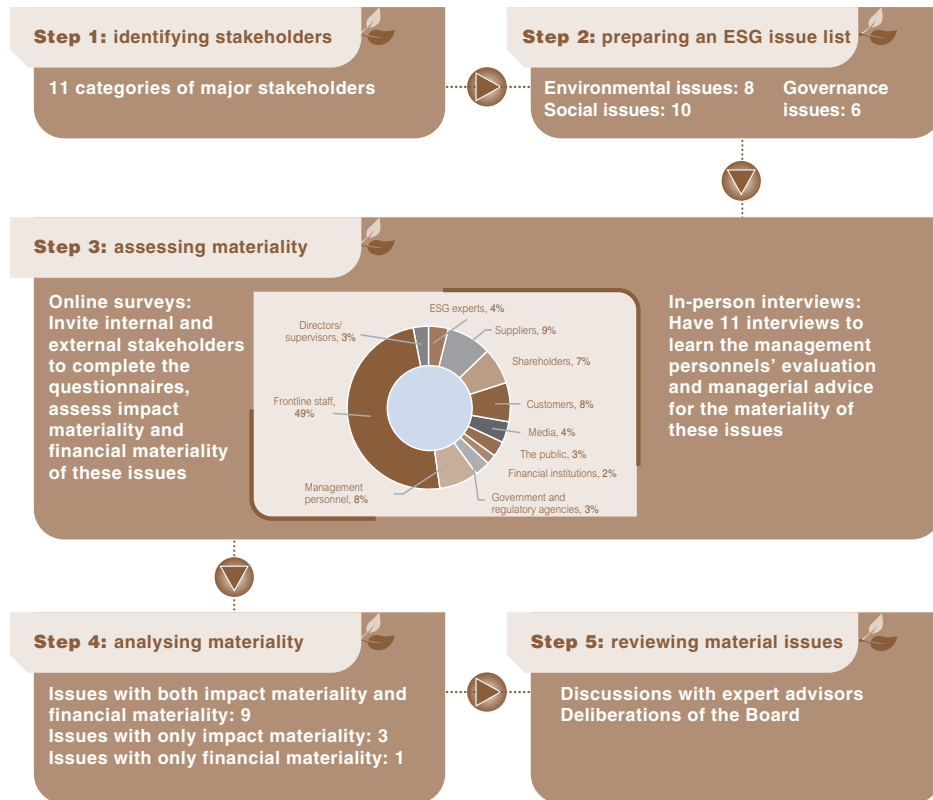
Major stakeholders	Focus	Communication channel/frequency	Response
Government and regulatory agencies	<ul style="list-style-type: none"><li>Compliant operation</li><li>Business ethics</li><li>Tax compliance</li><li>Pollutant discharge and waste disposal</li></ul>	<ul style="list-style-type: none"><li>Policy implementation/irregularly</li><li>Information disclosure/irregularly</li><li>High-level meeting/irregularly</li><li>ESG questionnaires/annually</li></ul>	<ul style="list-style-type: none"><li>Business operation and tax payment in compliance with laws</li><li>Contributing to improved local employment rate</li><li>Actively promoting poverty alleviation by industrial development</li><li>Preventing major safety accidents</li><li>Strictly complying with environmental laws and regulations, enhancing environmental initiatives</li></ul>

Major stakeholders	Focus	Communication channel/frequency	Response
Investors	<ul style="list-style-type: none"> <li>Profitability</li> <li>Investment return</li> <li>Corporate governance</li> <li>ESG management</li> <li>Information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>General meeting/annually</li> <li>Company announcement/irregularly</li> <li>Regular report/4 issues for each year</li> <li>Results briefing/at least 3 briefings for each year</li> <li>Roadshow, reverse roadshow/irregularly</li> <li>SSE E-interactive/irregularly</li> <li>Conference and teleconference/irregularly</li> <li>ESG questionnaires/annually</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining high-quality business</li> <li>Maintaining cash dividend policy</li> <li>Enhancing information disclosure</li> <li>Continuously improving corporate governance</li> <li>Organising investor activities</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Safeguard of rights and interests</li> <li>Occupational health and safety</li> <li>Remuneration and benefits</li> <li>Development and training</li> </ul>	<ul style="list-style-type: none"> <li>Staff representative conference/annually</li> <li>Staff activities/irregularly</li> <li>Staff complaint channel/irregularly</li> <li>Staff training/irregularly</li> <li>ESG questionnaires/annually</li> </ul>	<ul style="list-style-type: none"> <li>Safeguarding employees' rights and interests according to laws</li> <li>Providing favourable working conditions and environment</li> <li>Improving talent promotion and remuneration mechanism</li> <li>Diversifying training programmes, improving training quality</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Quality service</li> <li>Privacy protection</li> <li>Safe delivery</li> <li>Reasonable price</li> </ul>	<ul style="list-style-type: none"> <li>Satisfaction survey/annually</li> <li>Customer visit/irregularly</li> <li>Industry exhibition/irregularly</li> <li>Business facilitating services/irregularly</li> <li>Information disclosure/irregularly</li> <li>ESG questionnaires/annually</li> </ul>	<ul style="list-style-type: none"> <li>Providing efficient, reliable and professional logistics services, promptly responding to customers' requests</li> <li>Applying scientific adjustment and control to ensure the stability and security of services</li> <li>Establishing privacy protection mechanism for customers</li> </ul>
Suppliers and business partners	<ul style="list-style-type: none"> <li>Sustainable sourcing</li> <li>Integrity</li> <li>Industry collaboration</li> </ul>	<ul style="list-style-type: none"> <li>Supplier conference/irregularly</li> <li>Industry exchange/irregularly</li> <li>Information disclosure/irregularly</li> <li>ESG questionnaires/annually</li> </ul>	<ul style="list-style-type: none"> <li>Promoting transparent sourcing, prohibiting commercial bribery</li> <li>Strictly performing contracts and agreements</li> <li>Establishing stable strategic partnership</li> </ul>
Media	<ul style="list-style-type: none"> <li>Information transparency</li> <li>Interaction</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure/irregularly</li> <li>Press release/irregularly</li> <li>ESG questionnaires/annually</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing information disclosure</li> <li>Proactively releasing publicity materials</li> </ul>
Community	<ul style="list-style-type: none"> <li>Charitable activities</li> <li>Rural revitalisation</li> <li>Community development</li> </ul>	<ul style="list-style-type: none"> <li>Public service activities/irregularly</li> <li>Industry support/irregularly</li> <li>Provision of employment opportunities/irregularly</li> <li>ESG questionnaires/annually</li> </ul>	<ul style="list-style-type: none"> <li>Actively advancing charitable activities</li> <li>Contributing to poverty alleviation initiatives for rural areas</li> <li>Participating in community construction</li> </ul>

## 2. Analysis of material issues

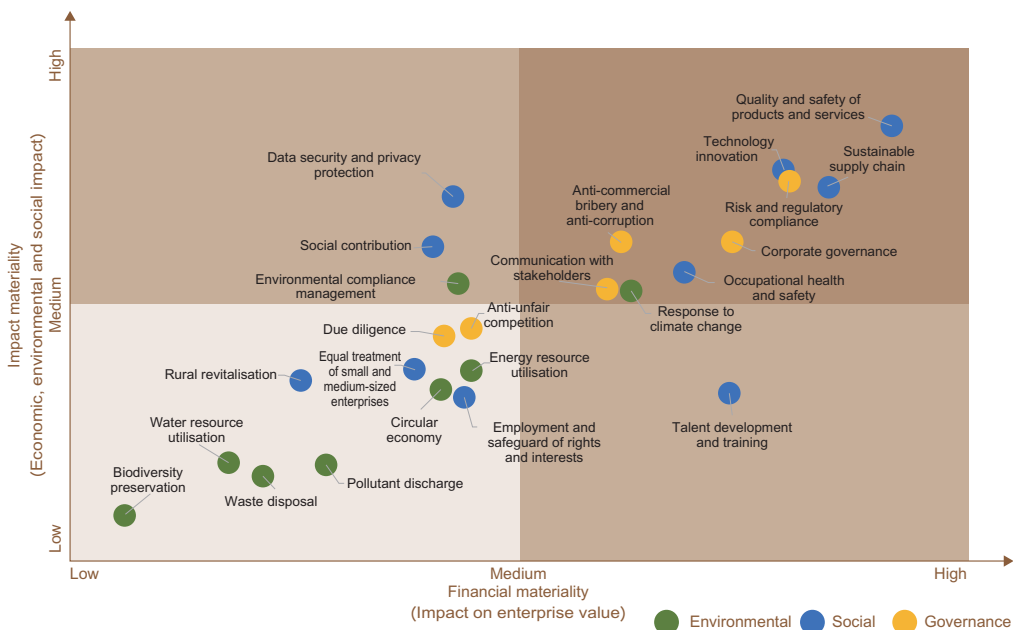
To focus on sustainable development goals and identify and manage the implications, risks and opportunities related to sustainability, the Group conducts an annual assessment on the materiality of sustainable development-related issues through a combination of questionnaire surveys and in-person interviews. This year, we followed the assessment process of “identifying stakeholders – preparing an ESG issue list – assessing materiality – analysing materiality – reviewing material issues”, judging the materiality of issues from two dimensions: impact materiality and financial materiality.

Process of double materiality assessment:



Note: 9 issues of double materiality: quality and safety of products and services, sustainable supply chain, technology innovation, risk and regulatory compliance, corporate governance, occupational health and safety, anti-commercial bribery and anti-corruption, communication with stakeholders and response to climate change; issues of impact materiality: data security and privacy protection, social contribution and environmental compliance management; issue of financial materiality: talent development and training.

Matrix of Material Issues:



### (III) SUSTAINABLE DEVELOPMENT STRATEGIES

Through in-depth communication and comprehensive analysis with stakeholders, Sinotrans has identified key implications, risks and opportunities related to sustainability, which have been integrated into strategic decision-making and business planning, with focus on five key strategies: “compliance governance, green ecosystem, supply chain resilience, employee rights and interests, and social responsibility”, designed to lead the Company toward achieving sustainable development.

Material issue	Impact on sustainable development <sup>7</sup>		Key risks	Key opportunities	Scope			Affected groups	Sustainable development strategies
	Economic, environmental and social impact	Impact on business operation and financial aspects			Upstream sectors of the value chain	Business operation	Downstream sectors of the value chain		
Corporate governance	●●●●○	●●●●○	A weak corporate governance framework will affect its image in the capital market, and can result in poor decision-making and inefficient allocation of resources, undermining supply chain performance. This, in turn, could hinder the Company's growth prospects and weaken its competitive edge in the market.	Strengthened corporate governance can improve transparency and decision-making efficiency and enhance trust from shareholders and customers, thus boosting business growth and long-term sustainable development.		✓	✓	Shareholders and investors, the Board, the management, employees, customers	
Risk and regulatory compliance	●●●●●	●●●●●	Non-compliance with legal and regulatory requirements could expose the Company to significant financial penalties, legal disputes and tarnished reputation, all of which would threaten the stability of business performance.	By maintaining rigorous compliance practices, the Company can ensure it meets all legal and regulatory standards, bolster its reputation, minimise the chances of operational setbacks, and access new markets that demand high levels of regulatory adherence.	✓	✓	✓	Shareholders and investors, the management, employees, suppliers and business partners, customers	
Anti-commercial bribery and anti-corruption	●●●●○	●●●○●	If corrupt practices are exposed, the Company would face legal punishments, termination of partnership raised by customers and impairment of brand reputation, which could lead to financial loss and decline of market share.	By fostering a culture of integrity and standardising business processes, the Company can boost its credibility and build stronger trust with customers and business partners.	✓	✓	✓	The management, employees, government and regulatory agencies, shareholders and investors, suppliers and business partners, customers	
Communication with stakeholders	●●●○●	●●●○●	A lack of transparency in risk communication with stakeholders and the failure to balance demands of different parties could trigger regulatory scrutiny, investor withdrawal, escalation of labour disputes or public backlash, ultimately weakening the stability of supply chain.	By actively communicating with stakeholders, the Company can build stronger trust, minimise costs associated with policy conflicts, secure financial support and regulatory advantages, and elevate its brand value.	✓	✓	✓	Government and regulatory authorities, shareholders and investors, employees, customers, suppliers and business partners, media, community	
Anti-unfair competition	●●○○○	●●○○○	Resorting to unethical tactics such as malicious low-price competition and defaming competitors could lead to legal punishments and loss of market share.	With fair practices including high-quality services, efficient transportation and innovative logistics solutions, the Company can win long-term support from customers and business partners.		✓	✓	The management, competitors, customers	
Due diligence	●●○○○	●●○○○	Without due diligence, the Company may not identify potential violations in areas such as human rights and environmental issues within its operations, subsidiaries and business partners, which could result in legal punishments, supply chain disruptions and major reputational crises.	Effective investigations can identify risks in advance, reinforce supply chain resilience, enhance ESG performance and improve brand credibility. With due diligence incorporated in governance practices, the Company can strengthen collaboration with stakeholders and consolidate long-term competitiveness.	✓	✓		The management, shareholders and investors, suppliers and business partners	

→ Compliance Government: Building a Foundation for Sustainable Growth

<sup>7</sup> In respect of “impact”, minimal (of no materiality): ●○○○○; little (of no materiality): ●●○○○; medium (of materiality): ●●●○○; great (of materiality): ●●●●○; significant (of materiality): ●●●●●

Material issue	Impact on sustainable development <sup>1</sup>		Key risks	Key opportunities	Scope			Sustainable development strategies
	Economic, environmental and social impact	Impact on business operation and financial aspects			Upstream sectors of the value chain	Business operation	Downstream sectors of the value chain	
Environmental compliance management	●●●○○	●●○○○	Failure to comply with environmental protection laws may result in financial penalties imposed by the government, product recalls or punishments for environmental pollution.	By adopting new energy transportation vehicles, the Company can benefit from government subsidies and green tax incentives, and tap into the low-carbon logistics market while meeting customers' ESG requirements.	✓	✓	✓	The management, employees, government and regulatory agencies, community, customers, suppliers and business partners
Response to climate change	●●●○○	●●○○○	Extreme weather events (such as floods and typhoons) may cause damage to storage facilities and disrupt transportation routes, leading to additional repair costs and risks of order delay compensation.	By embracing innovative technologies and building climate-resilient logistics networks to withstand the challenges of climate change, the Company can mitigate the effects of climate disasters and enhance operational resilience and market competitiveness.	✓	✓	✓	The management, employees, government, shareholders and investors, customers, suppliers and business partners
Energy resource utilisation	●●○○○	●●○○○	Rising energy costs for traditional fuel-powered transportation vehicles, combined with the pressure of carbon tax policies, are squeezing profit margins.	By driving energy management innovation and adopting energy-efficient transportation vehicles and storage facilities, the Company can reduce energy consumption and operation costs.	✓	✓	✓	The management, employees, shareholders and investors, customers, suppliers and business partners
Water resource utilisation	●○○○○	●○○○○	Mismanagement or excessive water usage could drive up utility bills or harm the environment, resulting in higher operation costs and drawing negative attention from the public.	By introducing circular water treatment technologies to reduce water consumption, the Company can lower operation costs and enhance green warehouse certification credentials.	✓	✓	✓	The management, employees, government and regulatory agencies, suppliers and business partners, customers
Circular economy	●●○○○	●●○○○	Failure to promote a robust circular economy pattern may result in resource waste, increased costs and regulatory risks.	By advancing resource recycling and reuse and boosting green logistics and circular economy pattern, the Company can minimise waste and strengthen its commitment to social and environmental undertakings.	✓	✓	✓	The management, employees, suppliers and business partners, customers, government and business partners
Pollutant discharge	●○○○○	●●○○○	Non-compliance with emission regulations could lead to legal actions, financial penalties or punishments imposed by authorities against the Company.	With strengthened pollutant discharge management and adoption of transportation vehicles powered by clean energy, the Company can build a sustainable brand reputation and cater to the needs for eco-friendly logistics services.	✓	✓	✓	The management, employees, government and regulatory agencies, community, customers
Waste management	●○○○○	●○○○○	Poor waste management may lead to environmental pollution, regulatory non-compliance and tarnished reputation.	The Company can employ cutting-edge waste management and recycling technologies to minimise ecological harm.	✓	✓	✓	The management, employees, suppliers and business partners, government, community, customers
Biodiversity preservation	●○○○○	●○○○○	If transport paths cross environmentally fragile zones, a lack of adequate safeguards could spark opposition from ecological protection agencies or limit access to funding from global financial organizations.	Adopting environmentally conscious practices helps preserve biodiversity and boosts the Company's reputation in sustainability.	✓	✓	✓	The management, employees, government, community, suppliers and business partners, customers

Full-Chain Connectivity:  
Co-Creating a Green  
Ecosystem

Material issue	Impact on sustainable development <sup>1</sup>		Key risks	Key opportunities	Scope			Affected groups	Sustainable development strategies
	Economic, environmental and social impact	Impact on business operation and financial aspects			Upstream sectors of the value chain	Business operation	Downstream sectors of the value chain		
Technology innovation	●●●●●	●●●●●	Failure to keep up with technological advancements may lead to decreased logistics efficiency and an inability to meet market demands and customer expectations.	By developing and applying cutting-edge logistics technologies, the Company can enhance delivery efficiency and customer service standard, and expand new logistics service pattern and markets.	✓	✓	✓	The management, employees, shareholders and investors, customers, suppliers and business partners	Innovation Oriented: Forging a Resilient Supply Chain
Quality and safety of products and services	●●●●●	●●●●●	Failure to ensure product and service quality may result in customer complaints, legal actions or tarnished reputation.	With safe and reliable transportation services and high-quality, efficient logistics solutions, the Company can enhance customer loyalty and market share.		✓	✓	The management, regulatory agencies, customers	
Sustainable supply chain	●●●●●	●●●●●	Poor supply chain management could result in logistics disruptions, higher costs or issues stemming from suppliers' non-compliance with standards.	With improved supply chain management, the Company can ensure business sustainability, mitigate risks and boost both operation efficiency and confidence of business partners.	✓	✓	✓	Suppliers and business partners, the management, employees, customers, investors	
Data security and privacy protection	●●●●○	●●○○○	Data breaches or privacy violations may trigger legal liabilities, erode customer trust and tarnish the Company's reputation.	By strengthening data protection and privacy security measures, the Company can build stronger customer trust and improve its competitiveness in the digital era.	✓	✓	✓	The management, customers, regulatory agencies, suppliers and business partners	
Equal treatment of small and medium-sized enterprises	●●○○○	●●○○○	Neglecting equal treatment of small and medium-sized enterprises could result in delayed service responses, loss of cooperation opportunities and legal risks.	Equal treatment of small and medium-sized enterprises enhances their loyalty and willingness to cooperate with the Company, and expands opportunities of new business ventures.	✓	✓	✓	Suppliers and business partners, the management, employees	
Employment and safeguard of rights and interests	●●○○○	●●○○○	Neglecting employees' rights and interests could result in labour disputes, employee turnover, compensation payouts and disruptions in customer services.	By establishing a comprehensive mechanism to safeguard employees' rights and interests, the Company can foster a stronger sense of belonging and loyalty among staff, boost unity within the organisation and ensure long-term organisational stability.		✓		Employees, the management, government	People-Centric Approach: Empowering Employees for Shared Success
Talent development and training	●●○○○	●●●●○	A lack of effective mechanism for talent cultivation and development could result in loss of technical experts, undermining the Company's ability to innovate and adapt to market changes.	With investment in talent development and regular trainings, the Company can help employees to improve their skills and strengthen its overall competitiveness and innovation capability.		✓		Employees, the management	
Occupational health and safety	●●●●○	●●●●○	Safety accidents in warehouse operations could lead to payouts for workplace injuries, operation halts for corrective measures and higher insurance premiums.	By strengthening occupational health and safety management, the Company can create a better environment, reduce accident rates, and boost employee morale and productivity.		✓		Employees, the management, government and regulatory agencies	
Rural revitalisation	●●○○○	●●○○○	Not engaging in the rural revitalisation initiatives could mean loss of government support and opportunities for rural collaboration.	When participating in rural revitalisation projects, the Company contributes to social development and strengthens its commitment to social undertakings, thus securing support from the government and the community.	✓	✓		Community, the management, suppliers and business partners, government	Enhancing Livelihoods: Building a Harmonious Society Together
Social contribution	●●●●○	●●○○○	Failure to fulfill corporate social responsibilities may result in loss of public trust to the Company's image.	Active engagement in public welfare undertakings and social contribution activities can strengthen the Company's commitment to social undertakings, and boosts brand reputation and market influence.		✓	✓	Community, employees, customers, government	

# IV.

## Compliance Government: Building a Foundation for Sustainable Growth

In the process of improving the corporate governance system, we have always adhered to the principle of giving equal emphasis to scientific decision-making and compliance management. By establishing a clear governance framework, strengthening the functions of the Board and gradually improving the risk management mechanism, Sinotrans has continuously enhanced decision-making efficiency and transparency, ensuring the steady development of the enterprise.

### Topics Covered in This Chapter:

**Corporate Governance, Risk and Regulatory Compliance, Anti-commercial Bribery and Anti-corruption, Anti-unfair Competition**



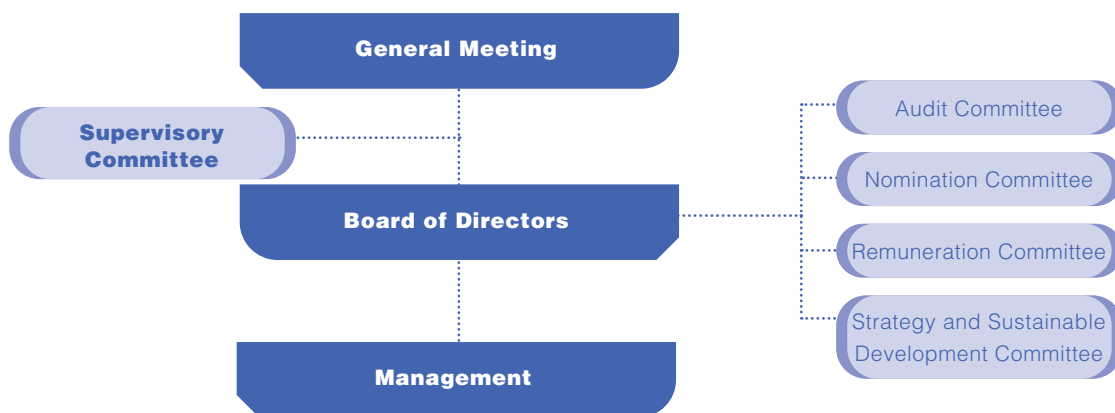
### United Nations Sustainable Development Goals:



## (I) IMPROVE THE GOVERNANCE SYSTEM

### 1. Governance

Sinotrans strictly complies with laws and regulations including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Code of Corporate Governance for Listed Companies. During the Reporting Period, the Company formulated/revised 21 corporate governance regulations, including the Articles of Association, the Rules of Procedure for the Strategy and Sustainable Development Committee and the Working Rules for Independent Directors' Special Meetings, which further improved its corporate governance structure characterised by clearly defined authorities and responsibilities, effective checks and balances, and efficient coordination among the shareholders' General Meeting, the Board, the Supervisory Committee and the Management. Its governance system is underpinned by the Articles of Association as the foundation, supported by the rules of procedures for the Board and relevant governance bodies as the framework, and reinforced by management systems covering the authorization of the Board, related-party transactions, external guarantees and ESG initiatives. All institutional requirements are strictly implemented in practice. Through institutional safeguards, standardised implementation and effective oversight, it ensures the efficient operation of its institutional systems for corporate governance<sup>8</sup>.



### 2. Strategy

A sound and effective corporate governance system is the fundamental guarantee for a company to achieve long-term stable development and sustainable growth. Based on in-depth research and precise insights into industry dynamics, market trends and internal operational conditions, we have comprehensively and systematically identified a series of key factors, potential risks and emerging opportunities that are crucial for the Company's development.

<sup>8</sup> For details, please refer to the section headed "Corporate Governance (Corporate Governance Report)" of the 2024 Annual Report of the Company.

Category	Risks related to corporate governance	Opportunities related to corporate governance
<b>Strategic decision-making</b>	The external environment is constantly changing. If the Company lacks precise insights into industry development trends and professional and accurate judgment, it is highly likely to deviate from the correct strategic direction, thereby making decisions that are disconnected from the actual market demands.	By accurately capturing industry trends and making science-driven decisions, we can optimise resource allocation, enhance its market competitiveness, and achieve sustainable development.
<b>Governance mechanism</b>	If there are loopholes in the governance mechanisms, it will lead to unscientific decision-making, perfunctory supervision, low execution efficiency and imbalanced incentive mechanisms.	By optimising governance mechanisms, we can enhance the scientificity of decision-making, strengthen supervision and improve execution efficiency, thereby reducing operational risks.
<b>Information disclosure</b>	Timely, accurate and complete disclosure is the foundation for establishing trust between the Company and its stakeholders. Any delay, inaccuracy or omission in the disclosed information can damage the Company's reputation, trigger regulatory investigations, and impede its normal operations and future development.	Establish and improve the information disclosure mechanism, and enhance the timeliness, accuracy and completeness of information disclosure, which may increase market transparency, boost investors' confidence, reduce financing costs, and build a positive market image.

