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Changan Minsheng APLL Logistics Co., Ltd.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01292)

2020

Environmental, Social and
Governance Report

*For identification purpose only

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1 About the Report

Overview

This is the fifth environmental, social and governance (“ESG”) report of Changan Minsheng APLL Logistics Co., Ltd. (Stock code:01292HK), covering the period from 1 January 2020 to 31 December 2020.

Basis of Preparation

The report has been prepared mainly with reference to the Appendix 27: Environmental, Social and Governance Reporting Guide (the “ESG Guide”) of the Rules Regarding the Listing of Securities (the “Listing Rules”) for Main Board published by the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). We also follow the “comply or explain” of the ESG Guide as well as the principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”.

The scope and contents of the report were determined by following a set of systematic procedures which included stakeholder identification and engagement, ESG materiality analysis, defining the extent of the report, information and data collection, drafting, proofreading and data assurance.

Scope of the Report

Unless otherwise specified, the coverage of policy documents, statements and data in this Report should be consistent with the Company’s annual financial report.

Addressing and representation

For the convenience of expression and reading, “the Company”, “we” in the Report refer to “Changan Minsheng APLL Logistics Co., Ltd. and its subsidiaries”.

Data Source and Reliability Assurance

The data and cases in the report were mainly extracted from the Company’s statistical reports and relevant documents. The Company undertakes that the report does not contain any false or misleading information or statements and accepts responsibility for the contents of the report as to their truthfulness, accuracy and completeness.

Confirmation and Approval

As confirmed by Management, the report was approved by the Board of Directors of the Company on 30 June 2021.

Access to and Feedback on the Report

This is an independent report. The soft copy of the report is accessible on the Stock Exchange’s HKEx News website (www.hkexnews.hk) and the Company’s official website (www.camsl.com).

2 Responsible Development and Good Governance

During 2020, the Company further pushed our ESG effort. The Company improved our sustainable development strategy and built a sustainable development governance framework to improve our governance of environmental and social risks.

2.1 Sustainable Development Principles

The Company has always upheld and taken concrete steps to promote the idea and practice of corporate sustainability development. We insist on a human-oriented policy, respect talent, promote development with innovation, cooperate with industry partners to serve our clients, shareholders and society. We also aim to become a trusted first-class intelligent logistics platform service provider and strive to achieve the core value of the enterprise and long-term sustainable development.

Our Vision

To become a trusted first-class intelligent logistics platform service provider.

The Company is committed to building an integrated logistics platform and provides customers with “money-saving, time-saving, reassuring, value-added” integrated logistics solutions by strengthening automobile logistics, expanding non-automobile logistics, and the logistics ecosystem, depending upon the professional and efficient system and abilities of intelligent logistics operation and management, so that customers can trust us and entrust us with their business.

Our Mission

To innovate logistics service and to create a better life.

The Company is committed to standing at the forefront of our time, constantly leaning on logistics management and innovating logistics model, contributing to society with professional and efficient services, and creating a better and brighter life.

- To the society: We are devoted to being a responsible and model corporate citizen, earnest in the performance of our social responsibilities, constantly reforming and innovating, a pioneer and industry leader in socially, economically and environmentally sustainable development.
- To clients: We are devoted to continuously delivering value to our clients by providing the best and most professional and efficient integrated solutions and services and constantly improving customer satisfaction and loyalty with “heart-touching and gratifying” services.
- To employees: We regard employees as the fundamental factor in value creation and uphold the mindset of “contributor-oriented” and are devoted to building a workplace of respect, happiness, creativity and value sharing, a working environment that is fair, transparent, sincere and cooperative. We are committed to establishing a professional development path, to recognize employee’s contributions, help their career development, and improve their sense of happiness at work.
- To shareholders: We are committed to transparent, efficient, progressive and robust operation. While maintaining sustainable growth, we dedicated to increasing profitability so as to reward our stakeholders with prolonged, stable and decent returns.

- To business partners: We are committed to conducting business in an honest, equal and mutually beneficial manner, which help us to establish a long-term cooperative relationship with business partners to create value, share value and share risks.