To effectively address the identified impacts, risks and opportunities, based on the actual operation and management of the Company, we have formulated highly targeted and practicable response strategies.

**(1) Strengthen the construction of the Board and ensure scientific and effective decision-making**

On the basis of improving the corporate governance mechanism and the construction of the system of regulations, the Company has strengthened the construction of the Board. Firstly, the Company has strengthened the diversity management of the Board. When electing directors, the Company takes into account a comprehensive range of factors, including gender, age, cultural and educational background, ethnicity, professional qualifications and experience, skills, knowledge, and tenure. This helps to ensure the scientific nature of the board's decision-making. Secondly, the Company ensures the independence of the board. Independent directors serve as members of various specialized committees. The Company has established a mechanism for independent directors to hold special meetings. These committees and special meetings conduct pre-approval processes for important matters, ensuring that the Board can make decisions independently from the Company's management and other stakeholders. This protects the interests of minority shareholders and strengthens the scientificity, effectiveness and fairness of decision-making.

**(2) Continuously enhance the quality of information disclosure**

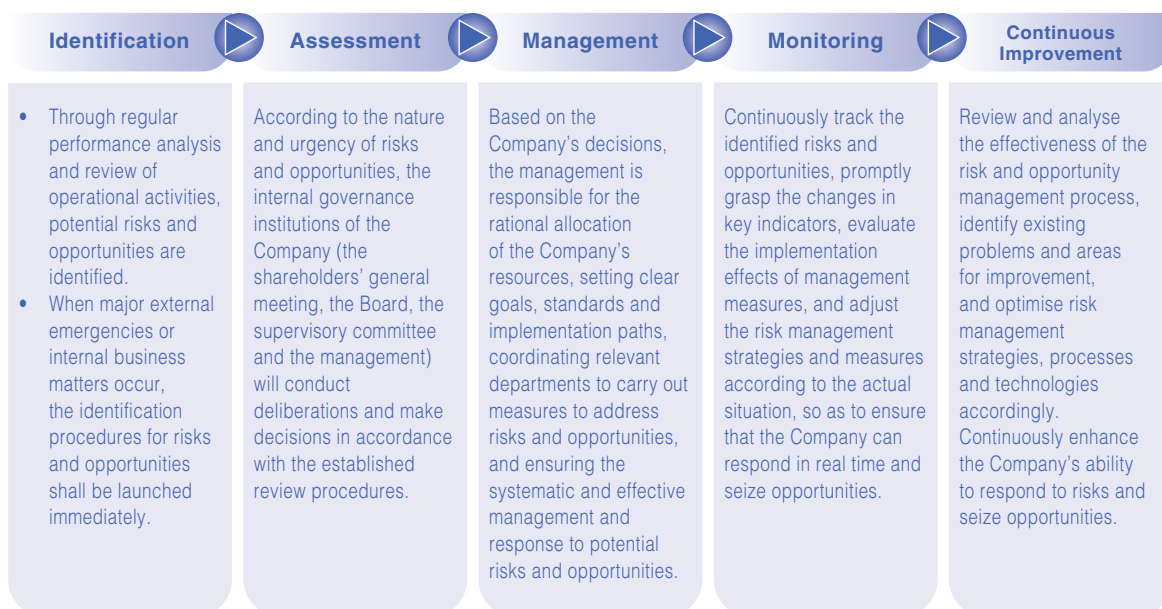
The Company, adhering to principle of compliance, oriented by the needs of investors, has enhanced proactive disclosure, continuously improved the relevance and effectiveness of its information disclosure, and elevated the quality of its disclosures. It ensures that core information such as the Company's operating conditions and significant matters is disclosed to the market in a timely, accurate and effective manner, helping stakeholders gain a comprehensive understanding of the Company's operations.

**(3) Strengthen investor relations management**

The Company has always attached great importance to investor relations management. Through various channels such as regular results briefings, SSE e-interactive, roadshows and reverse roadshows, hosting investor research visits, participating in strategy meetings, investor hotlines, and email services, the Company engages in multi-channel, multi-level and multi-dimensional communication with investors. This effectively conveys the Company's value and enhances the attention and recognition from the capital market.

### 3. Impact, Risks and Opportunities Management

The Group integrates the management of impacts, risks and opportunities related to corporate governance into its daily business activities, and adopts the process of “identification – assessment – management – monitoring – continuous improvement” for the systematic management of corporate governance.



In 2024, the Company continued to strengthen corporate governance, effectively ensured the standardised operation of corporate governance, and promoted high-quality development of the Company. Firstly, the Company completed the renewal of the Board and the Supervisory Committee. Currently, the Board consists of 11 directors with professional backgrounds and abundant practical experience in supply chain management, business strategy, financial management, corporate management, legal compliance, etc., ensuring that the Board can make scientific and effective decisions in a complex market environment. Secondly, the Company orderly convened meetings for special committees, independent directors' special meetings, Board meetings and general meetings to efficiently deliberate on major matters of the Company and to timely and effectively disclose the Company's regular reports and major matters. Thirdly, the Company organised on-site research of business development for external directors to enhance their understanding of the Company's business conditions and to provide security for the effective fulfillment of responsibilities of the directors. Fourthly, by holding results briefings, organising management roadshows and reverse roadshows and participating in securities firm strategy meetings, the Company enhanced investors' understanding of its business and development strategy. At the same time, the Company regularly conveyed key issues of concern to investors to the management, strengthening two-way communication between the capital market and the Company.



On 25 March 2024, Sinotrans held its 2023 Annual Results Briefings.

## 4. Indicators and Targets

During the year, the Company implemented a series of efficient management measures to achieve the targets of scientific, democratic and effective decision-making, effectively safeguarding the overall interests of stakeholders. At the same time, we engaged in interactive communication with investors, the media, the public and others through various means, effectively conveying the Company's value and enhancing market attention and recognition.

Our goals		Achievement of goals for the year 2024	
Strengthen the construction of the governance system	Deliberate and make decisions	General meetings: 7	Deliberated/heard resolutions: 26
		Board meetings: 9	Deliberated/heard resolutions: 55
		Meetings of the Audit Committee : 7	Deliberated/heard resolutions: 25
		Meetings of the Remuneration Committee: 2	
		Meetings of the Nomination Committee: 4	
		Meeting of the Strategy and Sustainable Development Committee: 1	
	Governance Bodies	The Board: 11 persons	
		Including: female directors : 3 persons	Representing: 27.27%
		Independent directors: 4 persons	Representing: 36.36%
		Independent directors in the Audit Committee: 4 persons	Representing: 100%
		Independent directors in the Remuneration Committee: 4 persons	Representing: 100%
		Independent directors in the Nomination Committee: 4 persons	Representing: 80%
		Independent directors in the Strategy and Sustainable Development Committee: 1 person	Representing: 20%
Enhance the quality of information disclosure	Information disclosure	Draft, review and release information disclosure materials: 384	
Strengthen investor relations management	Investor relations	Received investor visits: approximately 800 visits Organised results presentations: 4 presentations Hold management roadshows: more than 20 roadshows; reverse roadshows: 2 roadshows Participated in strategy meetings: approximately 20 meetings	

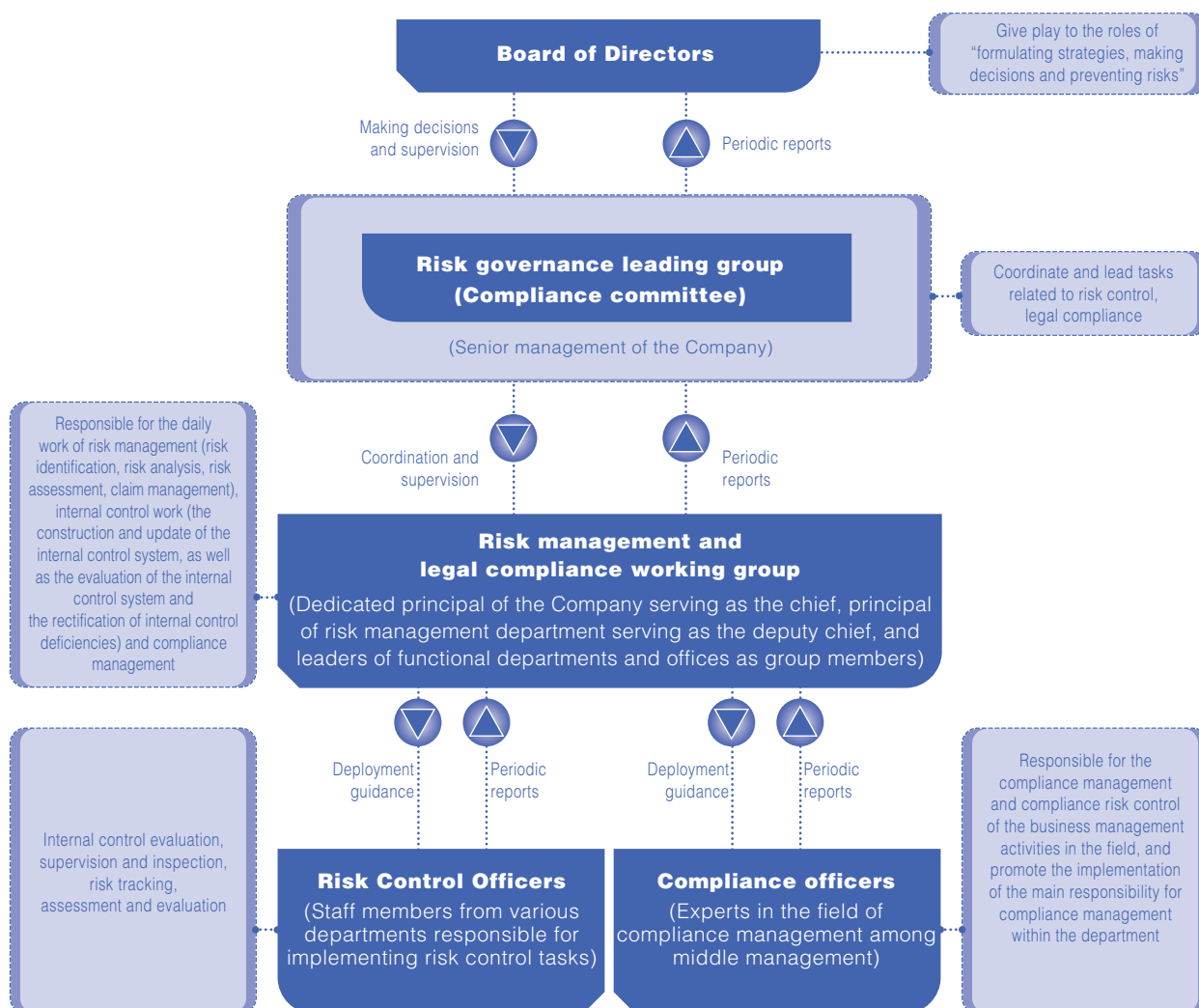
## (II) STRENGTHEN COMPLIANCE AND RISK MANAGEMENT

### 1. Governance

In order to establish and continuously improve the compliance and risk management system, the Company has formulated and implemented a series of systems including the "Management Regulations on Risk Management and Internal Control of the Company", "Management Regulations on Risk Event of the Company", "Rules for Risk Management of Bulk Commodities Business Project of the Company", "Rules for Risk Warning and Alert of the Company" and "Special Assessment Management Measures for Risk Management of the Company". At the same time, based on these institutional documents, an internal control authority list has been developed to better clarify important decision-making matters and ensure their effective implementation.

The Company has established a risk compliance management structure. Through vertical collaboration and horizontal coordination, it ensures high-efficient operation of the risk control and compliance management system.

Organisational structure of risk control and compliance management:



In order to effectively implement the primary responsibilities of risk management and compliance management of units at all levels, the Company conducts special assessments for risk management and compliance management respectively. In the first quarter of each year, the Company formulates the annual work plan for the construction of the compliance management system and the special performance assessment indicators for risk management (including the acceptance standards for work in areas such as compliance, internal control, risk control, audit and accountability), and issues them to each second-tier subsidiary. At the end of the year, the Company conducts acceptance evaluations on the annual work achievements and quality, and incorporates the corresponding results into the performance assessment system of each second-tier subsidiary.

## 2. Strategy

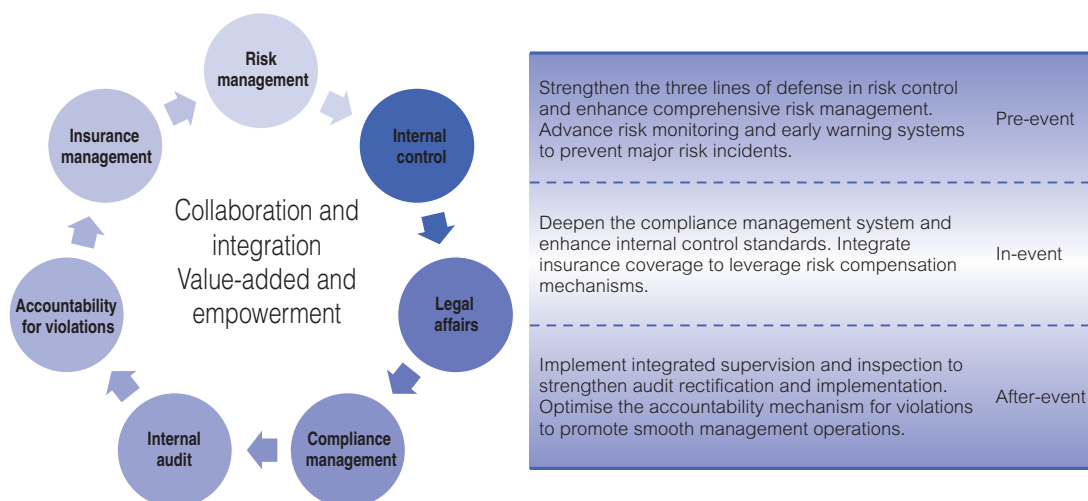
The Company conducts an annual systematic assessment of the inherent risks and potential opportunities in the risk management processes. By integrating the Company's strategic objectives, risk preference and actual operations, it formulates targeted risk control strategies to upgrade risk prevention and control to strategic empowerment.

Risk Control Matrix:

Risk management process	Inherent risks	Potential opportunities	Risk control strategies
Three lines of defense management	The failure to establish an effective responsibility division mechanism for risk management may lead to unclear risk control responsibilities, resulting in low efficiency in risk response.	By clarifying the division of responsibilities, the efficiency of cross-department collaboration can be improved, a management system with clear rights and responsibilities can be formed, and the organisational risk response capability can be enhanced.	Clarify the responsibilities of the three lines of defense: The business units are the first line of defense, the Company's risk control institutions and functional departments are the second line of defense, and internal audit and management are the third line of defense. A vertically integrated responsibility system is formed through supervision.
Management of authorisation from legal representative	Failure to establish a complete authorisation management system for the legal representative may pose a serious threat to the enterprise's external credit and the security of its financial assets.	Establish a standardised authorisation process and supervision mechanism can enhance the corporate credit image, reduce the risk of legal disputes, and optimise the internal decision-making efficiency.	The authorisation from the representative of the Company needs to be applied for through the legal affairs system, and shall, after multi-level reviews, be approved by the primary leaders. For authorisation applications related to contract signing, they shall be implemented in combination with the contract approval process; in special circumstances, when going through the approval via the legal affairs system, standard texts must be used.
Risk identification	The requirements for risk information collection are unclear, the information is incomplete or of poor quality, resulting in the Company's inability to fully identify potential risks.	Establish a multi - source risk information linkage mechanism, dynamically update the hierarchical risk inventory, make risk early-warning more proactive, improve the risk early-warning capabilities, and assist enterprises in gaining competing strengths.	Establish a risk event identification mechanism, clarify the requirements for the content, form and channels of risk information collection, organise the collection of initial risk information, establish a linkage mechanism for risk source analysis and summary, collate and analyse the information, communicate with the risk-responsible entities to form a risk list, continuously collect and identify risks, and update the list.
Risk assessment	The inaccuracy and unreasonableness of the risk analysis results will affect the efficiency and effectiveness of risk response, resulting in the Company's inability to effectively prevent risks.	Optimise the risk assessment process and evaluation criteria, introduce quantitative analysis tools, improve the accuracy of assessment, optimise resource allocation, and explore potential business opportunities.	Formulate the annual risk assessment plan and standards, organise the responsible entities to analyse the likelihood and impact of risks, and summarise the results to form a major risk assessment report and a risk profile table.
Risk response	The unreasonable and incomplete risk response strategies not only lead the Company to assume risks beyond its risk preference/tolerance, but also affects the Company's operating efficiency.	Formulate dynamic risk response strategies to balance risks and returns, enhance strategic flexibility, and improve the Company's risk resilience and market competitiveness.	In response to the results of the risk assessment, based on the Company's risk preference and tolerance, we organise the risk-responsible entities to formulate risk response measures and strategies, and continue to revise and improve them in light of the actual situation, and continuously track and monitor the response measures of relevant departments and units.

Risk management process	Inherent risks	Potential opportunities	Risk control strategies
Risk monitoring and emergency response	The absence of a robust risk monitoring, communication and emergency response mechanism results in the ineffective resolution and follow-up of identified critical risk issues, leading to significant losses for the Company.	Establish real-time monitoring and automated early warning systems, combined with agile emergency response mechanisms, can reduce losses and enhance corporate resilience.	The entities responsible for risk management set risk preference indicators for significant annual risks and important risk events. They regularly monitor the current status of risks. Once new significant risks emerge or existing risks reach the warning thresholds, warning information is promptly issued.
	Failure to conduct data statistics and analysis on risk events prevents a systematic summary of the causes of these events, which may lead to economic losses for the Company.	Construct a risk database and a root cause analysis system, promote the accumulation of experience and the optimisation of processes, and form the ability of proactive risk management.	Design tiered escalation standards to ensure immediate and progressive reporting of incidents meeting defined thresholds, while continuously updating and refining risk identification criteria.
Risk reporting	The absence of a robust risk management reporting system or the inability to ensure the quality of reported information hinders the effective dissemination of critical risk data within the Company, thereby compromising the effectiveness of risk management.	Design standardised and visual risk report templates to facilitate cross-hierarchical information sharing, enhancing decision-making efficiency and strategic alignment.	All units shall submit tracking reports at the beginning of each month, which are consolidated by the risk management department for review, with significant matters escalated progressively through the hierarchy.
Special risk management and control	Failure to effectively manage special risks may result in inadequate risk control, thereby compromising the effectiveness of risk management.	Establishing a special risk management framework focused on key areas can strategically enhance core competitiveness while building differentiated industry advantages.	Analyse the reasons for the incident and follow up on the rectification to ensure that the measures are effectively implemented.
Risk management training	The absence of effective risk management training results in insufficient awareness and capabilities among relevant personnel, thereby compromising the efficiency and effectiveness of risk management efforts.	Through customised training and practical exercises, cultivate a company-wide risk management culture, build a high-calibre team, and drive innovative practices.	Carry out risk control inspections and process walkthrough tests irregularly, consolidate findings to propose corrective actions, and follow up on the implementation progress.

To systematically address risks and opportunities related to risk control and compliance management, Sinotrans has established a comprehensive “Seven-in-One” risk management system, ensuring the effective operation of daily activities.



In terms of compliance management, the Company conducts annual compliance risk identification. Based on the outcomes of risk identification for the previous years, and considering the latest changes in domestic and international compliance environments, the Company’s operational and management status, issues identified during inspections, and lessons learned from past compliance risk incidents, the Company continuously refines its risk database and risk list.

### 3. Impact, Risks and Opportunities Management

Sinotrans has always attached great importance to and paid attention to sustainable development. It incorporates sustainable development and social responsibilities such as workplace safety, employee rights and interests, and environmental protection into the overall risk management process. Primary responsible departments in relevant fields, including the Department of Safety and Environmental Protection, the Department of Innovation and R&D, the Human Resources Department and the President's Office, have formulated institutional requirements for key risk control areas, streamlined daily management, identified specific risks, and developed control measures.

Through its early warning system and internal control self-assessments, the Company comprehensively identifies and evaluates the impacts, risks and opportunities related to risk compliance.



To effectively monitor and manage the impacts, risks and opportunities related to risk compliance, Sinotrans has implemented the following initiatives during this year:

#### (1) Establish management system

The Company's "Three Importance and One Large" Decision-Making System explicitly incorporates legal and compliance reviews as well as significant risk assessments for major decision-making matters, practically mitigating legal and compliance risks. Simultaneously, legal personnel are required to participate in major projects throughout their lifecycle, strengthening legal oversight and supervision and ensuring operations adhering to laws and regulations. The Company's Regulatory System Management Policy specifies requirements for the establishment, revision and abolition of policies, as well as online management. At the end of 2024, the headquarters of the Company has 251 effective policies in total, all managed through the legal system and having completed compliance review processes.

#### (2) Establish management process

The Company establishes management processes for relevant risks based on its comprehensive risk management system. By pushing forward inspections across internal control, audit, legal and compliance areas for its subsidiaries at all levels, the Company ensures the implementation of various regulations and management requirements, effectively managing the impact of related risks on the Company.

#### (3) Identify compliance risk

In 2024, the Company identified top 10 risk compliance, including financial and tax management, property rights changes, overseas project management, supplier management, customer management and others, and established a series of tailor-made risk prevention measures.

(4) **Strengthen compliance culture publicity**

The Company continuously conducts risk and compliance training to enhance employees' compliance awareness and risk management capabilities. In 2024, special training on "Risk Analysis for Dual Systems and Compliance Responses in the Transportation Industry" was provided to Chief Compliance Officer and all compliance officers. Through the "Big Risk Control Online" official account of CM WorkLink, legal compliance knowledge and case studies were pushed to employees. Additionally, subsidiaries were organised to play compliance culture promotional videos and display compliance posters in public areas such as office buildings, reinforcing the concept of company-wide compliance and promoting a culture of "lawful compliance and ethical business practices".

Compliance training and knowledge publicity activities in various forms: <b>307 activities</b>	Number of cumulative attendances: <b>over 11,000</b>
Number of posts on the "Big Risk Control Online" official account: <b>11</b> ; Number of views: over <b>6,400 times</b>	
Subsidiaries that independently carry out compliance culture promotion activities: <b>over 70 subsidiaries</b>	
The coverage of employees in compliance culture promotion activities: <b>100%</b>	

(5) **Establish a digital risk control platform**

The Company has established a digital risk control platform. It has developed digital solutions and corresponding rules and regulations for typical risk control areas such as the compliance of the two-system business<sup>9</sup> and cooperation with customers and suppliers. These are integrated into the Company's overall digital construction, which promotes the updating and upgrading of the risk management philosophy, culture and process standards, thereby promoting the implementation of internal control in relevant risk areas.

## 4. Indicators and Targets

Sinotrans is committed to effectively identifying potential matters that may affect the Company's operating objectives and actively addressing them to maximise opportunities. This ensures reasonable assurance of the legality and compliance of operations, the security of assets, the truthfulness and completeness of financial reports and related information, improves operating efficiency, reduces the probability of losses, controls losses within an acceptable range and promotes the achievement of strategic objectives. During this year, Sinotrans achieved its risk and compliance targets, and there were no major litigation or arbitration incidents.

Our targets	Achievement of targets for the year 2024
In terms of risk management:	
Maintain the intensity of supervision and improve the effectiveness of problem rectification.	We have achieved full coverage of internal control supervision and inspection over two years, with <b>100%</b> rectification rate of identified issues upon expiration.
Deepen the institutional system and establish a list of internal control authorities.	We have sorted out the internal control authorisation list of the Headquarters and its second-tier subsidiaries as planned.

<sup>9</sup> Trade controls and economic sanctions.

Our targets	Achievement of targets for the year 2024
In terms of compliance management:	
Appoint chief compliance officers and compliance officers.	The Headquarters, all <b>13</b> second-tier subsidiaries and <b>34</b> core third-tier subsidiaries have all appointed chief compliance officers, and a total of <b>561</b> compliance specialists have been appointed throughout the entire system.
Carry out the construction of the system of rules and regulations and the internal control authorisation list.	At the end of 2024, Sinotrans (including all its subsidiaries at all levels) had established a total of <b>3,975</b> systems, revised <b>2,679</b> systems and abolished <b>1,657</b> systems, thus achieving the annual goal of deepening the system.
The chief compliance officers provide clear opinions on the compliance of all major decision-making matters of the Company.	In 2024, the chief compliance officers at the Headquarters and all <b>13</b> second-tier subsidiaries provided clear compliance opinions on all major decision-making matters of their respective enterprises.

### (III) BUSINESS ETHICS AND ANTI-CORRUPTION

#### 1. Governance

Sinotrans strictly complies with the Supervision Law of the People's Republic of China, the Regulations on the Punishment of Managers of State-owned Enterprises and Provisions on the Integrity of Executives of State-owned Enterprises, the national and local laws and regulations on the prevention of corruption, bribery, extortion, fraud and money laundering while formulating its own policies and regulations, such as the Sinotrans Compliance Manual and the Compliance Management Measures for Sinotrans' Business Partners, to regulate the obligations and codes of conduct of its employees in anti-money laundering and anti-corruption. It is also highly concerned on enhancing the ability of its business partners to fulfill their obligations towards legal operations and fighting corruption, bribery, and money laundering, to constantly optimizing its internal management, strengthening disciplinary supervision, continuously improving its anti-bribery and anti-corruption mechanism, by complying the Measures of the Discipline Inspection Commission on Strengthening Political Supervision, the Opinions of the Discipline Inspection Commission on Further Strengthening the Coordination of Discipline Supervision and Inspection Tour Supervision (紀律監督和巡察監督), the Measures of the Discipline Inspection Commission for Conducting Routine Supervision and Long-term Supervision, the Rules of Procedure of the Discipline Inspection Commission, and the Management Measures for Integrity Risk Prevention and Control (Trial).

The Supervision Department (Office of the Discipline Inspection Commission), as the main organ for ensuring decent workstyle and clean governance and enforcing disciplinary accountability within the Company, undertakes the duties of supervision, inspection, education, investigation and guidance on our anti-corruption efforts. Pursuant to the Provisions of the Party Committee of the Company on Work Consultation and Reporting, the Requirements of the Supervision Department of the Discipline Inspection Commission of the Company on Handling Clues, Material Clues and Case Reporting, the Supervision Department (Office of the Discipline Inspection Commission) is responsible for reporting the progress and results of the anti-corruption work to the superior discipline inspection commissions and the Company's Party Committee.



#### Contents of regular reports:

- Report to the discipline inspection commission at a higher level: ① the statistics of Sinotrans' entire corruption case management system every month; ② the statistics of the "Four Forms (四種形態)" of Sinotrans' entire corruption case management system every quarter.
- Report to the Party Committee of the Company: the Work Report on Party Workstyle and Clean Governance Construction and Anti-corruption.



#### Contents of irregular reports:

- Report to the superior discipline inspection commissions: ① report on the handling of relevant clues to individual corruption cases transferred from a superior discipline inspection commission; ② report on the handling of relevant clues to individual corruption cases transferred to a local supervisory commission; ③ report on the investigation into the corruption cases of carders under the management of Sinotrans' Party Committee.
- Report to the Party Committee of the Company: report on the investigation into the corruption cases of carders under the management of Sinotrans' Party Committee.

## 2. Strategy

We believe that the true competitiveness of a company does not lie in the grey space of short-term profit-seeking, but in the integration of ethical principles into every link of the supply chain. Those who do not take business ethics and anti-corruption efforts seriously may face legal investigations, heavy fines and market bans. The covert operation at any nodes of the logistic chain will undermine customer trust, leading to the core customers terminating cooperation, and a sharp decline in business. Illegal manipulation of the power and authority will drive up hidden costs, drag down operational efficiency and result in the company missing key strategic opportunities. On the contrary, by building a solid ethical defense, we can not only avoid risks, but also win the long-term support of our partners with a reliable operation system.

In order to deeply integrate its discipline inspection and supervision efforts into corporate governance, Sinotrans has defined clear strategy implementation paths to advance the key tasks in the following stages, aiming to achieve the organic unity of its corporate governance and high-quality development of the Company.



### Continuing to optimize its supervision system:

persistently fulfilling the role of supervision, advancing the integration of the responsibility of the Party Committee as the decision maker, that of the Secretary of the Party Committee as the person in charge and that of the Discipline Inspection Commission as the supervisor, promoting the combination of supervision within the Party, routine supervision and self-supervision, strengthening the restriction and supervision of power exercise, promoting the integration of supervision into corporate governance, business governance, functional governance, and governance of frontline units, with the aim of building a broad supervision landscape.



### Promoting high-quality inspection:

deploying specific inspection tasks, formulating annual inspection plans, conducting pre-inspection training, organizing inspections on subordinate units, ensuring rectification results, and exploring the establishment of an integrated mechanism for inspection tour.



### **Accelerating the establishment of an anti-corruption system under which our employees and business partners “dare not corrupt, cannot corrupt, and do not desire to corrupt”:**

persistently advancing the implementation of the above guidelines, seriously punishing the corruption and improper practices. Leverage the “Four Forms of Supervision and Discipline Enforcement” to address potential issues among Party members and cadres at an early stage, offering timely warnings and corrections to prevent minor problems from growing into serious ones. Simultaneously, take strict actions against any breaches of disciplines or laws to establish a powerful deterrent and serve as a cautionary example. Emphasize the importance of integrity education and learning to cultivate a transparent and ethical work environment.



### **Consolidating and promoting our achievements in promoting decent workstyle:**

continuously strengthening and deepening our work to achieve clean governance within the Company and fight corruption, maintaining high pressure on corruption, combating formalism and bureaucracy, investigating deeply into the violations of discipline and hidden dangers, and making unremitting efforts to win the long-lasting battle of building a clean workstyle.

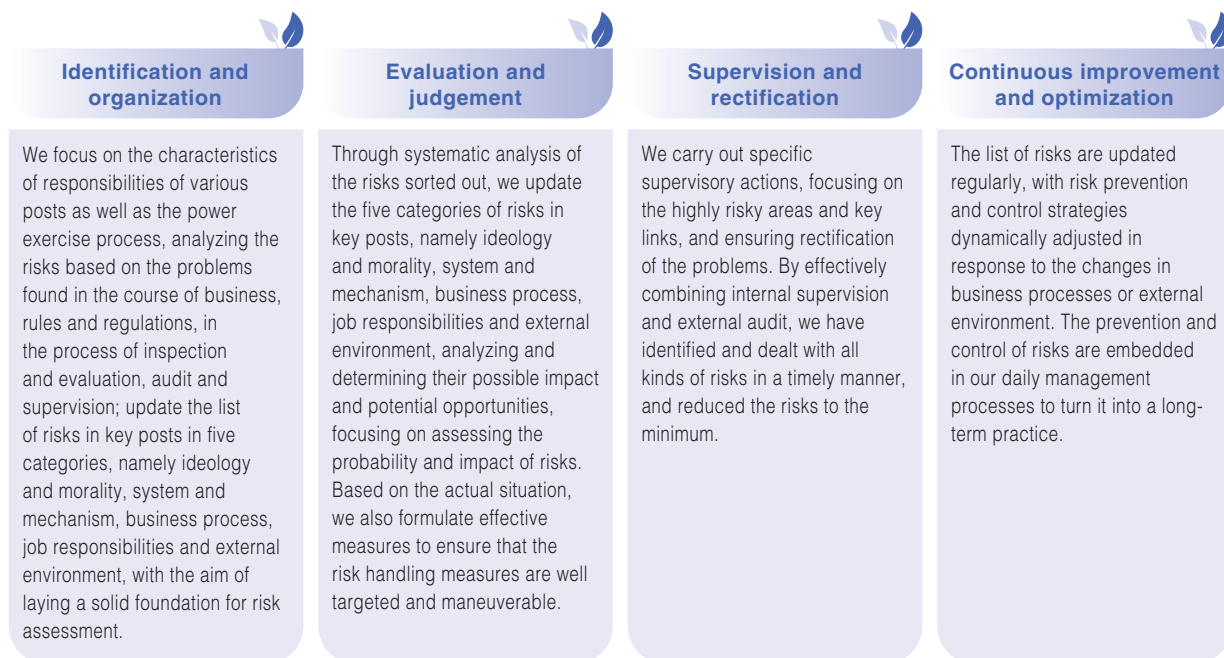


### **Assembling a high-quality discipline inspection and supervision team:**

expediting the establishment of the discipline inspection and supervision teams in our affiliated units; assembling and allocating experts in discipline inspection and supervision, financial auditing, risk management and control, and legal affairs across the Group, and establishing a cross-regional talent pool for discipline inspection and supervision; strengthening training and education, and enhancing the quality of our discipline inspection and supervision officials.

### 3. Impact, Risks and Opportunities Management

In order to accurately identify and evaluate the risks and opportunities in our anti-corruption work, ensure effective punishment and prevention of corruption, and strengthen the role of restriction and supervision in power exercise by our carders, relevant actions have been rolled out based on the situation of Sinotrans, combined with the following procedures:



The Company combines promoting integrity of the Party with its anti-corruption efforts in every aspect of corporate governance. In 2024, through a number of measures i.e. supervision and inspection, inspection tours, publicity and education, correspondence and complaints, we effectively guaranteed the high-quality development of the Company.

#### (1) Supervision

Firstly, we strengthen political supervision. By establishing central inspection rectification and supervision plans and maintaining records based on the responsibilities of the discipline inspection commission, we report rectification and supervision progress in a timely manner, and ensure the results of rectification by the central government with harsh measures. Secondly, we maintain our routine supervision efforts. We have issued the "Key Tasks of the Discipline Inspection Commission of Sinotrans in 2024" and the "Action Plan of Discipline Inspection and Supervision of Sinotrans in 2024", highlighting the supervision responsibilities of the "people in charge" and the leading groups; we have also introduced the debriefing review procedures, and routines of supervision at the democratic life meetings of the CPC members, the rules of supervision of the selection and appointment of candidates as well as supervision during the course of discipline enforcement, so as to effectively prevent and control corruption; we will also carry out specific inspection efforts to identify and correct the "Four Malpractices (Formalism, Bureaucratism, Hedonism and Extravagance)" during the holidays, with the aim of preventing the use of public funds for private purposes such as sight-seeing, gift giving and other disciplinary violations and promoting the development of a clean and honest culture of integrity.

#### (2) Inspection tours

We formulate inspection action plans based on the actual conditions of the Company, innovate our inspection methods, and enhance the deterring effect of our efforts. We ensure rectification effect with the application of the achievements, improve the supervision mechanism, and form a closed loop. We also solidify the linkage between the higher levels (party committees and their inspection work leading groups) and lower levels (inspection agencies and the units being inspected), promote high-quality development of our inspection efforts, and further improve our governance and supervision mechanisms.

**(3) Publicity and education**

We will intensify anti-corruption education to help our carders enhance their consciousness of “no desire to corrupt”. We conduct Corruption Fighting and Integrity Promotion monthly programs through activities such as lectures/workshops and thematic articles solicitation on the theme of “complying with rules and regulations, observing discipline, and respecting integrity”, aiming to enhance their moral quality and awareness of integrity and promote the establishment of our disciplinary system.



**Education Activities in the Month of “Corruption Fighting and Integrity Promotion”**

In May 2024, a system-wide publicity and education activity known as the Month of Corruption Fighting and Integrity Promotion on the theme of “complying with rules and regulations, observing discipline, and respecting integrity” was launched to promote the awareness of significance of our anti-corruption efforts among our employees. Specifically, we have hosted five activities: 1) composition of personal learning reflections on the theme of “Learning Regulations and Observing Party Discipline”; 2) studying and quiz session on the theme of “Studying Theory and Enhancing Quality”; 3) releasing warning and educational video series on our Yunzhihui Platform; 4) secretaries of branch party committees delivering lectures on integrity and discipline enforcement; 5) thematic article solicitation on the theme of “Promoting Integrity and Fostering a Clean Culture”, which has further enhanced the moral quality and integrity awareness of our cadres and staff in general.



**Study Activities in the Week of “Enhancing Awareness, Quality, Commitment”**

In October 2024, we launched a themed activity (the Week of Learning) in response to the call on our employees to “enhance their awareness, quality and commitment”. The Week of Learning was carried out by combining individual self-learning, collective learning, thematic exchange, theoretical test and personal summarization, during which the trainees strengthened their theoretical learning, exchanged their thoughts and ideas, watched videos and wrote summaries, resulting in all our carders of disciplinary inspection more profoundly recognizing the importance and urgency of integrity building, and more convinced of their responsibility and mission.

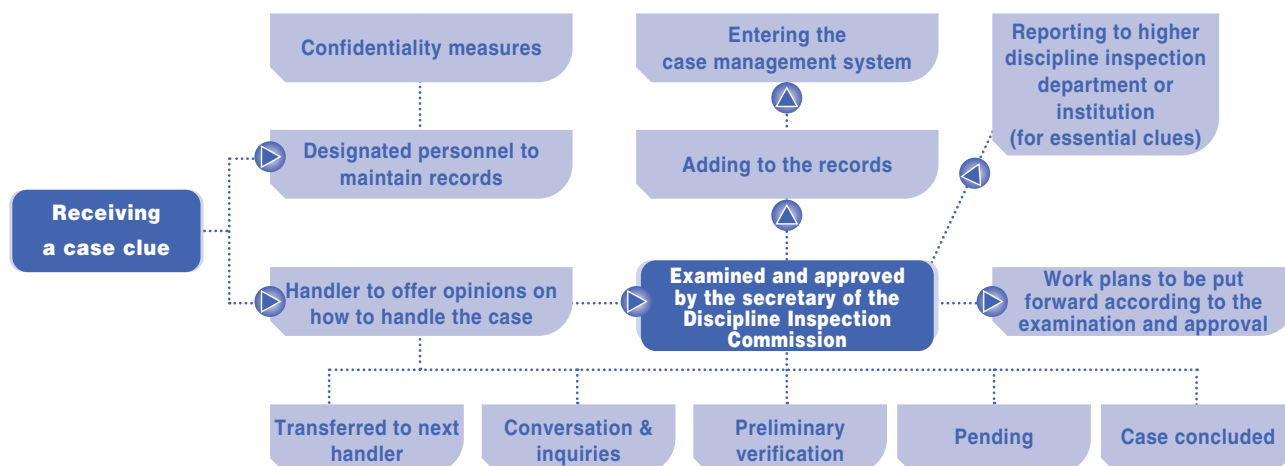
**(4) Disciplinary system construction**

We are highly concerned about the establishment of our disciplinary system while insisting on the leadership of our directors, and combination of systematic learning with practices. The secretary of the Discipline Inspection Commission and the head of the Supervision Department were invited to give lectures to discipline inspection cadres, carry out online knowledge tests, so as to ensure that our Party members, cadres, and employees should consciously abide by party discipline and national laws when performing their duties.

**(5) Maintaining efficient channels for reporting**

Whistleblowers can report cases through the Company's publicized hotline phone number and mailbox. Case clues are the source and foundation of disciplinary supervision and investigation, and the Supervision Department is responsible for the management, classification and disposal of case clues, as well as regular cleansing thereof. The Company strictly complies with the provisions of Article 65 of Chapter 8 of the Supervision Law of the People's Republic of China, and maintains strict confidentiality of relevant information about the informant and the materials involved in the case.

Process of handling case clues:



#### 4. Indicators and Targets

During the year, Sinotrans was committed to securing the achievements of its anti-corruption education and rectification efforts while implementing the spirit of the meetings on integrity building of senior level of the Party and anti-corruption work. Strict supervision and discipline enforcement were maintained, with continuous efforts to intensify anti-corruption measures and uphold a zero-tolerance stance. Through precise supervision and case handling, a high-pressure punishment mechanism has been normalized, ensuring the carders “dare not corrupt”. Through video conferences, phone calls, and on-site exchanges, the Company has enhanced guidance for the disciplinary inspection commissions of its second-tier subsidiaries to improve their case-handling capabilities. In the daily investigation of case clues, collaboration with key departments such as Party Committee Office, Party Committee Organization Department and risk management have been strengthened, fostering joint efforts to form an anti-corruption synergy, which has ensured efficient and accurate investigation of clues and case handling, thereby enhancing the effectiveness of our corporate governance. In 2024, no corruption litigation cases filed against the Company and its employees was recorded by the Group.

Our goals	Achievements of our goals in 2024	
Deepening education on combating commercial bribery and corruption	Number of directors who received training on fighting commercial bribery and corruption: <b>8</b>	Percentage: <b>72.72%</b>
	Management personnels who received training on fighting commercial bribery and corruption <sup>10</sup> : <b>3,513</b>	Percentage: <b>100%</b>
	Employees who received training on fighting commercial bribery and corruption: <b>22,883</b>	Percentage: <b>99.56%</b>
Achieving both the case clue handling rate and case investigation rate of 100% for the year	The case clue handling rate and case investigation rate both reached <b>100%</b> for the year	

#### (IV) COMBATING UNFAIR COMPETITION

Sinotrans strictly abides by the Anti-Monopoly Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other laws and regulations, and has released the Sinotrans Compliance Manual and the Compliance Management Measures for Business Partners. It has also adopted a zero-tolerance attitude towards any acts of unfair competition while practicing industry ethics with a high sense of responsibility and mission, and striving resolutely to maintain a healthy and orderly market environment.

In the face of fierce market competition and complex and changing business environment, Sinotrans insists on quality service, excellent operation ability and innovative business model to win the market, but was never involved in false publicity, monopoly behavior, infringement of trade secrets and other unfair competition practices. During the year, thanks to its firm belief and practical actions, the Group did not have any lawsuits or major administrative penalties in relation to unfair competition.

<sup>10</sup>

Heads of companies and departments of Sinotrans and its subordinate units

# V.

## Full-Chain Connectivity: Co-Creating a Green Ecosystem

The co-creation of a green ecosystem is not only a compliance requirement but also a key driver of sustainable development. The Company effectively reduces carbon emissions to achieve a win-win situation for both environmental protection and economic benefits by strengthening environmental management, responding to climate change and utilizing resources efficiently.

### Topics Covered in This Chapter:

**Environmental Compliance Management, Response to Climate Change, Energy Resource Utilisation, Water Resource Utilisation, Circular Economy, Pollutant Discharge, Waste Management, Biodiversity Preservation**



### United Nations Sustainable Development Goals:



## (I) COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

### 1. Environmental compliance management system

Sinotrans has always attached great importance to environmental protection, strictly adhering to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Environmental Impact Appraisal, the Regulations on Environmental Management and Protection of Construction Projects and other relevant laws and regulations. In line with the Company's actual operations, we have formulated and implemented internal control measures such as the Measures on Environmental Protection Compliance Management, the Regulations on Energy Conservation and Environmental Protection Management, the Measures on Energy Conservation and Environmental Protection Assessment Management and other measures. The energy conservation and environmental protection departments at all levels of the Company are responsible for environmental compliance management, ensuring the effective implementation of environmental protection requirements.

In order to strengthen environmental compliance management, the Group has defined the core content and key areas of environmental compliance management. In particular, a non-compliance event feedback mechanism has been established to ensure effective tracking, analysis and rectification of non-compliance incidents. The status of rectification is also included in the annual KPIs assessment.

### 2. Environmental risk assessment and management

Sinotrans has always adhered to the management principle of "prevention first, dynamic updates and continuous improvement" in our operations. All subsidiaries are required to regularly conduct environmental risk identification and assessment for key environmental factors, including sewage, exhaust emission and solid waste, and analyze potential emergency environmental incidents and their consequences to determine the risk levels of such incidents. At the same time, corresponding risk prevention and control measures are formulated based on the identified environmental risks.

During the Year, the Company has amended the Comprehensive Emergency Response Plan for Sudden Environmental Incidents to clarify the emergency organization system, response mechanism, post-processing and emergency support, etc., so as to ensure prompt and effective processes in case of the occurrence of emergencies. Meanwhile, the Company has also conducted emergency drills for sudden environmental incidents to enhance its emergency response capability. Our goal is to prevent the incurrence of environmental pollution incidents of level 3 or above throughout the Year. During the Reporting Period, the Group did not incur any material administrative penalties or hold criminally responsible for ecological environment.

Meanwhile, the Company has a strict environmental compliance assessment mechanism in place, clearly defining the handling of violations related to energy conservation and environmental protection. In the event of any of the following circumstances, points will be deducted from the annual KPIs assessment of the relevant subsidiaries:

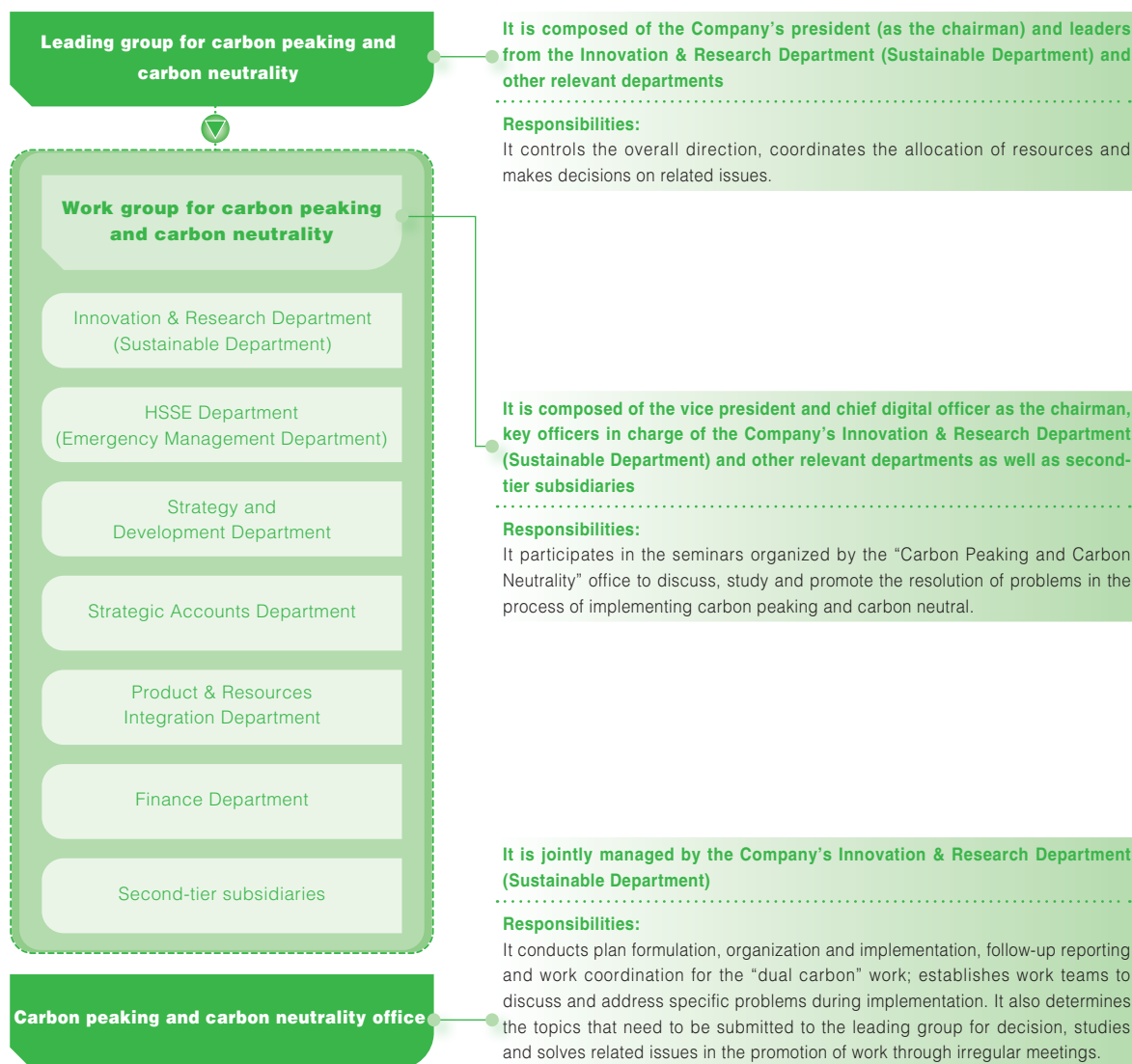
- A single incident or cumulative fines exceeding the amount specified by the Company;
- Concealment or misrepresentation of sudden environmental incidents;
- Severe inaccuracies or falsification of the data on energy conservation and ecological and environmental protection;
- Inadequate implementation of special rectification actions for ecological and environmental protection.

## (II) SUPPORTING CARBON NEUTRALITY

### 1. Governance

Sinotrans is actively responding to the national strategic plan of "30•60" carbon peaking and carbon neutrality by establishing a leading group, office and work team for carbon peaking and carbon neutrality to coordinate and cooperate at all levels to facilitate green and low-carbon actions in an orderly manner.

Organizational chart:



To strengthen top-level planning, the Company has formulated the Strategic Plan for Carbon Peaking and Carbon Neutrality and the Measure on Management of Carbon Peaking and Carbon Neutrality of the Company, providing guidance for the effective implementation of overall "dual carbon" initiatives through a series of policies and planning schemes. In 2024, the Measure on Management of Carbon Peaking and Carbon Neutrality was certified the first Gold Grade Certification for Green Low-Carbon Logistics Management System in China by SGS-CSTC Standards Technical Services Co., Ltd., marking the recognition by an international authoritative third-party organization of Sinotrans' proactive performance in addressing climate change and green logistics.

Meanwhile, the Company has formulated the Measure on Energy Consumption and Carbon Emission Statistics and Monitoring Management to standardize the implementation of carbon management work, clarifying the requirements for carbon inventory and carbon verification. We have also formulated energy-saving and emission reduction indicators to regularly track and evaluate the implementation of each second-tier subsidiary.