Our Core Values

- To commit to the success of clients
- To develop employees
- To take responsibilities
- To have the spirit of cooperation
- Self-criticism

2.2 Sustainable Development Management Structures

A comprehensive and effective governance structure lays the foundation for the order and efficiency of ESG works and is key to corporate sustainability. The Company has formed an ESG working group to push forward the ESG management work. With the establishment of ESG management structure that corresponds to the Company's nature, all departments of the Company have been made aware of their responsibilities and advanced our sustainable development altogether.

2.3 Stakeholders Engagement

The Company established a regular communication system based on our own ESG strategies and the demands of our stakeholders. The Company strives for positive and prompt interaction with various stakeholders through specific and diverse channels and to promptly respond to their concerns. We believe that such engagement is key to achieve the Company's sustainable development goals.

Stakeholders	Forms of Communication	
Clients	Official Website Customer Interviews Customer Service Hotline Periodic Maintenance of Customer Relationships	Survey on Customer Satisfaction VIP Customer Annual Meetings Seasonal Quality Communication Meetings
Employees	Internal Company Liaison Employee Mailbox Employee Family Visits	Staff Meetings Employee Recreational Activities Staff Training
Shareholders and Investors	Shareholder's Meetings Official Website Public Reports	Periodic Reports Investors Reception
Government and Relevant Associations	Department Visits Communication Meetings	Public Events
Suppliers	Direct Communication and Visits Suppliers' Meetings Online Opinion Survey	Procurement and Resources Management Platform Regular Review and Assessment

Stakeholders	Forms of Communication	
		Bidding Activities
Communities	Poverty Alleviation Donations Job Offerings	Public Welfare Activities Volunteer Services Green Operation
Others	Online Opinion Survey	Site Visits

2.4 Materiality Matrix

After an analysis on the Company's ESG work in respect of present status, media coverage and peer comparison, in combination with the Company's development plan and communication results with stakeholders, the Management of the Company confirmed that all the issues applicable to the businesses of the Company as set out in the ESG Guide are issues of significance to our own development. Moreover, by hiring external experts and inviting corporate officers to review the substantive issues, we have sorted the materiality of each issue, and responded to each material issue in the Report. The specific issues and their ranking of materiality are as follow:

Issues	Materiality
Product Responsibility	1
Health and Safety	2
Emissions	3
Use of Resources	4
Supply Chain Management	5
Employment	6
Development and Training	7
Labor Standards	8
Anti-corruption	9
Environment and Natural Resources	10
Community Investment	11

2.5 Anti-corruption and Good Governance

The Company adheres to integrity in doing business, always committed to fighting against corruption and promoting integrity, and is steadily improving internal integrity construction. We regard clean operation as the foundation, improving our clean governance systems and strengthening the construction of the discipline inspection team, and organizing relevant training and other educational activities.

Clean governance systems

The Company strictly abides by all relevant laws and regulations, such as the Company Law of the People's Republic of China and the provisions of the Corporate Governance Code of the Listing Rules of the Stock Exchange. The Company has drafted a series of internal policies to restrain employee conducts and promote clean governance standards.

The Company's clean governance regulations concern the following four aspects: strengthening Party self-discipline comprehensively, integrity and self-discipline, supervision and accountability.

- Strengthening Party self-discipline comprehensively: Working System of Disciplinary Inspection Committee, Measures for the Management of Inspection Draft Reports of the Party Committee, Communication and Collaboration Mechanism for Inspections of the Party Committee (Trial Version), etc.;
- Integrity and self-discipline: Code of Conduct on Integrity for Employees, Regulations on Integrity and Self-discipline for Managers above the Middle Level, Negative List of Corruption at the micro-level, Measures for the Management of Registration for Handing in Payments and Gifts Received by Company Staff, etc.;
- Supervision: Implementation Suggestions on the Construction of a Large Supervision Mechanism (Trial Version), Supervision List of CMAL, Provisions for the Supervision and Management of Cadres' Behaviours beyond Legal Working Hours (Trial Version), etc.;
- Accountability: Implementation Measures for the Application of "Four Forms" of Supervision of Discipline Enforcement (Trial Version), Implementation Measures for Establishing a Fault Tolerance and Error Correction System to Encourage Leaders to Reform, Innovate, Take Actions and Start a Business, etc.