## 2. Strategy

As a core participant in the global supply chain, Sinotrans' transportation network, warehousing and infrastructure are affected by climate stability and the low-carbon transformation capability. We have recognized that the physical risks (extreme weather and long-term environmental changes) and transition risks (policies and regulations, technology upgrades and changes in market demand) arising from climate change constitute dual challenges to the Company's asset security, operational efficiency and financial costs.

Risk types		Risk factors	Impact on the Company
Physical risk	Acute physical risk	Floods	Infrastructure and transportation equipment were damaged, resulting in an increase in repair costs; roads, bridges and railways were flooded or destroyed, resulting in transport disruptions, cargo detention and extended delivery times; ports were closed, flights were canceled, land transportation was obstructed, warehouses, vehicles, and equipment were damaged, resulting in a decrease in operational capacity.
		Typhoons	Gales and rainstorms frequently cause transportation network disruptions, including road flooding, bridge damage, port closures and flight cancellations. These incidents may hinder normal cargo transportation, resulting in a reduction of service efficiency and an increase in compensation and insurance costs.
		Blizzards and freezing	Icy roads cause transport disruptions and shipping delays. Low temperatures lead to frequent vehicle and equipment failures, significantly reducing transportation efficiency. And the delay in cargo delivery may result in a reduction in customer satisfaction. Besides, additional costs for de-icing, heating and other related issues may be caused.
	Chronic physical risk	Sea level rise	Coastal port facilities may be flooded or damaged, leading to reduced operational capacity, forcing changes in shipping routes, resulting in an increase in transportation distance and time. As significant investments are required to build new or relocate port facilities, port-dependent supply chains shall be reorganized.
		Drought	Long-term water shortages have led to a drop in river levels, with some waterways drying up, significantly reducing inland shipping capacity. Cargo relying on water transportation will shift to more expensive land or air transportation, leading to a significant increase in transportation costs. In addition, the reduction in hydropower supply resulted in an increase in energy costs.
		High temperature and heatwaves	Cold chain logistics require more energy to maintain low temperatures, resulting in an additional increase in costs. High temperatures accelerate the aging of vehicles and machinery, leading to a decrease in maintenance expenses. In addition, extreme heat affects employees' health and work efficiency, further restricting the Company's operations.
Transition risk	Policy and legal risk	Pressure on carbon reduction policy	Since the launch of the "dual carbon" strategic goals, the government has systematically enhanced policy frameworks in energy structure adjustment, transportation system optimization, logistics network upgrades and other key areas. The successive promulgation of policies, represented by the Development Plan for Modern Logistics during the 14th Five-Year Plan Period (《[十四五]現代物流發展規劃》), indicates that green and low-carbon development has become a core issue at the national strategic level and an important engine driving high-quality economic development. This policy will have a profound impact on corporate operations: from a business model perspective, companies shall urgently integrate green development concepts into all aspects of the value chain in business and operations, to drive the transformation and upgrading of traditional business models; from a cost structure perspective, as environmental standards continue to rise, companies will face increasing capital expenditures and operational costs in areas such as the development of carbon emission monitoring systems and the upgrading of environmental protection facilities.
	Technical risk	Investment in low-carbon transition technology	At present, most of Sinotrans' operating vehicles are heavy traction vehicles. If there is no system or new technology to replace traditional fuels, the Group may be affected by the rising price of fossil fuels and regulatory regulations, which are adverse to promoting the operation strategy of green logistics.
	Market risk	Development of green resolution	With the continuous improvement of environmental awareness, green concepts are earning increasing recognition from people and the market demand for green services has shown a rapid growth trend. In the event that the Company can accurately grasp such market change and accelerate the layout and innovation of green logistics services, it will be easier to gain market recognition, further enhancing its brand influence and market competitiveness.

- Analysis of physical risk scenario

To assess the impact of climate risks on assets and business, we focused on the Group's warehouses in the PRC (accounting for 96.21% of the total). Through a comprehensive climate risk analysis, we analyzed the impact of acute physical risks (extreme weather) and chronic physical risks (long-term climate change) under three scenarios, namely SSP1-2.6<sup>11</sup>, SSP2-4.5<sup>12</sup> and SSP5-8.5<sup>13</sup>. The analysis shows that as climate change becomes more severe, the risk of warehouse damage increases significantly. According to the data of Sea Intelligence, as of December 2024, the global average delays for late vessel arrivals are 5.28 days. Assuming that under normal circumstances, the transportation delay days of the Company are 5 days per year, extreme precipitation will cause an increase in the number of transportation delay days by 2.5 days under the SSP5-8.5 scenario. Assuming that the additional cost caused by each delay is 5% of the transportation costs and the transportation cost accounts for 90% of the total costs, it is estimated that the extra delay costs caused by climate change would account for approximately 2% of total costs.

- Acute physical risk (extreme weather)

Disaster types	Scenario types	Average risk of warehouse damage <sup>14</sup>	Magnitude of risk increase <sup>15</sup> (relative value)
Floods	SSP1-2.6	12.00%	11.24%
	SSP2-4.5	12.65%	17.22%
	SSP5-8.5	13.29%	23.14%
Typhoons	SSP1-2.6	0.55%	7.66%
	SSP2-4.5	0.57%	11.42%
	SSP5-8.5	0.59%	15.42%

- Chronic physical risk (long-term climate change)

Under the high-emissions scenario of SSP 5-8.5, coastal warehouses (e.g., in Shanghai and Guangzhou) will face significant risks of flooding and seawater intrusion due to the combined effects of sea level rise and typhoons. According to IPCC AR6<sup>16</sup>, under a high-emissions scenario, the global mean sea level is projected to rise by 0.20 to 0.30 meters by 2050. The combined effects of sea level rise and typhoons will substantially increase flood risks in coastal areas, with low-lying warehouse facilities being more severely affected.

<sup>11</sup> SSP1-2.6: It is based on the future scenario of SSP1 (sustainability), corresponding to the low emission scenario of RCP2.6 (radiative forcing reaches 2.6 W/m<sup>2</sup>). It is assumed that the global socio-economic development is moving in a sustainable direction, emphasizing inclusive development, environmental protection and global cooperation. By 2100, the global average temperature is expected to rise by approximately 1.5℃ compared to pre-industrial levels.

<sup>12</sup> SSP2-4.5: It is based on the future scenario of SSP2 (middle of the road), corresponding to the intermediate emission scenario of RCP4.5 (radiative forcing reaches 4.5 W/m<sup>2</sup>). It is assumed that socio-economic development follows its historical development patterns, and takes certain climate mitigation measures. By 2100, the global average temperature is expected to rise by approximately 3.0℃ compared to pre-industrial levels.

<sup>13</sup> SSP5-8.5: It is based on the future scenario of SSP5 (fossil-fueled development), corresponding to the high-emissions scenario of RCP8.5 (radiative forcing reaches 8.5 W/m<sup>2</sup>). It is assumed that global socio-economic development is highly dependent on fossil fuels and adopts a resource- and energy-intensive development model. By 2100, the global average temperature is expected to rise by approximately 5.1℃ compared to pre-industrial levels.

<sup>14</sup> The risk of warehouse damage refers to the proportion of loss that a warehouse may suffer under a specific scenario. The damage risk for each detailed warehouse = the frequency of extreme weather events × the intensity of extreme weather events × the proportion of warehouse (warehouse area per line item × probability of damage per line item) damage under that intensity. Average risk of warehouse damage =  $\frac{\sum (\text{warehouse area per line item} \times \text{probability of damage per line item})}{(\text{Total warehouse area})}$

<sup>15</sup> The magnitude of risk increase refers to the growth ratio of the damage risk level in 2060 compared to historical values under three different scenarios.

<sup>16</sup> IPCC AR6 : The Sixth Assessment Report by the Intergovernmental Panel on Climate Change

Risk level <sup>17</sup>	City where coastal warehouses are located	Proportion of warehouse area
Low	Tianjin	5.75%
Lower	Lianyungang	0.16%
Moderate	Dalian, Yantai, Weihai, Qingdao, Fangchenggang	10.06%
Higher	Ningbo, Wenzhou	5.13%
High	Shanghai, Fuzhou, Quanzhou, Xiamen, Guangzhou, Shenzhen, Zhuhai, Zhanjiang, Haikou, Hong Kong Special Administrative Region	23.25%

- Scenario analysis of transition climate risks

To assess the Group's adaptability to transition climate risks, we adopt the NGFS (Network for Greening the Financial System) climate scenario stress-testing framework, focusing on analyzing the transmission effect of differences in carbon pricing systems on the Company's financial risks under three major policy pathways (1.5°C scenario<sup>18</sup> (Net Zero 2050), 2°C scenario<sup>19</sup> and the reference scenario<sup>20</sup>) between 2024 to 2050.

- Carbon emissions

Based on the NGFS framework, we have developed a carbon emission prediction model tailored for the logistics and supply chain industry. This model systematically forecasts the carbon emission trajectories of Sinotrans under the 1.5°C scenario, 2°C scenario, and reference scenario. The model innovatively integrates multiple key driving factors, including the dynamic growth prediction of logistics transportation volume, the transformation path of energy structure, the electrification process of transportation equipment, the improvement of energy efficiency in storage facilities, and green supply chain management, ensuring the scientific rigor and reliability of the prediction results. Additionally, the model specifically considers specialized factors such as the optimization of multimodal transport, the substitution of low-carbon fuels, and the application of intelligent logistics technologies, providing precise data support and decision-making basis for the Group's carbon neutrality pathway.

The results of the scenario analysis indicate that carbon emissions show a significant downward trend under different climate policy scenarios. As climate policies become more stringent, both intensity and amount of carbon emission reductions increase significantly.

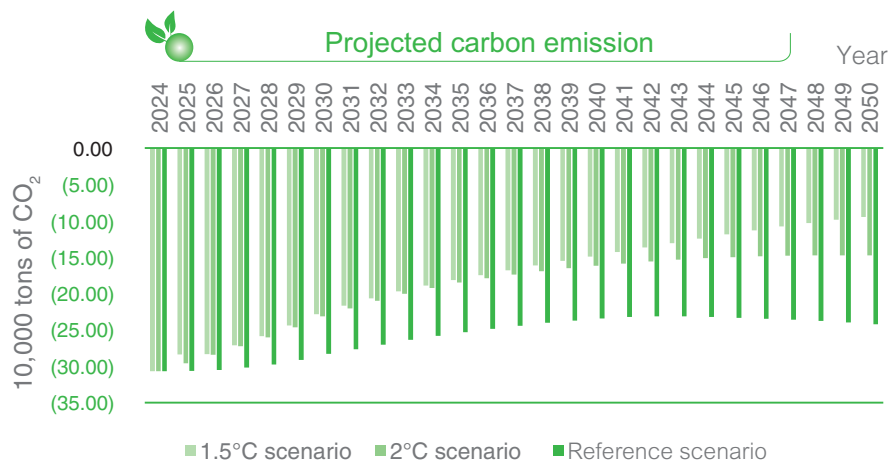
Scenario types	Carbon emissions in 2050 (10,000 tons)	Decrease in carbon emission in 2050 compared to 2024 (%)
1.5°C scenario	9.5	69.2%
2°C scenario	14.83	51.9%
Reference scenario	24.32	21.0%

<sup>17</sup> The risk level is defined as a comprehensive risk index level graded using the Analytic Hierarchy Process based on indicators such as the rate of sea level rise, the average frequency of tropical cyclones, the annual flooding frequency and the mean tidal range.

<sup>18</sup> 1.5°C scenario: To keep the increase in global average temperature over pre-industrialization levels within 1.5°C through stringent climate policies and innovations.

<sup>19</sup> 2°C scenario: To gradually increase the stringency of climate policies, for the sake of a 67% chance of limiting global warming within 2°C.

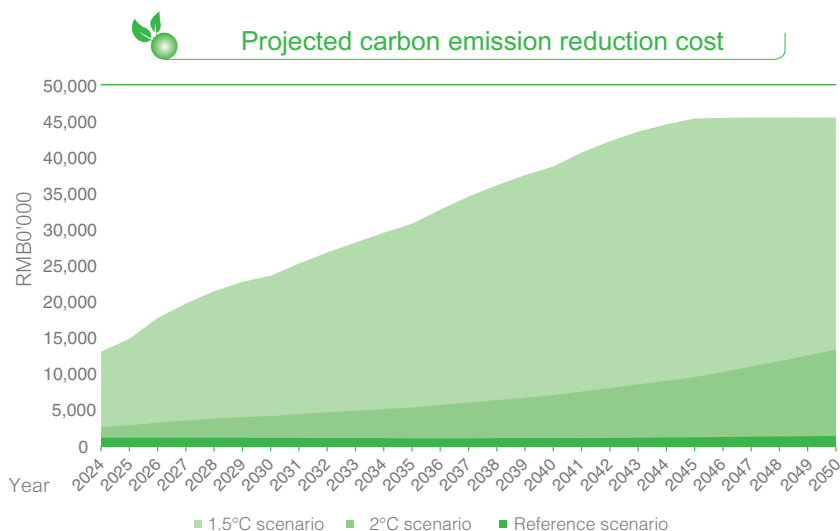
<sup>20</sup> Reference scenario: It is assumed that only the prevailing policies will be retained, resulting in a high physical risk.



- Carbon reduction cost forecast

Through a systematic approach, we assess the economic investment required by the Group to achieve its emission reduction targets. The carbon reduction cost varies significantly under different climate policy scenarios, showing a gradient pattern: 1.5°C scenario > 2°C scenario > reference scenario. Under the 1.5°C scenario, due to the most stringent emission reduction requirements, companies face higher carbon reduction costs and greater operational pressure.

Scenario types	Carbon emission costs in 2050	Increase in carbon emission reduction costs in 2050 compared to 2024 <sup>21</sup>
	(RMB0'000)	(RMB0'000)
1.5°C scenario	45,571.56	32,454.32
2°C scenario	13,400.16	10,760.75
Reference scenario	1,440.75	258.42



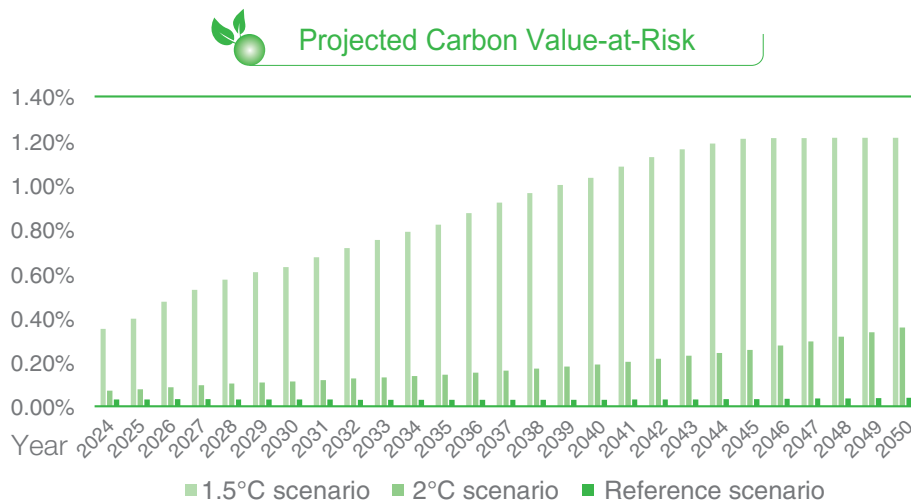
<sup>21</sup> Increase in carbon emission reduction costs in 2050 compared to 2024 = Carbon emission reduction costs in 2050 - Carbon emission reduction costs in 2024

- Carbon Value-at-Risk (CVaR)<sup>22</sup>

We use Carbon Value-at-Risk (CVaR) to quantify the financial risks faced by the Group under different carbon emission scenarios, including potential losses or gains caused by carbon price fluctuations, policy adjustments, or the market's transition to a low-carbon economy. Through the assessment of Carbon Value-at-Risk, we accurately identify carbon-related risk exposures, optimize risk management strategies, and provide data support for formulating scientifically sound low-carbon transition pathways, thus enhancing our competitiveness in low-carbon economy and realizing sustainable development goals.

The analysis results show that the stricter the climate policies, the higher the carbon cost risk faced by companies. For example, the CVaR in 2050 will reach 1.21% under the 1.5℃ scenario, while the CVaR will only be 0.36% under the 2℃ scenario.

Scenario types	Carbon Value-at-Risk in 2050
1.5℃ scenario	1.21%
2℃ scenario	0.36%
Reference scenario	0.04%



Sinotrans has researched and analyzed the “dual carbon” policy, carbon emissions in the logistics industry and changes in customer demand for green supply chains, completed the analysis of the current status of Sinotrans’ carbon emissions and relevant scenario forecasts to develop the Strategic Plan for Carbon Peaking and Carbon Neutrality, which constitutes Sinotrans’ “12559” carbon peaking and carbon neutrality strategic system, and is incorporated into Sinotrans’ special strategy, clarifying the green development vision of “practitioners and innovators of green logistics ecological construction” and proposing two phased goals of “achieving full-bore and domestic-bore carbon peaking within its operations by 2030 and achieving domestic-bore carbon neutrality within its operations by 2060”, forming five strategic measures and five solution plans. Meanwhile, for implementing the requirements of the high-quality development concept, Sinotrans continues to strengthen top-level design, persists in improving the Company’s strategies of “dual carbon”, innovation and other special strategies, cultivates the concept of green development and deeply practices the concept of green and low-carbon operation to facilitate the modern development of harmonious coexistence between human and nature.

<sup>22</sup>

Steps for calculation of Carbon Value at Risk (CVaR) include: (1) Establish diverse carbon emission scenarios, encompassing various pathways such as policy-driven initiatives, market transformations, and technological breakthroughs; (2) Integrate carbon price forecasting models, historical and projected corporate carbon emission data, and carbon cost transmission capabilities to comprehensively assess the potential carbon-related costs or asset impairment risks that a company may face over a certain future period.

Enterprise CVaR=  $\frac{\text{Enterprise's carbon reduction costs}}{\text{Enterprise value}}$  ; Enterprise value = (Market value + liabilities + minority interests + preferred shares) – cash and cash equivalents.

### 3. Impact, Risks and Opportunities Management

In 2024, the Company proactively adjusted its strategy and business model and implemented energy-saving and carbon reduction measures during its business operations to continuously promote the implementation of the Company's carbon peaking and carbon neutrality strategy and effectively respond to the impacts, risks and opportunities of climate change.

- (1) **Diverse application scenarios:** The Company widely applies green new energy services and technologies in its main business segments, promotes the application of sustainable aviation fuel and green air transport products, and expands the construction of distributed photovoltaics on warehouse roofs and REC battery swapping stations. We also improve the organizational structure of the carbon management platform and optimize the application of the carbon footprint calculator and international certifications.
- (2) **Outstanding brand advantages:** The Company develops a multi-level and three-dimensional green logistics business, forming product solutions with broad market influence and enhances green logistics innovation capabilities to enrich and diversify its service models.
- (3) **Improving system and mechanism:** The Company established a "carbon peaking and carbon neutrality" management working group, set up and improved a mechanism that adapts to the development of green logistics business to fully activate and release endogenous driving forces.
- (4) **Enhancing safety and environmental risk control capabilities:** The Company strictly implements the principle of giving priority to conservation to control energy consumption and carbon emission intensity, so as to realise an overall control over the total amount of carbon emissions. Our abilities to identify, assess and manage environmental, social and governance risks relating to sustainable development have been improving.

### 4. Indicators and Targets

Taking 2020 as the benchmarked year, Sinotrans has set the target of carbon emission intensity reduction, namely the reduction of 18% by 2025, the reduction of 26% by 2028 and the reduction of 30% by 2030.

2024 total greenhouse gas emissions (scope 1 + scope 2) (in tons of CO <sub>2</sub> e) <sup>23</sup>		307,973.62	Year-on-year change: ↓ 0.38%
By scope	Scope 1 Greenhouse gas emissions	163,316.27	Year-on-year change: ↓ 2.88%
	Scope 2 Greenhouse gas emissions	144,657.35	Year-on-year change: ↓ 2.59%
Greenhouse gas emissions directly reduced by emission reduction measures (scope 1 + scope 2) (in tons of CO <sub>2</sub> e)		6,091.04	Year-on-year change: ↑ 14.63%
Carbon emissions intensity: Greenhouse gas emissions per million RMB revenue (scope 1 + scope 2) (in tons of CO <sub>2</sub> e)		2.92	↓ 4.02%

<sup>23</sup> Scope 1 greenhouse gas mainly refers to greenhouse gas emissions generated by the burning fossil energy such as coal, natural gas and oil, and industrial production processes. Scope 2 greenhouse gas mainly refers to the emission of greenhouse gas caused by the use of purchased power and heat.

### (III) EFFICIENT RESOURCE UTILISATION

#### 1. Energy Management

During the operations of Sinotrans, energy consumption is mainly concentrated in the transportation and warehousing sectors, with the primary energy sources being diesel, electricity and fuel oil. In response to national policies, the Company strictly adheres to regulations including the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), the Energy Law of the People's Republic of China (《中華人民共和國能源法》) and the Statistical Reporting Framework on Energy Conservation and Eco-Environmental Protection for Central State-Owned Enterprises (《中央企業能源節約與生態環境保護統計報表》), in order to advance the achievement of carbon peak and carbon neutrality goals, and to accelerate the green transformation of development models.

In 2024, to achieve the shift from “dual control” on energy consumption to “dual control” on total carbon emissions and intensity, a total of 23 energy-saving and carbon-reduction measures were implemented, saving 1,271 tons of standard coal, reducing carbon emissions by 6,091 tons, and saving costs of RMB11.56 million. The specific measures are as follows:

##### (1) Equipment Upgrades and New Energy Promotion

- **New Energy Equipment Replacement:** The Company proactively promoted the renewal and upgrading of a total of 17 pieces of equipment, including transport vehicles, forklifts, reach stackers, lighting fixtures and other equipment, achieving energy savings of 1,267 tons of standard coal and reducing carbon emissions by 2,362 tons. By the end of 2024, the proportion of the Company's own new energy forklifts had increased to 85%, with the electrification rate of non-road mobile machinery reaching 79%. Additionally, five clean energy applications were expanded, mainly including initiatives such as photovoltaic projects and biodiesel applications, resulting in a reduction of 3,707 tons of carbon emissions.
- **Lighting System Overhaul:** Energy-efficient lighting fixtures were comprehensively deployed across warehouses and offices, effectively reducing electricity consumption.

##### (2) Optimisation of Energy Usage

- **Off-Peak Charging:** In response to the charge needs of electric vehicles and equipment, the Company implemented an off-peak charging strategy to reduce electricity costs.
- **Zonal Lighting:** The Company has implemented zonal lighting management in warehouse and office spaces, flexibly controlling the switching of lighting devices based on actual needs, thereby preventing energy wastage.

##### (3) Technological and Management Innovation

- **Energy-Saving and Environmental Protection Management System:** The Company fully utilises the energy-saving and carbon reduction analysis module of the energy-saving and environmental protection management system to monitor and analyse energy consumption and carbon emission data in real time. This helps quantify the effectiveness of energy-saving and carbon reduction measures, providing scientific support for management decision-making.
- **Energy Efficiency Assessment and Equipment Updates:** The Company has conducted evaluations on the usage and energy efficiency levels of key product equipment, developed and implemented equipment update plans to continuously improve energy efficiency of equipment.

#### (4) Intensive Use of Energy Resources

- Resource Intensive Utilisation: By optimising warehouse layouts and enhancing transportation efficiency, the Company has reduced energy resource wastage, achieving the intensive use of energy resources.

Total Energy Consumption <sup>24</sup> : 111,225.35 tons of standard coal	Year-on-year change: ↑ 1.46%
Clean Energy Consumption: 6,669.75 MWh	Year-on-year change: ↑ 481.43%
Proportion of Clean Energy Usage: 0.74%	Year-on-year change: ↑ 0.61 percentage point
Natural Gas Consumption: 3,906,653.21 cubic metres	Year-on-year change: ↓ 12.00%



### Green Logistics Solutions for Urban Distribution

Sinotrans offers innovative solutions to its partners in response to issues related to greenhouse gas emissions, providing comprehensive green transportation solutions that cover entire green transportation chain from short-haul transportation to transfer warehouses, last-mile deliveries from transfer warehouses and return logistics. By extensively using electric transportation vehicles and electric forklifts, the project achieves an electrification usage rate of 98%, directly reducing carbon emissions by 7.4 tons.



## 2. Water Resource Utilisation

The use of water resources at Sinotrans covers staff domestic water consumption, equipment and facility cleaning, landscaping and firefighting purposes. In compliance with the relevant laws and regulations including Water Law of the People's Republic of China (《中華人民共和國水法》) and the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》), Sinotrans has established a comprehensive water resource management system.

To improve water resource efficiency, Sinotrans has implemented a series of water-saving measures and technological innovations:



### Data Collection and Dynamic Monitoring

The Company has organised a comprehensive system-wide water usage statistic, accurately tracking water resource data. Also, regular collection of water usage data is conducted, with real-time monitoring on water usage dynamics to provide solid evidence for developing scientific water-saving strategies.

<sup>24</sup> Energy consumption refers to the energy consumed by the Group in its transportation and warehousing operations.



## Infrastructure and Equipment Upgrades

The Company actively encourages subsidiaries to build rainwater storage tanks and reclaimed water recycling systems to improve the reuse rate of water resources. A full inspection of water-use equipment is conducted, with a strong emphasis on adopting water-saving devices. Regular inspections and maintenance of relevant facilities and equipment are also carried out to reduce unnecessary consumption of water resources.



## Encouraging Rainwater Collection

The Company encourages the collection of rainwater at ports and stations for non-potable uses such as landscaping and road cleaning, further expanding the utilisation of water resources and improving the overall efficiency of water resource.



## Publicity, Education and Awareness Enhancement

Through various channels such as internal publicity boards and posters, the Company widely publicise the importance of water conservation, encouraging employees to actively participate in water-saving initiatives and fostering a strong water-conservation culture.



## Strengthening Comprehensive Water Management

The Company requires all subsidiaries to enhance the recycling and reuse of production water and the maintenance of water supply pipe networks, reinforcing the management of water usage throughout the entire process, reducing water wastage to increase the availability of effective water supply.

Total Water Consumption: 2,113,515.73 tons	Year-on-year change: ↓ 2.92%
Freshwater Consumption: 2,081,694.28 tons	Year-on-year change: ↓ 3.09%
Water Recycling and Reuse Rate: 1.51%	Year-on-year change: ↑ 0.18 percentage point

### 3. Circular Economy

Sinotrans places great importance on resource conservation and intensive utilisation, actively promoting waste reduction at the source and in-plant recycling. By optimising operation processes and upgrading technological equipment, the Company minimises resource consumption and waste generation. In terms of packaging materials, the Company vigorously promotes the application of green packaging materials, prioritising the use of recyclable and biodegradable materials, and continually improving the efficiency of material use and the reuse of waste packaging to drive a full-chain transformation towards green practices.

Besides, Sinotrans actively promotes clean production by prioritising the use of energy-saving, water-saving and environmental friendly technologies and equipment, thereby advancing the green transformation of operations, aiming to establish demonstration green parks. By the end of 2024, 9 of its warehouses had obtained Class I Green Warehouse certification, covering a total area of 594,000 square metres.

Amount of waste recycled: 777.18 tons	Year-on-year change: ↑ 19.10%
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


## Green Upgrading of Transport Vehicles Driven by Reusable Pallet

Sinotrans has promoted the standardised shared use of reusable pallets, working in collaboration with upstream and downstream enterprises to implement a pallet-based transport model, which improved information exchange of supply chain and cost optimisation. To date, over one million reusable pallets have been widely adopted. Under the standard pallet-sharing model, the number of cargo handling has been significantly reduced, the transport turnover efficiency has increased by an average of 35%, the cargo damage rate has decreased by an average of 55%, and supply chain costs have been reduced by approximately 17%. In the end-to-end international supply chain, reusable pallets have been used for sorting, palletising and consolidating shipments at front-end stores, successfully facilitating reusable pallets delivery from Ningbo to over 300 stores in Australia, completing more than 150,000 pallet transports.

Besides, Sinotrans has comprehensively reviewed the types, materials and quantities of its current packaging materials. It has established a pool of green packaging suppliers and completed the selection and integration of green packaging suppliers through the supplier evaluation system. Furthermore, the Company has measured the effectiveness of implementing green packaging and selected highly replicable solutions to promote reuse across various project teams, significantly enhancing both the environmental and economic benefits of packaging materials.

Compared to disposable wooden pallets, reusable shared wooden pallets can, over every 1,000 uses:

Save:		Representing:
	2,683 kg solid wastes	383 cars of waste lesser
	286 kg fossil fuels	2,000 barrels of oil saved
	4,175 kgCO <sub>2</sub> eq greenhouse gas emissions	7,766 pine trees planted

## (IV) ENHANCING ECOLOGICAL PROTECTION

### 1. Pollutant Emission and Waste Management

Regarding pollutant emission, Sinotrans strictly abides by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》), the Air Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), the Prevention and Control of Soil Pollution Law of the People's Republic of China (《中華人民共和國土壤污染防治法》), the Noise Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國噪聲污染防治法》) and other national laws and regulations, and promotes pollutant control systematically in accordance with policies such as the Measures on the Administration of the List of Key Units of Environmental Supervision (《環境監管重點單位名錄管理辦法》) and the Measures on the Administration of Permitting of Pollutant Discharges (《排污許可管理辦法》). There are no key polluting units within the Company, and the primary pollutants include wastewater, waste gas and solid waste. During the year, the Company did not experience any environmental incidents of general severity or above, and pollutant emissions were in compliance with national and local standards.

In 2024, the Company published four management regulations including the Ecological Environmental Protection Responsibility List of Headquarters of Sinotrans (《中國外運總部生態環境保護責任清單》), the Compliance Management Measures for Pollution Permission of Sinotrans (《中國外運排污許可合規管理辦法》), the Safety Management Measures for Hazardous Waste of Sinotrans (《中國外運危險廢物安全管理辦法》) and the Comprehensive Emergency Response Plan for Sudden Environmental Incidents of Sinotrans (《中國外運突發環境事件綜合應急預案》) and further enhanced the environmental protection management system. Moreover, annual assessment indicators for energy-saving and environmental protection are formulated, and scenarios such as “failure to install pollutant treatment facilities as required” and “illegal discharge without obtaining a pollution discharge permit” are included in the deduction items of the KPI assessment to ensure strict implementation of environmental protection responsibilities at all levels.

Regarding waste management, Sinotrans promotes the relevant work in strict compliance with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), the Measures on the Administration of the List of Key Units of Environmental Supervision (《環境監管重點單位名錄管理辦法》), the Regulations on the Transfer of Hazardous Waste (《危險廢物轉移管理辦法》), the Administrative Measures for Legal Disclosure of Enterprise Environmental Information (《企業環境信息依法披露管理辦法》), the Safety Management Measures for Hazardous Waste of Sinotrans (《中國外運危險廢物安全管理辦法》) and other relevant laws and regulations.

Following the “Three Cleans” principle (Clear baseline, Clear situation, Clear issues), Sinotrans organised the entire system to conduct a comprehensive survey of energy-saving and environmental protection status, compiled a list of key environmental factors, identified the risks of the “three wastes” (wastewater, waste gas, and solid waste), and focused on inspecting pollution control measures for mobile machinery, the environmental protection facilities of chemical storage tanks, the dust suppression facilities at bulk cargo terminals and yards, as well as the emissions of volatile organic compounds (VOCs). Given the extensive and varied nature of these challenges, the Company adopts precise, scientific and legally compliant pollution control methods, conducts inspections and rectification of environmental risk hazards in key areas, and through measures such as summarising experiences, establishing long-term mechanisms and tracking and supervision, forms a closed-loop management system that eliminates ecological and environmental risks. During the year, the Company did not have any incidents of illegal waste treatment, and the compliance rate of waste disposal reached 100%.

For various types of waste, Sinotrans has taken corresponding treatment and prevention measures:

### (1) Wastewater Treatment

The Company's wastewater primarily consists of domestic sewage and initial rainwater. In terms of wastewater treatment, the Company actively promotes the construction of diversion facilities for sewage and rainwater. For example, the Dongguan Logistics Centre of Sinotrans South China has completed the reconstruction of a 700-metre rainwater-sewage pipeline, achieving separate discharge for rainwater and wastewater. At its port terminals, the Company added 3 new reception devices for ship pollutants and upgraded 2 existing ones, significantly improving its ability to receive and treat ship pollutants. Furthermore, the Company has constructed three-stage sedimentation tanks at wash and repair facilities to enhance discharge monitoring and management, effectively improving its capacity for water pollution prevention.

### (2) Waste Gas Treatment

The Company's waste gas primarily comes from vehicle and ship exhaust, including particulate matter, nitrogen oxides and other pollutants. In terms of waste gas treatment, the Company has focused on VOCs detection and treatment. At the Qinzhou Port asphalt depot of Sinotrans South China, the Company optimised VOCs treatment processes, achieving emissions concentrations well below the local discharge standards. The coal transport system at Wuhu Sanshan Port of Sinotrans Eastern adopted wet dust removal technologies such as water spraying and water mist gun systems, reducing particulate matter emission concentration to below 1mg/m<sup>3</sup>. Additionally, windbreak walls and dust suppression nets were installed to effectively control cargo dust pollution. In addition, the Company continues to upgrade transportation vehicles and large equipment, adding purification devices on equipment with unqualified exhaust emissions to ensure that the exhaust emissions meet the standards.

### (3) Solid Waste Treatment

The Company's solid wastes mainly include domestic waste and hazardous waste. Domestic waste primarily originates from waste generated during the processes of warehousing and logistics and from employees' daily works, while hazardous waste mainly consists of waste engine oil and used oil barrels, etc. generated from repairing and cleaning business and during equipment maintenance.

To enhance solid waste management, the Company requires each of its parks and units to establish designated storage areas for domestic waste and hazardous waste, implements full-process management that includes collection, storage, transportation and transfer. All storage areas are equipped with signs and are subject to standardised management in accordance with relevant requirements.

#### Domestic Waste Treatment

- Establish fixed collection stations for domestic waste and strictly enforce separate sorting and collection of waste, prohibit random disposal or littering;
- Entrust third-party entities to regularly clean and transport the waste to ensure that domestic waste is cleared on a timely basis;
- Enhance training of employee's environmental awareness and advocate reducing waste generation.

#### Hazardous Waste Treatment

Recognising the integrated safety and environmental risks associated with hazardous waste management, the Company has formulated and issued the Safety Management Measures for Hazardous Waste of Sinotrans (《中國外運危險廢物安全管理辦法》) and a dedicated inspection checklist, which stipulate comprehensive risk control requirements for the entire lifecycle of hazardous waste – from collection, storage, transfer to transportation. Given the inherent high-risk nature of hazardous waste, the Company has implemented the following measures:

- Set up dedicated storage areas for hazardous waste and ensure strict compliance with isolation, anti-permeability and anti-leakage requirements. Authorised personnel only;
- Engage qualified third-party service providers to regularly transport and dispose of hazardous waste in compliance with regulations;
- Require departments generating hazardous waste to establish a hazardous waste management plan in accordance with national regulations, and to maintain a management record to ensure that hazardous waste is traceable and subject to oversight from generation to disposal;
- Departments that fail to manage and dispose of hazardous waste in compliance with regulations will have points deducted during the annual KPI evaluation.

In addition, the Company actively promotes a green office concept, advocating for resource conservation and waste reduction. It encourages double-sided printing to reduce paper consumption and minimises the use of colour printing and photocopying; makes full use of the OA office system to reduce the need for paper documents; and selects environmentally friendly and biodegradable packaging materials to reduce packaging waste.

Sulfur Oxides (SOx): 43.53 tons	Year-on-year change: ↓ 22.93%
Nitrogen Oxides (NOx): 91.75 tons	Year-on-year change: ↓ 3.25%
Total Wastewater <sup>25</sup> : 1,715,896.34 tons	Year-on-year change: ↓ 0.63%
Total hazardous waste <sup>26</sup> : 167.70 tons	Year-on-year change: ↑ 50.09%
Total non-hazardous waste: 5,059.39 tons	Year-on-year change: ↑ 31.97%
Total hazardous waste disposal: 165.84 tons	Year-on-year change: ↑ 57.75%

<sup>25</sup> Wastewater discharge mainly represents the domestic sewage generated in the daily operation of the Group, and is mainly discharged to urban sewage treatment plant for treatment prior to discharge.

<sup>26</sup> In 2024, the scope of data statistics was expanded to the entire Group, leading to an increase in total waste volume.

## 2. Biodiversity Conservation

Sinotrans has been adhering to the principles of sustainable development, actively promoting green logistics and low-carbon transportation and focusing on practicing biodiversity conservation. Although the Company's operations do not have a direct significant impact on biodiversity, we consistently apply the principle of minimising ecological disturbance during the planning, construction and operation of logistics parks, seeking to preserve the stability of surrounding ecosystems to the greatest extent possible. In our transportation operations, we ensure the effective avoidance of adverse effects on ecosystems and biodiversity along transportation routes.



Case

### Biodiversity Conservation in the Yangtze River Economic Belt

Sinotrans actively contributes to biodiversity conservation efforts within the Yangtze River Economic Belt, requiring shipping and port companies in the basin to enforce long-term pollution control measures. Firstly, we strictly enforced shipping companies' responsibility. Shipping companies must strengthen pollution management for their vessels. The principal officers of these companies are required to assume the primary responsibility for pollution management, establish and improve pollution prevention systems and operational procedures for ships, and conduct regular checks to ensure the effective implementation of these systems. Secondly, we enhanced management of ship wastewater reception. Port and shipping companies must enforce stringent protocols for the handover and joint inspection of shipborne pollutants, strictly prohibiting illegal discharges. Thirdly, we strengthened pollution prevention at ports and terminals. Port and terminal companies must enhance the maintenance and management of their environmental protection facilities to ensure their stable operation. Dry bulk terminals are required to strengthen measures to control dust pollution. Fourthly, we popularised shore power and clean energy. Relevant companies must monitor and analyse the use of shore power, further promoting its regular use and gradually increasing the utilisation rate of clean energy and new energy for large machinery.



Inspection of vessel by principal officer



Handing over of ship waste



Popularising shore power and clean energy

# VI.

## Innovation Oriented: Forging a Resilient Supply Chain

The Company uses innovative technologies to actively build a capacity network featuring “channel + hub + network”, drive the upgrade of smart logistics and green supply chain, improve transportation efficiency, and provide customers with highly resilient end-to-end supply chain solutions.

### Topics Covered in This Chapter:

**Technological Innovation, Product and Service Safety and Quality, Sustainable Supply Chain, Data Security and Privacy Protection, Equal Treatment of Small and Medium-sized Enterprises**



### United Nations Sustainable Development Goals:



## (I) DRIVING THE TRANSFORMATION OF DIGITAL INTELLIGENCE

### 1. Governance

The Company has formulated the Technological Innovation Management Measures of Sinotrans (《中國外運科技創新管理辦法》) to clarify the organisational structure, incentive mechanism and supervision and assessment mechanism of technological innovation management, forming a full-cycle management system of “strategic planning — project management — achievement transformation” to ensure efficient advancement of technological innovation.

The Company has established a leading group of technological innovation, with the president as the group leader and other company senior management personnel as its members, to comprehensively coordinate the technological innovation; set up a working group of technological innovation, led by the leader in charge of technological innovation, together with the heads of relevant departments, to build an innovation ecosystem of cross-departmental collaboration and linkage. By establishing a sound technological innovation management and incentive guarantee mechanism, the Company has provided a clear guidance for the direction of technological innovation and provided an institutional guarantee for innovative motivation of employees.

### 2. Strategy

Focusing on the digital transformation practices of Sinotrans, the Company establishes a special digital strategy. The Company takes the whole network operation as the primary business operation, improves the effectiveness of operation management through systematic approaches, standardised principles and penetrating organisation, solidifies the process with digital tools, and employs high-quality data to gain insights into the business. It builds a four-tier operation system including customers, products, delivery and resources, and strengthens internal linkage of the four-tier system, so as to realise a spiral increase in the scale of customers, resources and products, and to enhance the capability of the whole network operation.

Focusing on innovation driving, safety and efficiency, and supply chain collaboration, the Company formulates a special innovation strategy. It clarifies short, medium and long-term strategic goals by stages, deploys business-oriented technology application, and makes overall planning for investment in innovation and research and development. By constantly optimising the environment for technological innovation, enhancing technological innovation capabilities, and breaking through key core technologies in logistics, the Company jointly promotes a number of industry innovation solutions with customers, forming a batch of intellectual property rights, and creating an innovation-driven smart logistics enterprise with “customer+ technology” and “scenario + technology”.

### 3. Impact, Risks and Opportunities Management

In the process of technological innovation, we would face multiple challenges. Firstly, it is the problem of technology implementation and business adaptability. Due to the long research and development cycle of and high investment in new technologies, some innovative technologies may face difficulties in implementation and poor adaptability in actual application scenarios, thus making it hard to achieve the expected results. Secondly, it is the risk of technical security and data privacy. As the logistics industry involves a large amount of supply chain data, how to ensure safe and compliant use of data and avoid potential cyber attacks and data leakage is the focus and difficulty of technological innovation. Thirdly, it is the rapid technological upgrading. New technologies are constantly emerging in the logistics industry. If we fail to keep up with technological development trends in a timely manner, the existing technologies and applications may soon be phased out. Therefore, how to maintain technological leadership is a major challenge. Fourthly, it is the fierce competition for recruiting high-end technical talents. Technological innovation depends on high-end technical talents, especially compound talents in logistics and technology. Talent shortages may hinder the progress of technological innovation projects.

At the same time, we are actively engaged in technological innovation, which also brings opportunities to the Company. Firstly, the in-depth application of technologies such as artificial intelligence, big data and blockchain will further increase logistics operation efficiency, promote the intelligence, visualisation and security of supply chain, and improve the customer service experience. Secondly, the maturity of smart logistics technology will help the Company expand international markets, enhance its global competitiveness through smart supply chain solutions and strengthen the leading position of Sinotrans in the global logistics industry.

In the face of the risks and opportunities of technological innovation, we closely combine market demand and customer expectations, promote the large-scale application of “scenario + technology” and “customer + technology”, and build an end-to-end efficient, safe, resilient and green supply chain service system. Through the layout and research and development of cutting-edge technologies, the Company focuses on solving the core business needs such as manpower efficiency improvement, quality optimisation, experience enhancement, safety guarantee and green development, setting up a benchmark for the industry in smart logistics and green logistics.

**In 2024, with “AI+ logistics” as the core, Sinotrans promotes innovative practices in the field of smart logistics by building an independent and controllable technology system. The Company has obtained a total of 230 patents and 428 software copyrights, forming a technical structure with the research and development of artificial intelligence large models and breakthroughs in automated driving technology as the dual pillars, which provides systematic solutions for the industry’s intelligent transformation.**



### **Research and Development of Artificial Intelligence Large Models**

Sinotrans actively promotes the construction of high-quality corpus datasets for logistics business, and participates in the compilation of an industry standard and a group standard related to AI large models. Focusing on the core needs of “manpower efficiency improvement, quality optimisation and safety guarantee”, the Company has developed more than ten AI scenario-based applications. Among them, the innovative application of visual recognition technology in warehouse automation equipment based on the large models has won the first prize under the 2024 Scientific and Technological Progress Awards of the CFLP (provincial and ministerial level), becoming a model of the deep combination of technological research and development and business needs.



### **Full-scenario Automation Solution**

The Company has launched the first automated cross-provincial high-speed freight transportation service in China, with the cumulative commercial operating mileage of over 2.4 million kilometers, and successfully obtained the first commercial demonstration license for automated driving in China. The technology application scenarios continue to expand to three major areas, namely trunk transportation, port operations and park management. A new demonstration line was added on the Beijing-Tianjin-Tanggu Expressway, verifying the reliability of long-distance fleet transportation; an unmanned solution was developed for the container handling scenario at terminals to improve port operation efficiency; the integrated autonomous navigation and multi-model perception technology was developed for digital blue-collar workers, which achieved full-process automation of loading and unloading and destacking, further promoting the intelligent upgrade of logistics equipment.

## **4. Indicators and Targets**

In 2024, Sinotrans focused on optimising the innovation environment, deeply explored the application of cutting-edge logistics technology, and prioritised the research and development and implementation of artificial intelligence large models in logistics scenarios. The Company continued to improve its independent and controllable core technology capabilities, and attached importance to the accumulation of intellectual property rights, basically forming smart logistics technology service capabilities covering all scenarios of integrated logistics.

Our Targets	Achievement of the Targets in 2024
To organise at least one technological innovation salon/training/promotion of logistics technology achievements	We successfully organised the pan-artificial intelligence innovation salon, which promoted technical exchanges and cooperation within the industry.
To organise the completion of the Group's set targets of research and development investment of technology	We invested RMB290 million in technological innovation development in 2024.
To complete the demonstration and application construction of three large models	We successfully developed three demonstration applications including general knowledge questions and answers, commercial plans and logistics documents.
To complete demonstration and exploration of large models in GTM scenarios	We formed more than ten "AI+" achievements.
To complete the organization construction of large model special task force	We established a special task force on artificial intelligence and a special task force on the construction of high-quality datasets, forming a cross-organisational and cross-disciplinary team of more than 300 experts.
The Company's cumulative number of active patents will reach 190	We obtained a total of 230 patents.
To strive to complete investment decision and capital contribution for two innovative investment projects	We completed investment decision and capital contribution for two innovative investment projects.

## (II) PROVIDING HIGH-QUALITY CUSTOMER SERVICE

### 1. Governance

Sinotrans adheres to the serving philosophy of "customers' success, our achievement". Through the establishment of a three-level quality management system of "headquarters – second-tier subsidiaries – operating units", the implementation of closed-loop management from customer demand to customer satisfaction, dynamic improvement of the governance system, and systematic promotion of customer service quality management, we are committed to providing customers with efficient, safe, punctual and economical logistics services.

#### The headquarters serves as the core decision-making body of the system and leads the following functions:

- Formulate principles and policies of the integrated management system and coordinate the universal direction towards quality management;
- Undertake customers' quality requirements and transmit them to and train, supervise and evaluate the operational quality system through dedicated personnel;
- Establish an operation quality management system covering regimes, organisations, tools and mechanisms;
- Build a digital transformation quality management system for core competitiveness.

#### Second-tier subsidiaries play a connecting role and focus on implementing the requirements of the headquarters:

- Build an operation center with quality control as the core to provide guidance and support to subordinate operating units;
- Ensure the effective implementation of the quality management system in regions and business lines.

#### Operating units are directly oriented to customer demand, and their specific implementations include the following:

- Establish a synergy mechanism and an emergency response process to quickly resolve customers' problems;
- Compile SOP (Standard Operating Procedure), SIP (Standard Inspection Procedure), QA (Quality Assurance Key Elements), and ensure implementation consistency through training and assessment;
- Establish quality management organisations and positions such as QA (Quality Assurance) and QC (Quality Control), strictly supervise the operation procedures, analyse quality data and promote improvements;
- Organise production operations, strictly follow SOP and the operational management system, and see to operational quality and improved implementation.

In addition, Sinotrans has formulated and implemented Corporate Customer Management Regulations (《公司客戶管理規定》), Corporate Business Opportunity Management Regulations (《公司商機管理規定》), Guiding Opinions on Corporate Delivery Coordination Management (《公司交付統籌管理指導意見》) and a series of business operation and management norms for sea transportation, land transportation, air transportation and truck transportation, which cover the entire chain from customer connection, business opportunity development to delivery and execution, forming a closed loop of institutionalised management.

## 2. Strategy

Based on a comprehensive review of the Sinotrans Operation Quality Plan (中國外運運營質量相關規劃), the Company has formulated a systematic improvement strategy from six major directions to address shortcomings of the quality management system, the changes in customer demand and global challenges:

(1) Six major directions:

### Continuously improve timeliness and accuracy

- Lean operation and digital technology as a tool
- Continuously improve timeliness and quality

### Enhance information transparency and traceability in the process

- Continuously improve information transparency
- In-transit traceability

### Build a smooth customer communication and feedback mechanism

- Advocate the concept of service creating value
- Emphasise customer relationship management
- Build a smooth, mesh customer communication and feedback mechanism

### Customised services based on standardised capabilities

- Personalised and flexible service capabilities
- Digitalisation based on the operation system

### Full integration of ESG concepts

- Embed green logistics, low-carbon transportation, trade compliance and other requirements into service design

### Increase supplier management standards

- Continuously improve the procurement and supplier management system
- Establish a supplier grading evaluation system to strengthen the control of supplier service quality in key aspects

(2) Four major strategies

- Industry understanding and demand insight: We have a comprehensive insight into the industry and market dynamics, and identify customers' governance and management needs, while reviewing the completeness of our own quality management system, and accurately identifying key quality characteristics and control points, so that we set standards, compile manuals and plans, improve the management organisational structure and promote the implementation of plans.
- Undertaking of penetrating organisation construction of the process: Through PDCA (Plan-Do-Check-Act) cycle and Account Team (customer management team) mechanism, we achieve deep penetration management between the headquarters and the front line of business, and organically integrate operating standards into the organisational structure and business process. At the same time, a quality management system with full participation is established. Through the enhancement of cognitive ability and professionalism of the participants, we promote the continuous optimisation of other logistics elements, and ultimately realise the high-quality operation of all aspects and elements of the process. Resource integration and efficiency improvement are achieved through the three modes of business opportunity coordination, business coordination and direct management by the business center.