In 2020, the Company established the Measures for the Management of Inspection Draft Reports of the Party Committee, the Communication and Collaboration Mechanism for Inspections of the Party Committee (Trial Version), the Supervision List of CMAL, the Provisions for the Supervision and Management of Cadres' Behaviours beyond Legal Working Hours (Trial Version), the Negative List of COVID-19 Prevention and Control, Work Resumption and Supply Guarantee and other systems. We updated the Working System of Disciplinary Inspection Committee, the Management and Appraisal Methods for Discipline Inspection Commission Members of Primary-level Party Organizations, and the List of Negative Behaviours Against Clean Governance to further standardize the supervision system of internal clean governance of the Company and regulate the implementation of clean governance.

Discipline Inspection Team Construction

While improving the clean governance system, we have strengthened the construction of the discipline inspection team to achieve transparent and fair management of the Company.

In 2020, the Company diligently executed the Supervision List, and implemented the supervision accountability system by implementing 43 supervision tasks of commission for discipline inspection, Party branch, discipline inspection commission members, discipline inspection cadres, and discipline inspection committee members. We set up a "collective

learning day” for discipline inspection cadres every Tuesday, to collectively learn case supervision and management, acceptance of petition letters and reporting, case review and investigation and supervision over discipline execution and to improve their theoretical level.

In 2020, we signed 26 letters of commitment on improving Party conduct and upholding integrity with the characteristics of the Party branch. Our leaders and key and important personnel signed 1,056 letters of commitment on honesty and self-discipline. Besides, we included the evaluation of discipline inspection into the Company’s honour system and commended a total of 6 discipline inspection cadres and committee members in the year.

Clean governance training and education

We attach great importance to anti-corruption training and education. In 2020, the Company carried out top-down staff integrity education, training and supervision activities. We strived to raise the anti-corruption awareness of all employees and create a deep clean working environment through various kinds of educational programs, including regular ones carried out on a daily basis, intensive ones carried out on holidays and festivals, quarterly admonitions and special themed ones.

- Regular educational programs: The Company carried out regular educational activities to provide integrity education for the Company’s staff at all levels, in order to improve the employees’ anti-corruption and integrity awareness. The Company regularly organized integrity publicity and special inspection activities.
- Intensive educational programs on holidays: The Company issued and reiterated disciplines before holidays, conducted the themed educational program “Integrity Advocated by Mr. Clean”, to ensure constant education and supervision. Meanwhile, we conducted integrity talks for 24 cadres of job adjustment to achieve early reminder, early prevention, early correction.
- Quarterly warning education: The Company insists on carrying out warning education every quarter, forming a solid procedure of warning education for all accountability.
- In-depth special themed educational programs: The Company conducted special themed education activities around “stronger institutional awareness, more authoritative disciplines” and “higher execution efficiency, fully completed tasks”. A total of 282 activities were organized, with total participants of 18,018 person-times. Meanwhile, we organized visits to the education base to prevent duty-related crimes in Changshou District for 35 personnel in key positions so that Party members and cadres can be firm in their ideals and convictions, raise their political awareness and strengthen their discipline consciousness.

During the year of 2020, no material legal proceedings were filed against the Company or its employees on corruption charges.

3 Shipping Everywhere and Striving for Excellence

By adhering to the core value of committing to the “success of customers”, the Company is committed to building a good relationship with customers. We have always aimed at providing customers with the best quality services and strive to provide customers with professional, efficient and high-quality integrated logistics solutions and services by continuously expanding the service network, innovating logistics solutions and improving service quality.

With the tightening of the new national standard, GB1589, the overloading control policy and truck emission management, automobile logistics enterprises were facing great challenges and opportunities regarding transportation capacity and operating costs. As a professional integrated service provider for the automobile supply chain, we continued to expand our principal businesses and provided services covering the whole automobile supply chain in five domains, including finished vehicle logistics, components logistics, supply chain logistics, international logistics and logistics ecosystem. At the same time, by reliance on extensive experience and resources, the Company has developed in-home, cold chain, chemical industry, bulk materials and other non-automotive logistics industries. We strengthen ourselves on both innovation and service quality aspects and strive to become a model enterprise in the domestic automobile logistics industry.