- Digitalisation of operational technology: By using digital technology as a means, we build an integrated operation system with standardised products as the core, and comprehensively increase the delivery management capabilities by reconstructing the four-layer system of “customers, products, resources, delivery”. Meanwhile, a comprehensive improvement in integrated operation capabilities and delivery governance levels is achieved by building a full-process delivery system with the logistics control tower (LCT) as the core.
- Digitalisation of the operational system: In the cargo transportation process, we monitor the in-transit capacity and in-transit orders by linking internal and external data sources. By collecting status nodes and transportation tracks through automated means, we calculate the planned arrival time of goods in real time, proactively providing early warning and intervening in advance to ensure on-time delivery of goods.

### 3. Impact, Risks and Opportunities Management

Leveraging on sound risk management processes, we accurately identify and effectively manage risks and opportunities in the field of customer service.

Risk identification	<ul style="list-style-type: none"> <li>• We systematically identify the risks that may be encountered in the course of logistics services, including operational risk, market risk, credit risk, legal and compliance risk and supply chain disruption risk.</li> <li>• Internal and external factors such as natural disasters, political changes, economic fluctuations, technical failures and human errors are fully taken into account.</li> </ul>
Risk mitigation	<ul style="list-style-type: none"> <li>• For each risk identified, we develop appropriate risk mitigation measures and response strategies; such measures should include preventive measures, contingency plans and recovery strategies, and ensure that all relevant personnel understand their roles and responsibilities in the event of a risk.</li> <li>• Risk mitigation measures are implemented and regularly tested for their effectiveness, such as through simulation exercises and stress tests.</li> </ul>
Regular risk assessment	<ul style="list-style-type: none"> <li>• Risk assessments (including qualitative and quantitative analyses, such as assessment of risk probability and potential impact) are conducted in a regular way to identify emerging risks and changes in existing risks.</li> <li>• Based on the results of the risk assessment, the risk management plan is updated to ensure that it reflects the latest risk profile; the risk management plan should include prioritisation of risk mitigation measures and allocation of resources.</li> </ul>
Risk management training	<ul style="list-style-type: none"> <li>• We conduct regular risk management training for staff to enhance their understanding of potential risks and their response capabilities.</li> <li>• The trainings should cover best practices in risk identification, risk assessment and risk mitigation.</li> </ul>
Risk communication	<ul style="list-style-type: none"> <li>• Internal communication: An effective internal communication mechanism is established to ensure timely dissemination of risk information within the organisation; and ensure that the management and relevant staff can have timely access to risk information and take appropriate actions.</li> <li>• External communication: We establish communication channels with external stakeholders, such as suppliers, customers and partners, so as to share risk information; and ensure that risk management measures in the supply chain are understood and supported by partners.</li> </ul>
Risk monitoring	<ul style="list-style-type: none"> <li>• We use information technology such as risk monitoring software and data analysis tools to improve the efficiency and accuracy of risk management.</li> <li>• The monitoring system should be able to monitor key risk indicators in real time and give early warning when the risk level exceeds a pre-set threshold.</li> </ul>

In view of the above risks and opportunities, Sinotrans aims at “strong operation” and systematically improves delivery quality and efficiency through a three-tier delivery management structure and digital tools.

(1) Establishing a penetrating management organisation: We establish a cross-organisational and cross-regional penetrating customer management team, and clarify the three-tier organisational positioning and division of responsibilities among the Company’s headquarters, second-tier subsidiaries and business units.

(2) Improving the construction of the delivery management system: We improve the customer management system and the strategic marketing system, and strengthen process management around market management, customer management, business opportunity management, sales process management and related credit control and risk control systems.

(3) Digital construction of delivery management

- Optimise the Customer Relationship Management system (CRM) to maximise its flexible use and gradually achieve its full use to support the headquarters and second-tier subsidiaries marketing, customer management capability enhancement and business growth;
- Expand the strategic customer Control Tower project (CT), and on the basis of the whole lifecycle management of orders, comprehensively identify risks in the logistics execution process through data sharing with customers;
- Improve functions of the Global Trade Management solutions (GTM) platform and enhance the capacity of overseas compliance screening and customs clearance services, so as to provide solid compliance guarantee for Chinese manufacturing enterprises’ brands going overseas;
- Monitor basic indicators such as volume and weight as well as changes in indicators such as weight-volume ratio and freight unit price for the key line business of truck transportation, along with the order completeness rate and abnormal orders for the trunk line business of water transportation through LBA (a BI integrated analysis platform);
- Realise the visual tracking of orders, early warning and disposal closed-loop management, and develop functions such as data quality billboards and user access behavior analysis billboards through the Logistics Control Tower (LCT).

(4) Customer satisfaction survey

In 2024, the Company conducted a customer satisfaction survey through quantitative and qualitative surveys as well as mail, SMS and telephone surveys. Based on the results of the survey, the Company continued to follow up and improve customer management, developed service rectification plans and provided feedback on the action plans to customers in a timely manner, realising the closed loop of customer management.

(5) Timely responding to customer complaints

Sinotrans always puts customers’ demands in the first place and adheres to the principle of “quick response and proactive solution” for any problems arising from its services. By listening to customers’ feedback, deeply analysing the root causes of the problems and formulating targeted improvement plans, Sinotrans continues to optimise its service experience and ensures the effective implementation of its service commitments.

## 4. Indicators and Targets

During the year, Sinotrans deepened the implementation of its customer service quality management strategy, systematically identified risk factors and value opportunities in the service chain, and realised dynamic control over the whole service cycle through precise management measures, effectively promoting the upgrading of service quality and the enhancement of customer value.

Our Targets	Achievement of the Targets in 2024
To establish a penetrating management organisation to realise the coordination of customers and business opportunities, improve overall management capabilities and facilitate business growth.	We established the headquarters-extended management mode of business opportunity coordinating interface and business coordinating interface, providing a unified interface and integrated solutions for 18 strategic customers.
To improve the construction of the delivery management system, continuously optimise the end-to-end process management and delivery standards, and improve the precision of delivery management.	<ul style="list-style-type: none"> <li>We sorted out the Standard Operating Procedures for Railway Express Products (《班列產品標準作業程序》) and Procedures for Abnormal Operation of Railway Express Products (《班列產品操作異常處理程序》);</li> <li>We improved the Guidelines on Strategic Marketing System Management (《戰略營銷體系管理指導意見》).</li> </ul>
To improve the digital construction of delivery management, formulate standardised operational procedures, develop tools for time monitoring, early warning alerts and in-transit tracking systems, and improve the quality of customer service.	<ul style="list-style-type: none"> <li>The 153 business units and the headquarters coordinated 18 strategic customers to fully implement the CRM system;</li> <li>We used CT to achieve closed-loop management of abnormal orders in the international air transportation business for the first time;</li> <li>We implemented GTM collaboration projects with three strategic customers;</li> <li>The weight-volume ratio and tonne-kilometre cost deviation rate for the 15 core lines of truck transportation decreased from abnormal 53% to 0%; the coverage of ships in trunk lines of water transportation increased from 76.25% to 98.44%; the on-time settlement rate for air chartered flights increased from 93.42% to 100%; the timeliness and integrity of railway express products were significantly improved, and the overall score increased from 43 to 100;</li> <li>We utilised Logistics Control Tower (LCT) to monitor the timeliness quality of 10 links, including heavy container inbound, waybill making, railway order delivery, customs, railway shipment, port arrival, port departure, overseas reception, reloading and shipment, railway arrival in the scenarios such as the railway express products, and alerted to the timeliness warning by SMS and mails.</li> </ul>
To comprehensively understand the level of customer satisfaction with the Company's services, identify service shortcomings through quantitative analysis and in-depth feedback assessment, and provide a basis for optimising the service quality and enhancing customer loyalty.	<ul style="list-style-type: none"> <li>Customer response and analysis: A total of 1,718 customers responded to the survey. Among those customers, 1,189 customers contribute more than RMB5 million in revenue, accounting for 96.79% of the total responses;</li> <li>Survey results: The overall score of customer satisfaction evaluation in 2024 was 94.90, with 97.61% of customers being satisfactory with the Company;</li> <li>Re-visit and improvement: We re-visited the customers who gave low scores in 2023 customer satisfaction survey or were involved in complaints, and successfully recovered 106 samples.</li> </ul>

### (III) STRENGTHENING TRANSPORTATION CAPACITY GUARANTEE

#### 1. Governance

Sinotrans has established a procurement management system with hierarchical responsibility and centralised management, where a centralised management department was set up at each tier of companies to ensure that procurement activities are regulated and transparent in accordance with the internal control principles of separation among procurement, management and supervision, and the working principles of openness, fairness, impartiality and good faith. As the functional department of procurement management, the operation management department of each unit is responsible for formulating and improving the procurement management system, approving the procurement management measures of its subsidiaries, managing the performance of procurement, coordinating and resolving the procurement disputes and complaints, and promoting the digital construction of procurement and supplier management. The internal control management department is responsible for the annual internal control evaluation and independent supervision; and the supervision department is responsible for investigating and dealing with procurement irregularities to ensure the regularity and orderliness of procurement.

In terms of supplier management, Sinotrans adheres to the principles of “centralised management, hierarchical implementation and information sharing” and “openness, fairness and impartiality”, and manages the whole lifecycle of its suppliers, including selection, use, evaluation, cultivation and exit. The operation and digitalisation department of the Company's headquarters is responsible for the formulation of the supplier management system, system construction, establishment of the resource database, formulation and implementation of the supplier admission and evaluation standards, and supervision of the supplier management of each unit. The product channel department cooperates with the operation and digitalisation department to promote the supplier classification management, refine the strategic supplier system and evaluate it regularly. The risk management department is responsible for the compilation of the warning list of suppliers involved in cases or risks, and participates in the assessment of supplier risk levels and the formulation of treatment plans.

Sinotrans has established an institutional system covering key areas such as supplier management, procurement management and assessment management, providing solid guarantee for procurement and supplier management. The Company adopts a “3+N” management mode with horizontal integration. At the headquarters level, based on the Implementation Rules of Sinotrans for Procurement Management (2024) (《中國外運採購管理實施細則(2024版)》), the Company has formulated the Measures of Sinotrans for Suppliers Management (2024) (《中國外運供應商管理辦法(2024版)》) and the Implementation Measures of Sinotrans for the Management of Procurement Assessment Work (2022) (《中國外運採購評審工作管理實施辦法(2022版)》); at the professional line level, Sinotrans has formulated the Implementation Rules of Sinotrans for the Management of IT Procurement (《中國外運IT採購管理實施細則》) and the Management Rules for Centralised Procurement of Production and Operation Equipment (《生產經營設備集中採購管理細則》), which cover all aspects of procurement management. Under the framework of the headquarters system, each subsidiary optimises the approval process and authority in light of its own situation, and strengthens the top-down management mode with horizontal integration.

#### 2. Strategy

Sinotrans builds the “new carrier” model in a comprehensive manner, and deepens the strategic cooperation with core resource providers by optimising the layout of channel hubs, strengthening supplier management and conducting market demand analysis, so as to improve the capacity guarantee capability and operational efficiency in an all-round way.

- (1) Optimising the layout of channel hubs: Sinotrans builds an international logistics system of “hub + channel + network” based on extensive domestic and international logistics hub resources.
- (2) Strengthening supplier management: Sinotrans establishes a unified supplier evaluation system to conduct dynamic and quantitative evaluation of suppliers in terms of contract fulfillment, qualification, integrity, market performance, etc., and classify suppliers into different grades, which are used as the main basis for the selection of suppliers, the adjustment of procurement quota, contract renewal, and the implementation of supplier exit and centralised procurement.

- (3) Conducting market demand analysis: The Company independently develops the “air transport market and revenue forecast model” to optimise the allocation of air transport resources and reduce operating costs and enhance the ability to respond to unforeseen events.
- Route compliance pre-review: In the route procurement and opening process, we strictly review the compliance of suppliers to ensure that they are not sanctioned or in violation of the relevant laws, regulations and internal management rules.
  - Route operation dynamic monitoring: A route monitoring mechanism is established to conduct monthly dynamic monitoring based on the model, set up early warning lines and bottom lines, and formulate contingency plans.

### 3. Impact, Risks and Opportunities Management

As an integrated logistics enterprise with global operation, building a sustainable supply chain is crucial for the business development of Sinotrans. Under the strategic guidance of building a “new carrier” model, we have formulated and implemented a series of precise and pragmatic measures to seize opportunities and address challenges.

- (1) Improving global network layout: We strengthen strategic cooperation with core resource providers, continue to promote capacity integration and enhance channel capacity building.

- Land transportation sector

We continuously organise centralised procurement of freight for the China-Europe Railway Express to ensure full coverage of self-operated platforms, realise economies of scale and reduce costs. We actively promote cooperation with core capacity resources to expand cross-border routes. We vigorously promote the iterative upgrading of the main land transportation system, successfully becoming the only China-Europe Railway Express operator connected with the “single window” of the customs in the PRC, and pioneer in the industry in realising the connection and interaction with railway stations, thus increasing the operation efficiency and transparency. Meanwhile, the quantity and quality of international railway express operation have steadily increased, actively promoting the construction of new strategic routes such as China-Vietnam and China-Kyrgyzstan-Uzbekistan routes.

- Water transportation sector

We combine channel construction and product development, and continuously optimise resource allocation closely around customers' logistics needs. Through various methods such as space co-load, space reservation, and block space, we deepen our cooperation with shipping companies, strengthen the capacity assurance of trunk lines, and provide stable services to customers.

- Air transportation sector

Through in-depth analysis of factors such as route supply and demand, fuel and others, we forecast future general cargo freight rates for the routes, providing a reference for pricing. Based on freight rate forecasts, we calculate total revenue, costs, and potential risk losses, and forecast the revenue situation for each year or quarter throughout the whole lifecycle of procurement according to different capacity acquisition methods, such as chartering flight or pallets. In addition, we actively promote the transformation of new carrier model and engage in deep industry collaboration in areas such as route co-development, domestic cargo consolidation networks, and backhaul cargo sourcing.

- (2) Fully promoting green procurement: We focus on evaluating suppliers' performance in the areas of environment, society and governance (ESG), prioritising the selection of suppliers with outstanding sustainable development practices, and collaborating with them to jointly develop improvement plans. We prioritise the use of environmentally friendly, renewable, and recyclable materials, and work with suppliers to explore effective ways to reduce material waste and improve resource utilisation, such as replacing the stretch film used for palletising in the warehouse with reusable magic straps.
- (3) Optimising operational processes: We scientifically plan transportation routes to increase operational efficiency, effectively reduce transportation mileage and empty vehicle rates, lower energy consumption and carbon emissions, and achieve a win-win situation in both economic and environmental benefits.
- (4) Strengthening employee training and education: We provide specialised sustainability training for employees in supply chain-related positions to enhance their environmental awareness and social responsibility. This ensures they gain a deep understanding of the enterprise's sustainability goals and strategic plans, and actively implement them in their daily work.
- (5) Conducting continuous monitoring and improvement: We establish a sustainability performance indicator system for the supply chain and regularly monitor and assess the progress. Based on the monitoring results, we promptly identify issues and take corrective actions, continuously optimising sustainability practices within the supply chain and driving the achievement of the enterprise's sustainability goals. In addition, cases of violations are reported across the entire group to establish effective oversight from time to time.

## 4. Indicators and Targets

Sinotrans has set long-term targets for supply chain sustainability to protect the environment, promote social responsibility, improve economic benefits, and enhance sustainability capabilities. During the year, we have made steady progress towards these targets with periodic achievements:

Channel construction	<ul style="list-style-type: none"> <li>Water transportation channels: We have deepened cooperation with shipping companies to enhance control over channel resources.</li> <li>Air transportation channels: We have expanded six new scheduled freight routes, steadily operated 11 chartered flight routes with over 30 weekly flights, and controllable capacity (fixed capacity) at 251,000 tons.</li> <li>Land transportation channels: We have independently operated 18 weekly regular routes, with the cumulative shipment volume of international railway express surpassing 1.7 million TEUs. The self-operated platform for China-Europe Railway Express achieved a 100% centralised procurement rate.</li> <li>Truck transportation channels: We have built a diversified capacity pool, developing 13 premium truck transportation trunk line products centered around the Yangtze River Delta, Pearl River Delta, Beijing-Tianjin-Hebei, and Chengdu-Chongqing economic regions. We have also established a strong ground distribution network in regions such as the Indochina Peninsula, Europe and Africa.</li> </ul>
Supplier management	<ul style="list-style-type: none"> <li>In 2024, the Company conducted a self-inspection of 17,853 procurement projects, of which projects with problems accounted for 2.61%, and all were rectified immediately.</li> <li>Currently, We have a total of 37,067 suppliers, of which 5,092 suppliers are classified as Grade A suppliers, accounting for 13.74%.</li> </ul>
Supply chain talent reserve	<ul style="list-style-type: none"> <li>Twelve individuals have received the authoritative certification as supply chain management experts from CFLP.</li> </ul>

## (IV) DATA SECURITY AND PRIVACY PROTECTION

The Company strictly adheres to the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and the Cybersecurity Law of the People's Republic of China, and have established rules and regulations such as the Company Data Security Management Measures (《公司數據安全管理辦法》) and the Company Data Classification and Grading Standards (《公司數據分類分級規範》), to integrate data security and privacy protection into every aspect of our business operations, aiming to build a comprehensive and efficient protection system.

### 1. Strict Control over the Whole Lifecycle of Data

#### **Data collection: Following the principles of legality, legitimacy and necessity**

In the data collection process, Sinotrans strictly adheres to the principles of legality, propriety and necessity. Prior to collection, the purpose, scope, and usage of the data to be collected are clearly communicated to data subjects in detail, ensuring that they are fully informed and their explicit consent is obtained.

#### **Data storage: Building multiple layers of safety protection**

On one hand, we use advanced encryption algorithms to encrypt and store data, ensuring its confidentiality even in the event of illegal access. On the other hand, we implement strict access control policies, accurately allocate data access rights based on employees' job responsibilities and business needs, effectively preventing the risk of unauthorised access and leakage of data.

#### **Data processing: Minimisation and desensitisation in concurrency**

Data processing follows the principle of minimisation, only processing the data necessary to achieve specific business objectives, thereby reducing the risk of data processing at the source. For sensitive data, such as personal sensitive information and financial information, the Company employs desensitisation techniques for processing to minimise the potential risks associated with data leakage.

#### **Data transmission: Encrypted communication to ensure security**

During the data transmission process, the Company adopts encrypted communication protocols. Whether it is data exchange between internal systems or data transmission with external partners, encryption technology is employed to ensure the integrity and confidentiality of data during transmission, preventing data from being stolen or tampered with.

### 2. Sound Management System Support

The data security/privacy protection management organisation is structured according to four levels of "decision-making, management, implementation, and supervision", with each level being assigned clear responsibilities for data security, thereby establishing a sound data security management system. The decision-making level is responsible for formulating the strategic direction of data security, the management level makes overall planning and organisational coordination, the implementation level is tasked with the specific implementation of various security measures, and the supervision level conducts comprehensive monitoring and evaluation of the entire data security management, so as to ensure efficient operation of the system. The data security/privacy protection management organisation brings together members with extensive professional knowledge and skills, including data security engineers, privacy protection officers, legal advisors, and others.

The information reporting management organisation consists of the network information security leading group, the working group, and the second-tier subsidiaries. Depending on the urgency and severity of incidents, different reporting frequencies have been set, including timely reporting, daily reporting, monthly reporting, and quarterly reporting. As thus, it would ensure that various data security and privacy protection-related incidents are swiftly and accurately communicated to the relevant departments, allowing for timely responses.

### **3. Comprehensive Risk Management Process**

The Company has established a comprehensive risk management process to systematically identify, assess, prioritise, monitor, and manage data security and privacy protection risks. This is achieved by using scientific methods to identify potential risks, employing professional assessment tools to determine the severity and likelihood of risks, and prioritising risks based on the assessment results. Resources are then concentrated on addressing high-risk matters in priority, with continuous monitoring of risk status to ensure that such risks remain controllable. Through this risk management process, the Company can promptly identify potential security hazards and take targeted, effective measures, thereby significantly improving the effectiveness of data security and privacy protection efforts.

### **4. Trainings to Enhance Data Security Awareness**

The Company organises specialised trainings on data security and customer privacy protection, covering laws and regulations, security technology and operational norms, etc. Such trainings are designated to enhance the security awareness of all employees and improve their operational skills, making them deeply aware of the importance of data security and privacy protection, and master necessary safe operation methods, so as to create a good atmosphere for all employees to participate in and jointly maintain data security and privacy.

### **5. Information Confidentiality Management**

The Company conscientiously implements confidentiality responsibilities, further strengthens confidentiality management, establishes and improves confidentiality work systems and management systems, and innovates confidentiality publicity and education methods. It comprehensively strengthens confidentiality effort through the formulation of four management measures, including the Management Measures for Confidentiality of Staffs of Sinotrans (《中國外運工勤人員保密管理辦法》), the Management Measures for Confidentiality of Social Medias of Sinotrans (《中國外運社交媒體保密管理辦法》), the Management Measures for Confidential Computers and Ancillary Equipment (Trial) of Sinotrans (《中國外運涉密計算機及附屬設備管理辦法(試行)》), and the Management Measures for Confidential Personnel of Sinotrans (《中國外運涉密人員管理辦法》), as well as the Key Points for Confidentiality Work of Sinotrans (《中國外運保密工作要點》). At the same time, the Company continuously improves the system and mechanism of confidentiality work, clarifies the responsibilities of institutions for confidentiality, strengthens the management of confidentiality-related personnel and equipment, and innovates forms of confidentiality publicity and education. The Company carries out a series of publicity and education activities such as confidentiality-themed posters on the wall, short video solicitation, and Party Day activities in conjunction with the confidentiality publicity and education month of "Implementing the Confidentiality Law, We Are All Confidentiality Protectors". In addition, Sinotrans regularly conducts routine confidentiality inspections on key areas and links, and strengthens the inspection, supervision and assessment of confidentiality work implementation and confidentiality leaks in combine with special supervision to ensure that confidentiality work achieves practical results.

### **6. Technical Capabilities and Certification Results**

Sinotrans has obtained the Level 3 certification for the Data Security Capability Maturity Model (DSMM), which marks that the Company's data security capability in dimensions such as organisational construction, system and process, technical tools and personnel capabilities has obtained authoritative recognition, which established a good brand image for the Company in the field of data security.



Case

### Cross-border data compliance project

During the year, the Company launched the Sinotrans Cross-border Data Compliance Solution – EU Data Inbound Transfer Compliance Project (《中國外運數據跨境合規解決方案 — 歐盟數據入境合規項目》), which aims to study and analyse the data security laws and regulations of EU member states in the scenario of EU data inbound transfer, and accordingly take a series of compliance measures to ensure that data inbound transfer complies with relevant EU laws and regulatory requirements. In the future, Sinotrans will also carry out the second phase of data inbound transfer compliance project in Southeast Asia, the Middle East, and Latin America, and the third phase of data outbound transfer compliance project of Sinotrans. Through a total of three phases of data compliance projects, Sinotrans will establish a cross-border data compliance system covering data inbound and outbound transfer, improve the data security management system, strengthen technical measures for data security protection, and carry out differentiated processing according to the compliance requirements of different countries and regions, in order to protect data security and reduce the risks of cross-border data transmission.

## (V) ASSISTING SMALL AND MEDIUM-SIZED ENTERPRISES IN ACHIEVING HIGH-QUALITY DEVELOPMENT

Sinotrans always abides by relevant laws and regulations, treats small and medium-sized enterprises equally, and is committed to protecting their legitimate rights and interests. The Company has optimised its internal management rules to ensure timely payment of funds to small and medium-sized enterprises and maintain good business credit. During the Reporting Period, Sinotrans had no overdue payments and was not required to publicise any issue on overdue payments to small and medium-sized enterprises through the National Enterprise Credit Information Publicity System.

## People-Centric Approach: Empowering Employees for Shared Success

Sinotrans upholds the principles of fairness and justice, and is committed to providing its employees with a diverse, equitable, and inclusive work environment. We appreciate gender equality, ethnic diversity, with due respect for demobilized military personnel and employees with disabilities. We constantly improve employee benefits and offer career development opportunities to our employees in order to ensure every one of them can achieve self-worth at work.

## Topics Covered in This Chapter:

## Employment and Protection of Interests, Talent Development and Training, Occupational Health and Safety



### United Nations Sustainable Development Goals:



## (I) CREATE A DIVERSE, EQUITABLE AND INCLUSIVE WORK ENVIRONMENT

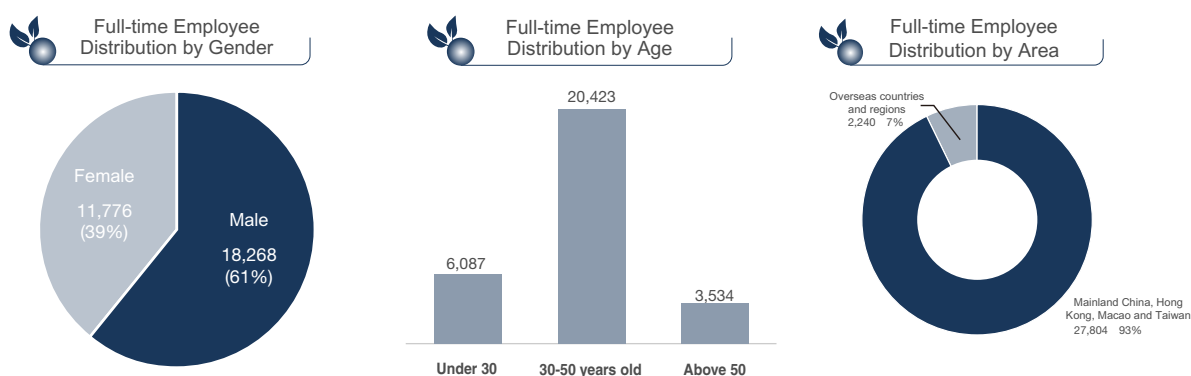
Sinotrans is committed to creating a supportive and inclusive work environment clear of any form of employment discrimination, and providing open, fair, and equal opportunities in terms of recruitment, compensation, benefits, promotion, and other aspects for candidates of different nationalities, races, ethnicities, religious beliefs, ages, and genders, allowing its employees to realize their personal value and achieve career development goals in a diverse environment.

The Company strictly follows standard procedures for signing, executing, modifying, and terminating labor contracts with its employees in accordance with the applicable laws and regulations, such as the Labor Law of the People's Republic of China and the Social Insurance Law of the People's Republic of China, so as to ensure that their legal rights and interests, including pension insurance, medical insurance, unemployment insurance, work injury insurance, and maternity insurance, are well protected. The Company makes social insurance contributions voluntarily and decisively, with the aim of safeguarding our employees' legal rights. Through standardized labor contract management and social insurance contribution, the Company strives to provide its employees with an enjoyable work environment and comprehensive welfare benefits.

Sinotrans has adopted the Administrative Guidelines on Corporate Recruitment, which clearly set forth its basic recruitment principles known as "Appointment based on Merit, Emphasis on both Virtue and Talent; Ensuring Transparency and Equality, Selecting the best through Competition." During the course of recruitment, we strictly follow the national and local laws, regulations, and policies, making our best efforts to prevent illegal employment and practices that violate our policies and regulations, especially to prohibit employment of children who are under sixteen years of age.

To improve the quality of our recruitment, the Company has established a recruitment management platform and collaborated with a number of recruitment service providers. Meanwhile, we have been making relentless efforts to enhance our brand impact and optimize our recruitment resources and efficiency, as well as talent discovery mechanisms. The Company hosts campus recruitment sessions annually, as part of our endeavor to promote scientific, standardized, and digitalized recruitment processes.

As of 31 December 2024, Sinotrans had a total of 31,766 employees, including 30,044 full-time employees<sup>27</sup>. The number of new recruits in 2024 was 1,605.



In 2024, Sinotrans made remarkable progress in promoting gender equality in the workplace by providing comprehensive support and massive development opportunities for female employees. The percentage of full-time female employees in the Company has been steadily increased as compared with that of the previous years, which arrived at 39.20%. In terms of composition of the management, the percentage of female Directors of the Board increased to 27%.

<sup>27</sup>

Full-time employees refer to the registered employees of the Group.

Sinotrans values diversity, equal employment opportunities, and social responsibility. Over the years, the Company has made constant efforts in offering inclusive care for different groups. By hiring the ethnic minority, overseas locals, demobilized military personnel, and people with disabilities, Sinotrans has been striving to provide equal employment opportunities for people of various groups, with the aim of enriching its talent structure, and making positive contributions to the sustainable development of the society.

Staff Type	Employee statistics (as of 31 December 2024)	Number/Percentage (%)
Ethnic minority employees	Number of ethnic minority employees	688
	Proportion of ethnic minority employees	2.29%
Overseas local employees	Number of overseas local employees	2,122
	Proportion of overseas local employees <sup>28</sup>	94.73%
Demobilized military personnel	Number of demobilized military personnel	388
	Proportion of demobilized military personnel	1.29%
Employees with disabilities	Number of employees with disabilities	45
	Proportion of employees with disabilities	0.15%

During the Reporting Period, our employee turnover rate<sup>29</sup> was approximately 7.07%, as compared to 6% in the same period of the previous year. The voluntary resignation rate stood at 4.81%, as compared to 5.39% in the same period of the previous year, remaining relatively stable over the past two years. Effective implementation of talent attraction and retention strategies has led to a continuous decrease in the turnover rate among our employees aged 30 to 50 in recent years. Additionally, the turnover rates among employees in Mainland China, Hong Kong, Macau, and Taiwan have also shown a downward trend over the past two years. Most of the departing employees held entry-level positions, such as drivers and warehouse keepers, who left the Company primarily due to the homogeneous nature of their work and intense competition, which contributed to high mobility. The overall employee turnover rate at the Company is lower than the industry average, which aligns with the characteristics of the logistics sector.

## (II) SUPPORTING EMPLOYEES' CAREER DEVELOPMENT

### 1. Comprehensive talent development mechanism

The Company strictly complies with the Labor Law of the People's Republic of China and Trade Union Law of the People's Republic of China, in accordance with which we have formulated the Administrative Measures for Positions and Career Development and set up a Talent Development Management Committee as the manager and decision-maker for our talent development efforts. Based on the nature, characteristics, and competency requirements of different positions, the Company has established a position framework that is categorized by sequence and level, and characterized by diversity and differentiation, which further subdivides job grades by role and value, striving to provide our employees with a clear career development path.

For talent pipeline development, we have adopted a complete closed-loop management model known as "Selection-Training-Deployment-Utilization-Dismissal".

<sup>28</sup> Proportion of overseas local employees =  $\frac{\text{number of local employees at the Group's overseas institutions}}{\text{number of employees at the Group's overseas institutions}} \times 100\%$

<sup>29</sup> Employee turnover rate is an indicator that measures the internal flow of human resources in an enterprise, referring to the proportion of employees who terminate their labor relationships with the enterprise due to resignation, dismissal, retirement, and other reasons within a certain period (the Reporting Period) to the average total number of employees. The employee turnover rate =  $\frac{\text{number of departing employees}}{[(\text{number of employees at the beginning of the period} + \text{number of employees at the end of the period})/2]} \times 100\%$ .

## 2. Comprehensive and Diverse Training System

Sinotrans is committed to supporting and promoting the career development of its employees by establishing and operating a comprehensive and customized training system. Based on the employees' levels, various courses are designed to match their career development stages, so as to ensure that each of them is entitled to suitable learning opportunities. Clear goals for talent development and training have also been set to ensure that our human resource strategies are aligned with our business development objectives, with the aim of helping our employees enhance their professional skills (especially in the key areas of the Company's core competitiveness), strengthening their leadership and management capabilities to raise future leaders, promoting cross-departmental collaboration and innovative thinking, and supporting their career development with clear promotion paths.

As for training methods, a combination of online and offline training modes has been adopted. In terms of online training, we rely on the "Yunzhahui (運智匯)" Platform to provide a wealth of training course resources, allowing our employees to learn at any time. In terms of offline training, we have adopted such forms as Sinotrans live lectures and workshops to facilitate face-to-face communication and hands-on practice.

For new employees, onboarding training is hosted to help them quickly blend into our corporate culture. For existing employees, professional skills training is provided to solidify their specific job-related knowledge and techniques such as logistics operation standards and international trade rules. Additionally, management capability enhancement courses are also introduced to prepare our future leaders. Such diverse training programs have done well in meeting the learning and development needs of our employees at all levels, contributing to a win-win situation for both our employees and the Company.

Statistics of 2024 Annual Training Participants <sup>30</sup>		Number of trainees	Training duration (Hours)	Average training duration (hours)
General information on the training		29,969	1,865,216	51
Participants by gender	Male	18,265	1,084,075	59
	Female	11,704	781,141	67
Participants by employee type	Senior management (Persons in charge at all levels)	783	56,830	73
	Middle Management (Leaders of departments and project teams at all levels)	2,527	160,060	63
	General employees at various levels	26,659	1,648,326	62
Employee training sessions: 1,603,551 sessions				
Employee training coverage: 100%				

<sup>30</sup>

On-site full-time employee headcount.



## 2024 New Employee Onboarding Training

In September 2024, Sinotrans hosted an onboarding training for new employees recruited during the year. The training was conducted in an “Assembly by Region + Live Streaming on Platform” mode, with approximately 570 new employees participating.

The training focused on such topics as corporate culture, strategic planning, policy publicity and implementation, aiming to help the new recruits blend into our corporate culture smoothly and understand our development strategy quickly, thus laying a solid foundation for their future career development.



## Sinotrans “Dual 100” Talent Program – Training Session for Senior Management Reserve

In June 2024, Sinotrans hosted its second centralized training session since the launch of the “Dual 100” Talent Program, with 93 reserve management talents participating. We invited a number of industry experts, senior professors, and leaders from our headquarters to host lectures and sharing sessions, aiming to further enhance the capabilities and competencies of reserve senior management talents through systematic training, and support the reform, innovation and high-quality development of Sinotrans in the new era.



### (III) EMPLOYEE RIGHTS PROTECTION AND CARE

#### 1. Safeguarding the rights and interests of our employees

Guided by the strategic planning, Sinotrans has designed a differentiated and long-term remuneration and benefits system tailored to different talent groups. During the Reporting Period, the Group completed the exercise of the Stock Incentive Plan (Phase I), furthering the development of medium-to long-term incentive mechanisms by utilizing multi-dimensional incentives to unleash organizational dynamism. In addition, a fast-track development channel for management trainees was established, supported by tailored compensation packages and career security, to foster the mutual growth of high-potential talent and the business.

We continuously improved our employee care system, complying with statutory requirements in providing paid leave, high-temperature allowances, and other mandatory benefits, while achieving a 100% implementation rate for annual health check-ups across all staff. Notably, we introduced the “Dedication Award (至誠獎)” (for 20 years of service) and “Loyalty Award (丹心獎)” (for 30 years of service), and offered on-site health consultation services through partnerships with professional institutions, further enhancing staff engagement and belonging.

## 2. Labour union activities

The Company's labour union has consistently upheld an employee-centric approach, rigorously fulfilling its duty to safeguard employees' lawful rights and interests. Quarterly consultations were conducted with union subgroups to solicit agenda items for employee representative meetings. In 2024, two employee representative meetings were convened, during which motions concerning the interests of our employees, such as the candidates of employee supervisors and the annual work of the labor union, were considered and approved.

In 2024, the Company's labour union strove to foster a supportive and cohesive corporate environment through a diverse range of initiatives and care-oriented activities.

- ① During the traditional Chinese festivals, the Company organized and hosted a series of celebratory activities, including the "Celebrating the Lantern Festival with Great Enthusiasm and Striving for the Year of the Dragon (紅火鬧元宵·篤行闖龍年)" during the Lantern Festival, the "Appreciating the Ancient Charm while Embarking on a Journey with Sinotrans Ladies (品賞古風韻·外運伊人行)" activity on Women's Day, the "Sinotrans Wishing You Forever Good Luck on the Dragon Boat Festival (端午呈祥瑞·外運粽是情)" activity during the Dragon Boat Festival and "Full moon and Sinotrans' Full Hearts (月滿中秋·外運傳情)" activity during the Mid-Autumn Festival as well as the "Love Fills Sinotrans and Spreads Miles (情滿外運·愛傳千里)" Family Day activity, during which employees' families were invited to visit the Company's premises to enhance their understanding and recognition of the Company. At the same time, warmth-giving activities were organised and visits and condolences were extended to more than one hundred people during the New Year, Spring Festival and Double Ninth Festival.
- ② In terms of health care, the labour union organised two sessions of the "Employee Care, Health & Wellness Partnership" Traditional Chinese Medicine (TCM) Clinic, which attracted nearly 100 participants, providing employees with professional health consultations and TCM diagnostic services, and reinforcing the commitment to ensuring the well-being of employees.



Case

### Mid-Autumn Festival theme activity, "Full moon and Sinotrans' Full Hearts"

In September 2024, Sinotrans organised Mid-Autumn Festival activities under the theme of "Full moon and Sinotrans' Full Hearts" to promote traditional culture and spread the Company's warmth.

Employees made snow-skin mooncakes and painted Tuye (兔爺), while participating in themed games such as: jade rabbit ring toss, Mid-Autumn Emoji guessing challenge, shuttlecock kicking and Chang'e moon quest roleplay. These activities fostered a joyful atmosphere, deepening employees' understanding and appreciation of Mid-Autumn cultural traditions.



Case

### "Love Fills Sinotrans and Spreads Miles" Family Day Activity

In August 2024, Sinotrans hosted the "Love fills Sinotrans and Spreads Miles" Family Day activity, with over 200 employees and family members actively participating in the event. In addition, 22 children of the border guards of Harajun Township, Atushi City, Xinjiang (新疆阿圖什市哈拉峻鄉) were invited to the "C ME FLY – Borderland Youth's Dreams Coming True in Beijing (C ME FLY—邊疆青少年北京圓夢)" public welfare programme organized by Sinotrans.

Through engaging programmes such as "The World of Mad Labs and Mystical Bubble Shows" workshops, "donkey-hide puppet crafting"(製作驢皮影) (intangible cultural heritage experience), LEGO play sessions, and floor curling activities, children collaborated joyfully, sharing quality family time and building bridges of empathy that brought the children from Beijing and Xinjiang closer together, demonstrating the warmth and care of Sinotrans.



## (IV) PROTECTING EMPLOYEE HEALTH AND SAFETY

### 1. Governance

Sinotrans has always adhered to the principle of “Safety is Sinotrans’ Top Priority (外運必達 · 首先是安全必達)”, and strictly followed the Work Safety Law of the People’s Republic of China, Fire Safety Law of the People’s Republic of China, Road Traffic Safety Law of the People’s Republic of China and other laws and regulations as well as industry standards, and has established a system of responsibility for work safety for the entire workforce as well as regulations on work safety, including the Work Safety Management System of Sinotrans and Occupational Health Management Regulations of Sinotrans, setting up a dual prevention mechanism for safety risk grading and control as well as hidden danger investigation and management.

The Company has established a safety committee to coordinate production safety; the Company and its asset-intensive subsidiaries have established dedicated safety management departments, staffed by over 700 dedicated safety personnel, of whom 34% are certified professionals, including registered safety engineers and fire safety engineers. Currently, Sinotrans has the “Six Major Systems” (六大體系) management framework and the “Four-level Management” (四級管理) operational mechanism in place, continuously enhancing workplace safety and occupational health standards and striving to provide clients with secure and high-quality services while fostering a healthy and safe working environment for employees.

#### **The six-system management pattern:**

The organizational leadership system, rules and regulations system, science and technology support system, risk prevention and control system, inspection and supervision system and emergency management system.

#### **The four-level operation and management mechanism:**

Sinotrans headquarters, which focuses on strategic planning and promotion; regional and specialized subsidiaries (second-tier subsidiaries), which focuses on system construction and work coordination; provincial and municipal subsidiaries (third-tier subsidiaries), which focuses on face-to-face supervision and assistance; and front-line production and operation units, which focuses on on-site management.

### 2. Strategy

As a comprehensive logistics company, Sinotrans faces safety risks mainly in the areas of fire safety, warehousing operations, transportation, storage and transportation of hazardous chemicals, and special equipment. As a national leader in the logistics industry, Sinotrans consistently prioritizes the safety and well-being of the people, upholding the philosophy of “People First, Life First”, and steadfastly implements strategies to strengthen safety through law, advance safety via technology, consolidate safety with talent, and enhance safety by culture (依法治安、科技興安、人才固安、文化強安). The Company is committed to fundamentally controlling all risk factors in its operations, striving toward an intrinsically safe and sustainable safety model. By advancing the modernisation of its safety production governance system and capabilities, the Company ensures high-level safety standards to support high-quality development.

In accordance with national and local requirements, Sinotrans provides its employees with benefits such as high-temperature work environment subsidies and meal subsidies to ensure basic protection for its frontline employees. In addition to the basic protection, the Company purchases employer liability insurance, accidental injury insurance and other supplementary commercial insurance for its employees to protect them from all kinds of dangers and hazards. Sinotrans organized health check-ups for its employees every year, thus forming a complete healthcare mechanism that consists of a physical examination for employees at the time of joining the Company and annual health check-ups for everyone.

### 3. Impact, Risks and Opportunities Management

In 2024, Sinotrans resolutely pivoted on the main guideline of the three-year action plan to tackle the root causes of the problem while strengthening the implementation of full safety responsibilities and various initiatives for work safety, and constantly improved the organizational effectiveness and governance capacity of its work safety efforts.

#### (1) Strengthen and optimize systems and mechanisms

Sinotrans has comprehensively reorganized its safety and environmental protection system, amended and optimized a series of important schemes, such as the safety production target management and assessment measures; arranged for the safety director of each second-tier subsidiary to serve in the Safety and Environmental Protection Department at the head office, and set post rotation and exchange arrangements; it also formulated the Plan on Setting up the Watchman Team of Sinotrans' Fire Control Office, aiming to strengthen the capacity of the key positions for fire safety at the grass-roots level.

#### (2) Accelerate the pace of digital transformation

Sinotrans has completed the second phase of the intelligent fire-fighting system, covering 89 front-line production and operation units, which has effectively accelerated the construction of the emergency command center, forming a comprehensive command and dispatch platform integrating information reception, processing, feedback, analysis, and display; Sinotrans was also popularizing the application of the work safety management system (SMIS) to enhance the synergy of coordinated operation.

#### (3) Continuously enhance the quality and effectiveness of safety supervision

The Company's senior management and safety committee members made themselves an example by focusing on key areas and periods, taking the lead in conducting in-depth supervision and inspection, and carrying out regular inspection and rectification of problems and hidden dangers, which covered more than 200 grass-roots units in total, and has strengthened our ability to prevent and control safety risks and dangers.

#### (4) Strengthen emergency response capabilities

Sinotrans painstakingly organized emergency drills against typhoons and road transport accidents involving hazardous chemicals, compiled and distributed the Guidebook on Emergency Fire Training for Frontline Warehousing Staff, aiming to strengthen real-combat training and emergency preparedness, and improve the expertise in emergency management with multiple measures.

#### (5) Strengthening safety culture development and employee education and training

Sinotrans rolled out a series of initiatives, including hosting lectures on safety production, publishing the Sinotrans Safety Culture Handbook (《中國外運安全文化手冊》) to deeply interpret and promote Sinotrans' safety culture, and establishing a premium safety training course library. Additionally, Sinotrans has produced the 2024 edition of accident case warning education videos and a compilation of accident case studies; and actively participated in events such as the 5th National Emergency Management Legal Knowledge Competition (第五屆全國應急管理普法知識競賽), comprehensively enhancing the safety awareness of its officers and employees.



## Sinotrans' Intelligent Firefighting System was recognized as a Benchmark Project in China Merchants Group's Special Action on Deepening State-owned Enterprises Reform and Value Creation

As the top priority of Sinotrans' safety production initiative, fire safety is the “bottom line” and “red line” for its stable operation. Focusing on the top-level design of “strengthening the construction of technological and informatization capacity for safety and security”, Sinotrans takes fire safety as a breakthrough to deepen the reform in the safety field, and has developed and put into operation the “Sinotrans Intelligent Fire Fighting System” by taking a firm grip of the opportunity of the comprehensive digital transformation.

In 2024, on the basis of completing the construction and operation of the first phase of the intelligent fire-fighting system with high quality, the Company further initiated the construction of the second phase of the intelligent fire-fighting system, and steadily promoted the safety management to a new level. By installing the Internet of Things equipment, creating 2.5D maps and establishing electronic files, the system has improved its sensitivity of the movement of water, electricity, fire, gas and personnel behavior, and brought the safety to a higher level through further improvement in early warning and prediction.



## 4. Indicators and Targets

In 2024, Sinotrans set the target of “Zero Accidents, Zero Pollution”, and has made remarkable efforts to promote safety and productivity to achieve this goal.

Our targets	Performance in 2024
No graded production safety accidents throughout the year	The Group did not have any liability fatal accidents <sup>31</sup> and accomplished the target for the opening year of the three-year campaign to tackle the root causes of work safety.
100% coverage of work injury insurance	The Group maintained 100% coverage for the third consecutive year with an annual spending of approximately RMB29.98 million.
Occupational Health Management System Certification	Our subsidiaries have obtained the qualification certificates of Warehouse Safety Standardization Grade II, Transportation Safety Standardization Grade II, OHSAS18001 Occupational Health and Safety Management System, ISO45001 Occupational Health and Safety Management System.
Enhancing security level for our overseas staff	We strengthened the supervision of our overseas units and carried out a total of 31 on-site and on-line inspections.

<sup>31</sup> Liability fatal accidents refer to fatal accidents directly caused by the Company's negligent safety management, irregular operation or failure to fulfill the responsibility of safety production, for which the Company must bear the management or legal responsibility.

# VIII. Enhancing Livelihoods: Building a Harmonious Society Together

The Company actively responded to the rural revitalization strategy. Through precise assistance and public welfare projects, it promoted the development of the local economy and the improvement of people's livelihoods, and fulfilled its corporate social responsibilities.

## Topics Covered in This Chapter: Rural Revitalization, Social Contribution



### United Nations Sustainable Development Goals:



## (I) CONTRIBUTING TO THE REVITALIZATION OF VILLAGES

Sinotrans has closely followed the national strategy of village revitalization, explored to utilize its own business advantages, actively participated in village construction, development and governance, and deepened the work of rural revitalization through industrial and consumer assistance, in order to fulfill its corporate social responsibilities.

### 1. Rural revitalization activities

During the Reporting Period, Sinotrans made a total targeted investment of RMB8 million through the China Merchants Charity Foundation which was used as a unified professional public welfare platform, focusing on core areas such as industrial guidance, public service enhancement and financial assistance, and assisted in the comprehensive revitalization of villages in the assisted counties including Qichun, Hubei province and Yecheng, Xinjiang.



#### The Industrial Revitalization Project in Qichun, Hubei

It supported the construction of the rural revitalization demonstration areas in Qichun County. Focusing on building 7 sewage treatment stations in Zhulin Town, Datong Town, Guanyao Town, Chidong Town, Qizhou Town and other places, it effectively solved the problem of excessive TP, TN and COD caused by domestic sewage discharge around Chidong Lake, and significantly improved the local ecological environment.



#### The Financial Assistance Project in Qichun, Hubei

To prevent the risk of returning to poverty, the "Poverty Prevention Insurance" project has been carried out to help low-income groups withstand risks such as serious illnesses, major disasters, and the burden of education. In addition, it supported the subsidy of guarantee fees for agricultural-related small and micro enterprises, supported the development of local new business entities, promoted the formation of the mechanism for integrating and driving farmers, and further consolidated the achievements of poverty alleviation.



#### The "Seepage-proof Canal" Construction Project in Yecheng, Xinjiang

It supported the construction of a 5.5-kilometer seepage-proof canal in the planting base of Heyuan Town, which significantly improved the efficiency of agricultural water use. This project not only ensured food security but also promoted the development of local characteristic and advantageous industries, optimized the layout of the industrial structure, and provided strong support for the modernization of agriculture and rural areas.

In addition, Sinotrans has contributed to rural revitalization through consumption assistance through means such as trade union benefits and cooperation with the public welfare agricultural products of "27" Agriculture", with the cumulative amount of consumption assistance reaching RMB7.3 million throughout the year.

### 2. Management and regulatory mechanism

The Company incorporated the achievements of rural revitalization work such as the completion amount of consumption assistance into the annual KPI assessment system of its subordinate units, further consolidating responsibilities to ensure the orderly progress of the goals. At the same time, it regularly supervised the goal completion situation of each second-tier subsidiary on a monthly, quarterly, and annual basis. It publicized and promoted the units with outstanding performance, and provided guidance and assistance to the units that fail to meet the expectations.

## (II) BRAVELY SHOULDERED SOCIAL RESPONSIBILITIES

Sinotrans upheld the social responsibilities and obligations of a central state-owned enterprise by actively implementing the relevant requirements of the Charity Law of the People's Republic of China and the Law of the People's Republic of China on Donations for Public Welfare Undertakings, strictly following the Company's Management Measures for External Donations, actively participating in public welfare activities, regularly watching the progress of the projects, and strengthening top-level design and management guidance, so as to ensure that public welfare projects and volunteer programs are smoothly landed, thus promoting the standardized and systematic development of its public welfare undertakings.

In 2024, through combination of key projects and voluntary services, the Group comprehensively support the development of society and demonstrate the value of the corporate brand.

## 1. Major public welfare projects

During the Reporting Period, the Company accumulatively invested a total amount of approximately RMB1.48 million and supported the following three public welfare projects:



### The “China Merchants Education Scholarship” Program for Hubei Three Gorges Polytechnic

Sinotrans collaborated with Hubei Three Gorges Polytechnic to sponsor the students with the “China Merchants Education Scholarship”, aiming to enhance their professional competence of logistics management, cultivate more high-quality technical talents, improve local employment, and reserve logistics professionals for the China Merchants Group and Sinotrans.