3.1 Innovation in Logistic Solutions

3.1.1 Innovation in logistics models

Technology empowers business; intelligence creates value. We are devoted to continuous development and innovation in logistics models to provide customers with better services. We proposed the “One Objective, Two Approaches” strategy for transformation and upgrading, issued the high-quality improvement action plan of “triple the size to be a leading player”, and are now fully accelerating the transformation and upgrading toward a modern intelligent logistics enterprise. The Company strives to build a “data-driven” and “online managed” modern and innovative intelligent logistics mode and to become a “top-ranking, reliable and widely trusted intelligent logistics platform service provider”.

In 2020, the Company continued to promote the “four modernizations” and the transformation of intelligent logistics. We provided a platform and carrier for prospective logistics tests through the use of driverless logistics vehicles, construction of digital parks and other measures, thus gradually improving the core competitive edge of the Company.

Standardization of carrier packaging	<ul style="list-style-type: none"> • Participated in the release of several packaging standards, including 2 technical standards for enterprises (Technical Standards for Plastic Turnover Boxes and Technical Standards for Metal Racks) and 2 technical product manuals (Manual for Boarding Boxes and Manual for Plastic Turnover Boxes) • In terms of the research project of packaging scenarios of intelligent logistics laboratory, 2 utility model patents were obtained for pull-type sharing racks and automatic hook mechanisms of guided vehicles through standard, modular and flexible design of non-standard racks
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	<ul style="list-style-type: none"> In terms of the unit packaging design of power batteries, 2 utility model patents were applied and accepted for unit packaging carriers of new-energy power batteries and unit module carriers of new-energy power batteries through the packaging design of new power storage battery
Intelligent operation equipment	<ul style="list-style-type: none"> Driverless logistics vehicles were put into use for the first time, realizing L4 driverless delivery in the factory Driverless pallet forklifts were put into use for the first time, realizing the automatic transfer of pallet materials in the warehouse Introduced VI equipment and supporting AI algorithm for the first time; carried out research on AI + VI manipulator stacking in the Company, and promoted it on-site
Platformization of information system	<ul style="list-style-type: none"> Comprehensively promoted the integration of finance and business for 4 business scenes Accelerated the complete coverage of core business systems Explored and practiced the application of “blockchain + electronic waybill” in Order To Delivery (OTD) delivery and settlement of finished vehicle logistics Deepened the construction of digital parks and built an integrated reservation and queuing service platform
Digitized operation and management	<ul style="list-style-type: none"> Developed 15 projects through the independent iteration of the Data Drive Online Management (DDOM) platform, including 35 new data models, 90 new dispatching items and 54 online statements, reducing a cumulative development cost of RMB900,000 Realized the e-management of the independent iterative development process of the DDOM project

In 2020, the Company developed steadily in the application of intelligent logistics and won many awards, including:

<ul style="list-style-type: none"> The “Application of Changan Ford’s finished vehicle logistics based on the blockchain technology” won the “Innovation Award of the Automobile Logistics Industry” 	<ul style="list-style-type: none"> The “Exploration of integrated intelligent warehousing & distribution technology based on the factory entry logistics of components” won the “Innovation Award of the Automobile Logistics Industry”
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 <p>基于区块链技术的长安福特整车物流应用 长安福特汽车有限公司 长安民生物流股份有限公司 上海万向区块链股份公司 获评 汽车物流行业创新奖 (二〇二〇年度)</p>	 <p>基于零部件入厂物流领域 智能仓配一体化技术探索 重庆长安民生物流股份有限公司 获评 汽车物流行业创新奖 (二〇二〇年度)</p>
<ul style="list-style-type: none"> The “Intelligent multi-level warehouse control system for automobile components” won the “Second Prize of 2020 CFLP Science and Technology Progress Award”  <p>中国物流与采购联合会 科技进步奖 二等奖 二〇二〇年九月</p>	<ul style="list-style-type: none"> The “Technical innovation of automobile logistics warehousing model based on make-to-order” won the “Third Prize of 2020 CFLP Science and Technology Progress Award” The “Innovation of finished vehicle warehousing technology with intellectualization as the core” won the “Third Prize of 2020 CFLP Science and Technology Progress Award”  <p>中国物流与采购联合会 科技进步奖 三等奖 二〇二〇年九月</p>
<ul style="list-style-type: none"> “Changan Minsheng APLL Logistics Co., Ltd’s RDC intelligent unmanned warehouse in Yubei District for factory entry logistics” won the “2020 CFLP Logistics Technology Innovation Award”  <p>重庆长安民生物流股份有限公司 重庆长安民生物流渝北入厂物流RDC智慧无人仓项目 荣获 物流技术创新奖 (二〇二〇年度)</p>	