### “Borderland Youth’s Dreams Coming True in Beijing” public welfare activity

In August 2024, Sinotrans hosted the “Borderland Youth’s Dreams Coming True in Beijing” public welfare activity, with a total of 22 young participants from the border areas. The activity featured various themes such as revolutionary education, traditional culture, science and technology innovation, etc., through which the children of the border guards in Atush, Kizilsu Kirghiz Autonomous Prefecture, Xinjiang have left their footprints in Tian’anmen Square, the Great Wall, the Temple of Heaven, the Bird’s Nest and other landmarks, and realized their dreams of studying in Beijing.

The activity has sown the seeds of dreams for the teenagers in the border areas, narrowed the distance between the border areas and the capital city, and demonstrated the power of ethnic unity and love.



### C ME FLY Overseas Logistics Exploration Camp for Young Minds

In October 2024, Sinotrans hosted the “C ME FLY Overseas Logistics Exploration Camp for Young Minds” for the purpose of promoting cultural exchanges and logistics practice among youths from China, Laos and Thailand. During the period, teenagers from the three countries participated in activities such as learning the United Nations Sustainable Development Goals (SDGs), practicing logistics in overseas warehouses in Thailand, and planting at the China-Laos Crop Experimental Station, etc. The closing ceremony was held in Kunming, China, where the teenagers shared their gains and insights. The activity not only enhanced their cultural literacy and international vision, but also demonstrated the positive contribution in promoting international exchanges and cooperation made by Sinotrans.



## 2. Volunteer services

Sinotrans advocated a variety of volunteer service activities that take into account the actual situation in its localities. In 2024, a total of 233 employees participated in volunteer services, with a total of 2,568 hours of service. Volunteer services took various forms, including donating materials to the disaster-stricken and poverty-stricken areas, caring for the needy, participating in environmental protection, and providing communities with welfare services. These activities not only demonstrated Sinotrans' corporate responsibility in all aspects, but also further enhanced the social recognition and influence of the corporate brand.

Sinotrans has always regarded social responsibility as an important part of its corporate development, and has continued to create value for the society through the organic combination of public welfare projects and voluntary services. In the future, Sinotrans will continue to deepen the practice of social responsibility and promote the sustainability of public welfare. We will continue to contribute more to the building of a harmonious society.



### “Carbon-Locked Life, Joint Public Welfare Action” Activity of Donating Winter Clothes for Disaster Relief

In December 2023, a 6.2-magnitude earthquake struck Jixishan County, Linxia Prefecture, Gansu Province. In early 2024, Sinotrans initiated the “Supporting Low-Carbon Life and Public Welfare” winter clothing donation campaign for the Salar Autonomous County of Xunhua, Haidong City, Qinghai Province, which is 32 kilometers away from the epicenter of the earthquake. The Company donated 135 pieces of clothes in 4 big boxes weighing approximately 75 kg to the affected areas, showing the responsibility of the centralized enterprise by taking practical actions to support the people in the disaster areas.



### “Shijian” Series of Public Welfare Activities

In 2024, Sinotrans upgraded the positioning of its “Shijian” public welfare brand to understand the needs of people around us, went into towns and communities, and helped the growth of young people. We launched the online love relay activity named “Do Physical Exercise for Health and Green Welfare on a New Journey”, which, through completing the running, cycling, yoga, meditation and other exercise goals on a daily basis, turned each exercise into a love carbon bonus points. During the period, nearly 1,000 employees participated in the activity, unlocking a total of 2,684 children's products.

Sinotrans established a twinning and mutual assistance relationship with 11 children's care homes in Kunshan, and organized all its employees to collect more than 1,600 books, utilized discarded wooden pallets to design and handmade five creative bookshelves, established 11 “Shijian” book corners. The books were used as a bridge to advocate the environmental protection concept of recycling, and to convey the power of Sinotrans through practical actions.





Case

## **“Shared Wishes in Innocent Hearts, Connected by Affection across Thousands of Miles” — The Action of Donating Winter Clothes to Children and the Elderly in Niukong Town, Luchun County**

In November 2024, Sinotrans organized the “Shared Wishes in Innocent Hearts, Connected by Affection across Thousands of Miles” — The Action of Donating Winter Clothes to Children and the Elderly in Niukong Town, Luchun County.

A total of hundreds of winter clothes were collected, with a total weight of 140 kilograms in this campaign. And the deep affection of the employees of Sinotrans was promptly delivered to the children and the elderly in Niukong Town, Luchun County through the dedicated postal express service.



## SCHEDULE I ESG DATA

Environmental Performance					
Indicators		Unit	2022	2023 <sup>32</sup>	2024
Responding to Climate Change					
Total GHG operational emissions (Scope 1 + Scope 2)		tons of carbon dioxide equivalent	228,130.25	309,155.25	307,973.62
GHG emissions per million RMB revenue (Scope 1 + Scope 2)		tons of carbon dioxide	2.09	3.04	2.92
By scope	Scope 1 GHG emissions	tons of carbon dioxide equivalent	101,797.71	168,156.59	163,316.27
	Scope 2 GHG emissions	tons of carbon dioxide equivalent	126,332.54	140,998.66	144,657.35
By type	Combustion	tons of carbon dioxide equivalent	99,274.12	168,149.41	163,267.90
	Processing	tons of carbon dioxide equivalent	0	0	0
	Electricity	tons of carbon dioxide equivalent	120,631.06	132,320.74	132,061.01
	Heating	tons of carbon dioxide equivalent	5,422.17	8,677.92	8,652.74
	Steam	tons of carbon dioxide equivalent	0	0	0
	Other Types	tons of carbon dioxide equivalent	1,241.51	6.83	3,990.89
GHG emissions directly reduced by emission reduction initiatives (Scope 1 + Scope 2)		tons of carbon dioxide equivalent	136.92	5,313.67	6,091.04
By scope	Scope 1 GHG emission reduction	tons of carbon dioxide equivalent	66.58	1,468.51	2,383.62
	Scope 2 GHG emission reduction	tons of carbon dioxide equivalent	70.34	3,845.16	3,707.42
By emission reduction initiatives	GHG emission reduction through equipment upgrade	tons of carbon dioxide equivalent	20.90	1,449.17	2,362.02
	GHG emission reduction through fuel replacement	tons of carbon dioxide equivalent	70.34	3,845.16	3,707.42
	GHG emission reduction through other initiatives	tons of carbon dioxide equivalent	45.68	19.34	21.60
Amount of business activities vulnerable to climate-related physical risks		RMB million	0.19	6.96	17.93
Carbon credits		tons of carbon dioxide equivalent	–	–	10,000

<sup>32</sup> Since 2023, the statistics scope has included KLG, an overseas subsidiary of the Group, and the four shipping enterprises newly merged into the Group in 2023.

Environmental Performance				
Indicators	Unit	2022	2023 <sup>32</sup>	2024
<b>Energy Utilisation</b>				
Total energy consumption	tons of standard coal	75,566	109,625	111,225.35
Energy use intensity (by revenue)	tons of standard coal/ million revenue	0.69	1.08	1.05
Electricity consumption	10,000 kilowatt hour	20,443	21,975	22,474.40
Coal usage	ton	0	0	0
Petrol usage	ton	2,841	2,690	3,227.75
Diesel usage	ton	25,926	42,192	50,565.34
Natural gas usage	cubic metre	4,233,311	4,439,146	3,906,653.21
Proportion of natural gas usage	%	7.45	4.92	4.67
Other energy usage	tons of standard coal	126.26	61.68	3,375.90
Total fuel consumption	ton	28,767.45	44,881.28	45,229.22
Solar energy usage	megawatt hour	456.56	1,147.13	6,669.75
Proportion of solar energy usage	%	0.07	0.13	0.74
Clean energy usage	megawatt hour	456.56	1,147.13	6,669.75
Proportion of clean energy usage	%	0.07	0.13	0.74
Renewable energy usage	megawatt hour	456.56	1,147.13	6,669.75
Proportion of renewable energy usage	%	0.07	0.13	0.74
Wind energy usage	megawatt hour	0	0	0
Proportion of wind energy usage	%	0	0	0
Nuclear energy usage	tons of standard coal	0	0	0
Biomass power generation	megawatt hour	0	0	0
Other clean energy usage	megawatt hour	0	0	0
Proportion of other clean energy usage	%	0	0	0
<b>Pollutant Emissions</b>				
Sulphur oxides (SOx)	ton	7.22	56.48	43.53
Nitrogen oxides (NOx)	ton	54.99	94.83	91.75
Volatile Organic Compounds (VOCs)	ton	0	0	0
Other air pollutants	ton	0	0	7.10
Total sewage	ton	1,248,431.95	1,726,790.36	1,715,896.34
Wastewater discharge per million revenue	ton	11.42	16.97	16.25
Total domestic wastewater	ton	1,248,431.95	1,721,463.32	1,531,718.00
Total transport wastewater	ton	2,208.69	2,179.47	1,836.57
Chemical oxygen demand (COD)	ton	29.52	86.32	85.80
COD per million revenue	ton	0.0003	0.0008	0.0008
Ammonia Nitrogen (NH3-N)	ton	4.72	13.81	13.73
Ammonia nitrogen emissions per million revenue	kilograms	0.0432	0.1357	0.1300

Environmental Performance				
Indicators	Unit	2022	2023 <sup>32</sup>	2024
<b>Waste Management</b>				
Total hazardous waste	ton	83	111.73	167.70
Total non-hazardous waste	ton	3,018.96	3,833.86	5,059.39
Hazardous waste emission intensity	ton/million revenue	0.0008	0.0011	0.0016
Non-hazardous waste emissions intensity	ton/million revenue	0.0276	0.0377	0.0479
Total hazardous waste disposal	ton	89.33	105.13	165.84
Total waste disposal	ton	2,215.27	3,181.32	4,282.21
<b>Water Resource Utilisation</b>				
Total water consumption	ton	2,320,794.95	2,177,069.91	2,113,515.73
Freshwater consumption	ton	2,319,750.69	2,148,097.87	2,081,694.28
Water resource use intensity	ton/million revenue	21.23	21.39	20.01
Total water recycling and reuse	ton	1,044.26	28,972.05	31,821.45
Water recycling and reuse rate	%	0.04	1.33	1.51
<b>Circular Economy</b>				
Amount of waste recycled	ton	803.69	652.53	777.18
<b>Environmental Compliance Management</b>				
Environmental protection investment	RMB million	49.04	56.28	101.2833
Proportion of environmental protection investment to revenue	%	0.0449	0.0553	0.0959
Accrued environmental liabilities at the end of the year	RMB	0	0	0
Number of punishment of environmental violations	case	0	0	1
Penalty amount for environmental violations	RMB	0	0	2,000

Social Performance				
Indicators	Unit	2022	2023	2024
<b>Innovation Driving</b>				
Investment in R&D	RMB million	248	388	290
Proportion of R&D investment in main business revenue	%	0.23	0.38	0.27
Number of R&D staff	person	734	710	671
Proportion of R&D staff	%	2.20	2.16	2.11
Number of invention patents applied to the main business	piece	–	–	129
Number of invention patents granted during the Reporting Period	piece	22	29	27
Number of valid patents during Reporting Period	piece	106	192	230
Valid patents per million revenue	piece	0.0010	0.0019	0.0022
Number of newly added software copyrights	piece	15	8	14
Cumulative number of software copyrights	piece	406	414	428
Number of newly added software copyrights per million revenue	piece	0.000137	0.000079	0.000133
<b>Sustainable Supply Chain</b>				
Number of suppliers	number	26,158	31,656	37,067
Number of suppliers in Mainland China	number	25,763	31,199	35,770
Number of suppliers from overseas, Hong Kong, Macao and Taiwan	number	395	457	1,297
Number of critical suppliers	number	3,783	4,421	5,092
<b>Quality and Safety of Products and Services</b>				
Customer satisfaction	%	95.41	96.11	97.61
Number of customers participating in the survey	number	1,938	1,746	1,889
Proportion of customers participating in the survey	%	4.15	3.62	4.05
The amount involved in major safety and quality liability accidents and damages related to products and services that occurred during the Reporting Period	RMB million	0	0	0
<b>Data Security and Customer Privacy Protection</b>				
Number of incidents of customer privacy data violation during the Reporting Period	case	0	0	0
Specific amounts involved in data security incidents	RMB	0	0	0

Social Performance				
Indicators	Unit	2022	2023	2024
Specific amounts involved in the customer privacy leakage incident	RMB	0	0	0
<b>Employment and Safeguard of Rights and Interests</b>				
Number of full-time employees	person	31,359	31,022	30,044
Number of Employees	person	33,341	32,935	31,766
Number of male full-time employees	person	19,029	18,877	18,268
Number of female full-time employees	person	12,330	12,145	11,776
Proportion of female full-time employees	%	39.32	39.15	39.20
Number of full-time employees aged below 30	person	7,596	7,058	6,087
Number of full-time employees aged 30 to 50	person	20,642	20,637	20,423
Number of full-time employees aged 50 or above	person	3,121	3,327	3,534
Number of contractual employees	person	31,359	31,022	30,044
Number of outsourced employees (number of dispatched employees)	person	2,560	2,086	1,842
Number of full-time employees in Mainland China, Hong Kong, Macao and Taiwan	person	29,135	28,793	27,804
Number of full-time employees in overseas countries and regions	person	2,224	2,229	2,240
Employee turnover rate	%	8	6	7.07
Voluntary resignation rate	%	5.58	5.39	4.81
Number of full-time employee resignations	person	2,739	2,124	2,158
Male employee turnover rate	%	8	6	6.96
Female employee turnover rate	%	8	7	7.23
Employee turnover rate aged below 30	%	13	12	13.33
Employee turnover rate aged 30 to 50	%	13	9	5.41
Employee turnover rate aged 50 or above	%	2	5	4.98
Employee turnover rate in mainland China, Hong Kong, Macao, and Taiwan	%	19	13	6.62
Employee turnover rate in overseas countries and regions	%	10	13	15.57
Number of ethnic minority employees	person	694	678	688
Proportion of ethnic minority employees	%	2.20	2.18	2.29
Number of personnel employed in the operation area	person	2,199	2,115	2,122
Proportion of overseas local employees	%	98.88	94.89	94.73

Social Performance				
Indicators	Unit	2022	2023	2024
Number of demobilized military personnel	person	480	428	388
Proportion of demobilized military personnel	%	1.52	1.38	1.29
Number of employees with disabilities	person	46	56	45
Proportion of employees with disabilities	%	0.15	0.18	0.15
Number of new recruits	person	2,583	2,490	1,605
Per capita revenue	RMB million	3.47	3.28	3.49
Talent Development and Training				
Number of employees trained <sup>33</sup>	person	31,359	31,022	29,969
Times of employee training	time	1,411,809	1,603,654	1,603,551
Coverage rate of employee training	%	100	100	100
Total hours of employee training	hour	1,270,982	1,574,384	1,865,216
Average training hours of employees	hour	41	51	51
Number of male employees trained	person	19,029	18,877	18,265
Number of female staff trained	person	12,330	12,145	11,704
Total training hours of male employees	hour	771,415	957,137	1,084,075
Total training hours of female employees	hour	499,567	617,247	781,141
Average training hours of male employees	hour	41	51	59
Average training hours of female employees	hour	41	51	67
Number of senior management (persons in charge at all levels) trained	person	729	828	783
Number of middle management (leaders of departments and project teams at all levels) trained	person	2,672	2,762	2,527
Number of general employees at various levels trained	person	27,958	27,432	26,659
Total training hours of senior management (persons in charge at all levels)	hour	29,501	42,523	56,830
Total training hours of middle management (leaders of departments and project teams at all levels)	hour	107,974	134,095	160,060
Total training hours of general employees at various levels	hour	1,133,507	1,397,766	1,648,326
Average training hours of senior management (persons in charge at all levels)	hour	41	51	73

<sup>33</sup> On-site full time employees headcount.

Social Performance				
Indicators	Unit	2022	2023	2024
Average training hours of middle management (leaders of departments and project teams at all levels)	hour	40	49	63
Average training hours of general employees at various levels	hour	41	51	62
Employee training expenses	RMB million	8.6826	15.4817	14.9033
<b>Occupational Health and Safety</b>				
Investment in workplace safety	RMB million	84.3746	85.2746	98.8758
Proportion of workplace safety investment to revenue	%	0.08	0.08	0.09
Investment in employee safety production liability insurance	RMB million	–	5.9666	6.945
Coverage rate of employee safety production liability insurance	%	100	100	100
Number of work-related fatalities	person	1	1	2 <sup>34</sup>
Rate of work-related fatalities	%	0.003	0.003	0.007
Number of work-related fatalities per 100 million revenue	person	0.0009	0.0010	0.0019
Number of work-related injuries (full-time employees)	person	38	45	51 <sup>35</sup>
Work injury rate	%	0.12	0.15	0.17
Lost days due to work injury	day	2,644	2,349	3,824
Lost workdays due to work-related injury per million revenue	day	0.02	0.02	0.04
Lost-time Injury Frequency Rate (LTIFR)	%	0.58	0.69	0.81
Investment in employee work-related injury insurance	RMB million	20.16	25.30	29.98
Coverage rate of work-related injury insurance for employees	%	100	100	100
Total working hours (full-time employees)	hour	65,774,088	64,813,608	62,731,872
Injury rate per million working hours	%	0.58	0.69	0.81
Number of safety accidents	case	0	0	0
Safety training hours	hour	8,650	8,430	8,820
Average safety training hours per employee	hour	0.28	–	0.28
Coverage of safety risk protection training for employees	%	100	100	100

<sup>34</sup> This refers to employee fatality not attributable to Company.

<sup>35</sup> The main reasons for work-related injuries were injuries during cargo unloading, falls on the way to and from work, and traffic accidents.

Social Performance				
Indicators	Unit	2022	2023	2024
Occurrence rate of occupational diseases	%	0	0	0
Number of persons with occupational diseases	person	0	0	0
<b>Rural Revitalisation</b>				
Investment in rural revitalisation and poverty alleviation	RMB million	14.066	20.55	15.3048
Number of beneficiaries of rural revitalisation and poverty alleviation	person	26,358	50,000	16,000
Number of people assisted per million revenue	person	0.2412	0.4913	0.1515
<b>Social Contribution</b>				
Amount of charitable donations	RMB million	1.8636	1.61	1.4761
Number of volunteers	person	212	201	233
Volunteer service hours	hour	2,490	2,513	2,568
Average volunteer service hours per employee	hour	11.75	12.50	11.02

Governance Performance				
Indicators	Unit	2022	2023	2024
<b>Corporate Governance</b>				
Number of directors	person	11	11	11
Number of independent directors	person	4	4	4
Proportion of independent directors	%	36.36	36.36	36.36
Number of female directors	person	2	2	3
Proportion of female directors	%	18.18	18.18	27.27
Number of board meetings	time	11	9	9
Number of the audit committee meetings	time	5	5	7
Number of remuneration committee meetings	time	1	1	2
Number of nomination committee meetings	time	4	3	4
Proportion of independent directors in the audit committee	%	100	100	100
Proportion of independent directors in the remuneration committee	%	100	100	100
Proportion of independent directors in the nomination committee	%	80	80	80
Number of management (including the management of the Company and its subsidiaries as well as department heads)	person	3,390	3,590	3,513
<b>Risk and Regulatory Compliance</b>				
Number of material litigations	case	0	0	0
Number of material arbitrations	case	0	0	0
<b>Anti-commercial Bribery and Anti-Corruption</b>				
Number of commercial bribery and corruption lawsuits during the Reporting Period	case	0	0	0
Number of directors participating in anti-commercial bribery and anti-corruption trainings	person	1	1	8
Proportion of directors participating in anti-commercial bribery and anti-corruption trainings	%	9.09	9.09	72.72
Number of management personnel participating in anti-commercial bribery and anti-corruption trainings	person	3,390	3,590	3,513
Proportion of management personnel participating in anti-commercial bribery and anti-corruption trainings	%	100	100	100
Number of General employees participating in anti-commercial bribery and anti-corruption trainings	person	24,606	23,364	22,883
Proportion of General employees participating in anti-commercial bribery and anti-corruption trainings	%	88.01	85.17	99.56

Governance Performance				
Indicators	Unit	2022	2023	2024
<b>Anti-unfair Competition</b>				
Number of litigations and material administrative penalties arising from the Company's improprieties during the Reporting Period	case	0	0	0
Amounts involved in litigations and material administrative penalties arising from the Company's improprieties during the Reporting Period	RMB	0	0	0

## SCHEDULE II INDEX OF THE GUIDELINES FOR SUSTAINABLE DEVELOPMENT REPORTING ISSUED BY THE SSE

Disclosure requirements	Corresponding section in this report	Location in the report
Response to climate change	Section 2 of Chapter V	P40-47
Pollutant discharge	Section 4 of Chapter V	P51-53
Waste disposal	Section 4 of Chapter V	P51-53
Ecosystems and biodiversity preservation	Section 4 of Chapter V	P54
Environmental compliance management	Section 1 of Chapter V	P40
Energy resource utilisation	Section 3 of Chapter V	P48-49
Water resource utilisation	Section 3 of Chapter V	P49-50
Circular economy	Section 3 of Chapter V	P50-51
Rural revitalisation	Section 1 of Chapter VIII	P80
Social contribution	Section 2 of Chapter VIII	P80-83
innovation driving	Section 1 of Chapter VI	P56-58
Science and technology ethics	<i>The Group's business is not involved in this topic.</i>	
Supply chain security	Section 3 of Chapter VI	P63-65
Equal treatment of small and medium-sized enterprises	Section 5 of Chapter VI	P68
Quality and safety of products and services	Section 2 of Chapter VI	P58-62
Data security and privacy protection	Section 4 of Chapter VI	P66-68
Employees	Chapter VII	P70-78
Due diligence	Section 2 of Chapter III	P17-22
Communication with stakeholders	Section 2 of Chapter III	P17-19
Anti-commercial bribery and anti-corruption	Section 3 of Chapter IV	P33-38
Anti-unfair competition	Section 4 of Chapter IV	P38

## SCHEDULE III INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE ISSUED BY THE STOCK EXCHANGE

Disclosure requirements			Corresponding section in this report	Location in the report
Part C: “Comply or explain”				
A · Environmental				
Aspect A1: Emissions	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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Section 4 of Chapter V	P51-53
	A1.1	The types of emissions and respective emissions data.	Schedule I	P84-86
	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).	Schedule I	P84
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Schedule I	P86
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Schedule I	P86
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Section 2 of Chapter V	P40-47
	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.	Section 4 of Chapter V	P51-53
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Section 3 of Chapter V	P48-49
	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).	Schedule I	P85
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Schedule I	P86
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Section 3 of Chapter V	P48-49
	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.	Section 3 of Chapter V	P49-50

Disclosure requirements			Corresponding section in this report	Location in the report
Part C: "Comply or explain"				
Aspect A2: Use of Resources	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Given that the Group's operations do not involve a significant amount of excessively packaged products or services, there is no formal data on product packaging materials.	/
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Section 1 of Chapter V	P40
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Section 1 of Chapter V	P40
Aspect 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.	Section 2 of Chapter V	P40-47
	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.	Section 2 of Chapter V	P40-47
B · Social				
Aspect 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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Section 1 of Chapter VII	P70-71
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Schedule I	P88
	B1.2	Employee turnover rate by gender, age group and geographical region.	Schedule I	P88

Disclosure requirements			Corresponding section in this report	Location in the report
Part C: “Comply or explain”				
Aspect B2: Health and Safety	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 providing a safe working environment and protecting employees from occupational hazards.	Section 4 of Chapter VII	P75
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Schedule I	P90
	B2.2	Lost days due to work injury.	Schedule I	P90
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Section 4 of Chapter VII	P75-78
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Section 2 of Chapter VII	P72-73
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Schedule I	P89-90
	B3.2	The average training hours completed per employee by gender and employee category.	Schedule I	P89-90
Aspect 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.	Section 1 of Chapter VII	P70
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Section 1 of Chapter VII	P70
	B4.2	Description of steps taken to eliminate such practices when discovered.	Section 1 of Chapter VII	P70
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Section 3 of Chapter VI	P63
	B5.1	Number of suppliers by geographical region.	Schedule I	P87
	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.	Section 3 of Chapter VI	P63-65
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Section 3 of Chapter VI	P63-65
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Section 3 of Chapter VI	P63-65

Disclosure requirements			Corresponding section in this report	Location in the report
Part C: “Comply or explain”				
Aspect 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.	Section 2 of Chapter VI	P58-62
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group's business is not involved in this aspect.	/
	B6.2	Number of products and service related complaints received and how they are dealt with.	Section 2 of Chapter VI	P61
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Section 1 of Chapter VI	P56-58
	B6.4	Description of quality assurance process and recall procedures.	The Group's business is not involved in this aspect.	/
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Section 4 of Chapter VI	P66-68
Aspect 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.	Section 3 of Chapter IV	P33
	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.	Schedule I	P92
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Section 3 of Chapter IV	P34-38
	B7.3	Description of anti-corruption training provided to directors and staff.	Section 3 of Chapter IV	P37-38
Aspect 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.	Chapter VIII	P80
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Chapter VIII	P81-83
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Chapter VIII	P81-83



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