3.1.2 Improving service efficiency

In 2020, the Company continued to improve service efficiency by carrying out multiple “efficiency doubling” projects, which mainly include:

Doubling approval efficiency:	<ul style="list-style-type: none"> • We released the power allocation mechanism version 1.0 and improved the work efficiency of the Company’s market development projects. • We released the power allocation mechanism version 1.0 for Bo Yu, clearly defined the management authority and realized the strategic upgrade of Bo Yu. • We optimized the power allocation mechanism version 2.1 for the Hangzhou subsidiary and structuralized more than 50 matters regarding management authority.
Doubling flow efficiency:	<ul style="list-style-type: none"> • In 2020, we held training on customer-centered flow optimization methods, promoting 19 end-to-end flow optimization projects at levels L2 and L3. • We released 12 core flow efficiency doubling schemes, optimizing a total of 261 procedures and computerizing 38 procedures. • We completed 13,624 online procedure instances with a cost reduction of RMB3,064,800. The average time of computerizing procedure instances was 1,904 minutes, a year-on-year decrease of 2,382 minutes, improving the procedure execution efficiency by 55.58%.
Doubling form efficiency:	<ul style="list-style-type: none"> • We released the 2020 functional forms map, where the number of forms decreased by 13.68% compared with that in 2019, adding 7 forms, canceling 19 forms, merging 1 form, simplifying 1 form and lowering the usage frequency of 1 form. • We released 2.0 form map of business division level, with 5 new forms for the International Division and 4 new forms for parts and components. • We released 2.0 form map of team level, simplified and reconstructed 7 forms and reduced the usage frequency of 1 form, with a simplification rate of 6.5% and an optimization rate of 25.8%.

3.2 Guarantee Customer Service Quality

Guided by the Company's strategic plan, focused on customer satisfaction, led by the quality assurance system, ISO9001, the quality management system, IATF16949, and relevant demands from customers, in combination with the requirements of Ford Q1MSA (a standard issued by Ford Motor Company to evaluate suppliers' manufacturing site), the Company continued to provide customers with higher quality services. The Company improved the quality management system and carried out quality control to improve logistics service, providing customers with higher quality services.

3.2.1 Quality control system

In 2020, the Company established and implemented over 200 QOS implementation standards of components, finished vehicles and distribution processing in accordance with ISO9001, Q1MSA, MLQOS and other relevant standards and based on actual operating conditions. The CMAL-QOS is defined as the three core areas of components logistics, finished vehicle logistics, and distribution processing and is extended to R&D and suppliers.

There are three layers of elements in the CMAL-QOS quality operation system:

- 13 elements within Layer I: Combing through the business characteristics of warehousing of components, finished product transportation and distribution processing by category.
- 27 elements within Layer II: Identifying and combing through key elements according to the logic of PDCA.
- 73 elements within Layer III: Establishing practice guidelines based on industrial conventions or codes for each specific business and optimizing the content of guidelines based on customer feedback.

At the same time, the Company promoted the standardization of management system, controlled increase and reduction, and ensured steady improvement of system quality. The updates of management system standardization in 2020 include:

- End-to-end process architecture optimization: We adhered to the customer-centric principle and solidified the management of new ecological projects and e-car business process architecture around the business boundary. Meanwhile, we completed the optimization and release of the Market Development System (MDP), technology management (SSS), finished vehicle logistics DTD, international (import and export) logistics IPTD and other process architectures.
- System standardization improvement: In 2020, the Company issued 774 system documents, where 506 system documents were standardized, and 268 system documents were optimized. The refinement degree increased by 11.89%, and the number of system documents released increased by 25.8% compared with the same period last year.
- System standardization simplification: System standardization reviews were carried out with the business line as the core, to simplify system documents from such five

aspects as human resources, procurement, finished vehicle, components and supply chain.

3.2.2 Building “quality logistics”

(1) Quality management and control goals

Based on the idea of Total Quality Management (TQM), guided by the “quality-oriented” principle, the Company has established quality-oriented awareness, deepened quality improvement while fulfilling the requirements for high-quality development. Through effective management and control, the quality control goals of the year have been achieved.

S/N	Index	Goals	Completion Status
1	Quality damage rate	0.06%	Achieved
2	Net quality damage rate	0.01%	
3	Passing rate of quality system assessment	100%	
4	Customer satisfaction	≥92 points	
5	On-time outbound rate	≥98%	
6	On-time inbound rate	≥93%	
7	Defective rate of products delivery	≤50PPM	
8	Significant quality complaints	0	
9	Quality risk identification coverage	100%	
10	Number of rollovers by forklift, scraping and collision during finished vehicle transport	With a year-on-year decrease of 20%	
11	Serious and significant quality issues	0	

(2) Quality risk identification, management and control

In 2020, the Company organized all business divisions, branches and subsidiaries to identify and review the quality risks in conjunction with their positions, taking quality risks as a key control element of on-site team construction. In 2020, the Company identified over 200 alternative name quality risks and more than 30 common quality risks.

(3) Quality certification and auditing

In 2020, the Company continued to actively carry out quality certification and auditing to ensure the quality of customer services.

- In July 2020, the Company organized four standard system certifications for logistics services and tire sub-packaging.
- In September 2020, the Company organized an HSE system audit, put forward a total of 70 suggestions on the high rack, electrical equipment, fire protection, etc., and made rectification based on the suggestions with a completion rate of 100%.

3.2.3 Contributing to the resumption of work and production

Adhering to the concept of "customer first," the Company effectively mobilized vehicle resources for transportation in the market during the pandemic prevention and control and support for the resumption of work and production, to ensure timely supply of materials and timely delivery of finished vehicles, thereby effectively guaranteeing the quality of customer services.

Case: Delivery of pandemic prevention supplies on time during COVID-19

From 13 March 2020 to 14 March 2020, the Company cooperated with Changan Automobile to complete the emergency delivery of pandemic prevention supplies such as mask-making machines from Dongguan to Chongqing. We quickly coordinated the transport vehicles and drivers and completed 1,500 kilometers' delivery within 24 hours. The mask-making machines were successfully transported to Chongqing on the early morning of 14 March. As we responded timely, we were recognized and praised as a "reliable partner" by the customer.

3.3 All-round Improvement of Customer Service

3.3.1 Establishing a customer service system

The Company has developed a relatively complete customer service system. We strictly comply with the Document of Customer Complaint Handling Management Procedures to regulate customer services and maintain good customer relations. Meanwhile, the Company updated the Customer Information Management Process in 2020 to standardize customer information protection, which ensures standard and consolidated management and timely updates of customer information and standardizes customer feedback management.

In 2020, the Company continued to visit and communicate with customers online to understand their real situation and give replies to their questions and suggestions about their problems to build a good communication mechanism with customers. The Company continued the implementation of the Customer Top 3 Pain Points Management Process to sort out and solve issues concerning the Top 3 customer pain points with "kind, professional, and efficient" services concept, to improve the service awareness and service quality of our staff, and to create pleasant working environment and atmosphere, so as to eventually enhance customer experience.

In 2020, we conducted a customer satisfaction survey and received 793 questionnaires from customers, with a total score of 96.75 points, 0.6 points higher than that in 2019. In 2020, the customer satisfaction rate reached 100%.

3.3.2 Customer privacy protection

Customer privacy protection is an essential part of providing quality customer service. The Company attaches high importance to the protection of customer privacy. The Company fully complies with the provisions regarding personal information protection under the Constitution of the People's Republic of China, the General Principles of the Civil Law of the People's Republic of China, and the Tort Liability Act of the People's Republic of China¹, for protecting customer privacy, business information and customer interests. In 2020, the Company updated seven documents, such as the Computer End Point Security Protection Management Process, Special Emergency Plan for Network and Information Security, Information Security Risk Assessment Management Process, Regulations for Information Security (Trial Version), Information Security Incident Emergency Response Management Process, Information System Security Management Process, and Information System Security Construction Baseline Standard, to further ensure the security of customer information.

At the same time, the Company developed an information security system, establishing the principle of "Seven Don'ts" for trade secrets protection to ensure customer privacy, and all business cooperation was based on mutual trust and sustainable development.

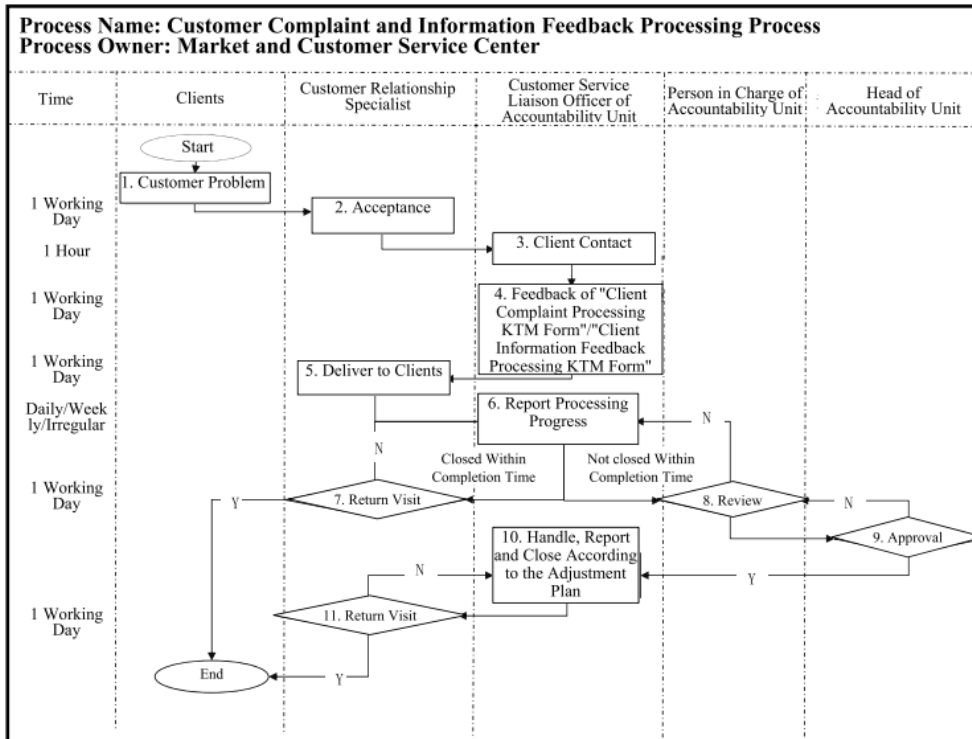
Highlight: The principle of "Seven Don'ts" for trade secret protection by Changan Minsheng APLL Logistics Co., Ltd.

- Do not disclose trade secrets to unrelated persons;
- Do not give out trade secrets via phone or the Internet;
- Do not take pictures, voice or video recordings in sensitive places without permission;
- Do not leave storage devices containing trade secrets in unprotected locations;
- Do not take storage devices containing trade secrets along with you while visiting relatives and friends or places unrelated to work;
- Do not copy, retain, abandon or lend trade secrets to others without authorization;
- Do not accept media interviews or publish trade secrets in public messages.

3.3.3 Customer complaints and communication

The Company attaches great importance to customer communication. We have developed a multi-channel complaint handling system covering telephone, email, and WeChat. Meanwhile, we will handle customer complaints as per the Customer Complaint and Information Feedback Handling Process. We will respond to and provide a solution for the complaint within 1 working day and conduct weekly follow-ups until the problem is solved. The complaint handling flow is as below:

¹ The Civil Code of the People's Republic of China shall come into force on 1 January 2021, and the Tort Liability Law of the People's Republic of China and the General Principles of the Civil Law of the People's Republic of China referred to in this Report shall be effective during the reporting period (1 January 2020 and 31 December 2020).



In order to deal with customer complaints timely and effectively, we launched the “customer complaint handling process,” collecting customer complaints through various channels. Meanwhile, we established customer complaint files, followed up the handling process, and finally closed the loop by completing complaint recording and handling.

In 2020, the Company received 8 customer complaints, including 7 operation complaints and 1 quality complaint.

The Company strengthened communication with customers through regular visits and exchanges. Meanwhile, we optimized the service model of customer communication by carrying out activities such as semiannual delivery quality meetings, sunshine service month and Smart China Expo to make closer cooperation and forge ahead with customers.

Case: Participated in the 2020 Online Smart China Expo and displayed efficient service results in an all-round way

In 2020, the Company's "Network Freight Platform Construction and Operation Project" participated in the third Smart China Expo. By focusing on realizing the whole chain connection, this project aimed to create an automobile ecosystem and a network freight platform with freight, payment and settlement, financial services and other functions. In addition, during this online Smart China Expo, we also demonstrated our intelligent logistics achievements in the fields of warehousing, picking, handling, stocktaking, etc., which reflected our devotion to smart logistics and our commitment to providing customers with high-quality and efficient services.



Participating in the Online Smart China Expo

4 Safety as the Foundation of Development

The Company always takes safety works as the cornerstone of corporate development and an insurmountable bottom line in the operation. Starting from the safety management system, the Company has constantly improved the management system to ensure production safety. Meanwhile, we always care for the health and safety of our employees. In 2020, we promoted the Company's safe operation and made further progress in sustainable development through continuous improvement in the safety management system, safety operation, health and safety of employees and other aspects.

4.1 Safety Management

The Company strictly abides by the Labor Law of the People's Republic of China, Law of the People's Republic of China on Work Safety, Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Fire Law of the People's Republic of China and other relevant national laws and regulations, and has established a series of rules and regulations on internal safety management accordingly, combining the Company's actual conditions. Guided by the principles of "safety first, precaution crucial, and comprehensive treatment," "shared responsibilities between the Party and the government, dual responsibilities of one post, and integrated supervision," "the director assumes the liabilities," and "bottom line awareness," the Company strives to cultivate corporate safety cultures and implement company safety management.

In terms of safety system construction, in recent years, the Company has continuously promoted the certification of various international systems and has implemented safety management by formulating internal system documents.

In 2016	We obtained the certification of OHSAS18001 international system.
In 2017	We built and promoted lean management systems, integrating quality (GB/T9001), occupational health (GB/T28001), and environmental management standard (GB/T24001), and prepared the "Three into One" management manuals and process documents, establishing the QHSE (Quality, Health, Safety and Environment) lean management system.
In 2018	Based on the QHSE system and according to ISO14000, OHSAS18000, and GB/T33000 requirements, we improved regulations related to occupational health, safety, and environmental protection by renewing over 50 regulatory articles, including the Occupational Health, Safety, Environmental Protection, and Fire Protection Accountability System, Prevention Measures of Occupational Diseases and Work Injury Regulations (Trial Version).
In 2019	We completed ISO14000 and ISO18000 certifications and updated the safety-related Procedures for the Management of "Three Simultaneities" in Construction

	Projects to further improve the effectiveness and guidance of systemic documents and lay a solid foundation for safety management regulations.
In 2020	As guided by ISO45001 and China Changan HSE standards, we updated the QHSE Management Manual version 2.8, and completed the revision of 28 documents on management methods at L2 level, 19 process documents, 18 job instructions, 7 post-operation guides and 40 safe operating procedure documents.

In terms of production safety structure, the Company established a Production Safety Committee with principal accountability. In 2020, according to the merger and adjustment of the Company, the composition of the Production Safety Committee has been updated. At present, the Committee has a total of 30 members, including the director, deputy director and other members.

In 2020, the Company invested RMB6.1702 million in safety management, including an investment of RMB2.129 million in pandemic prevention supplies to comprehensively strengthen safety control and further enhance the Company's safety management.

Awards

In June 2020, the Company launched the "Cup of Safety and Health in China" safety production month activities with the theme of "eliminating hidden dangers of accidents and strengthening safety lines" to publicize and implement the concept of safety culture in multiple dimensions through online and offline methods. In this year's activities, we were recognized as the winner of the "Cup of Safety and Health in China" competition.



4.2 Safe Operation

In 2020, we took the safety system construction as the mainline combined with the Company's lean system construction through the safety production standardization construction, fire safety construction and safety culture construction and other key work to escort the Company's safe operation.

4.2.1 Safety system building

(1) Enterprise standard compliance

In 2020, the Company improved the effective operation of the safety, environmental and quality management system by carrying out internal and external audits of the system. In order to improve the level of safety in the enterprise, the internal audit of the HSE system was carried out in May, and the external ISO14001 and ISO45001 certification and audit were passed in July. In addition, we invited third-party companies to conduct safety standardization reviews and certification for the Company. After review and inspection, the Company was qualified as the second-level enterprise meeting safety production standards.

(2) Team standard compliance

In 2020, we conducted an annual star-level lean team review and evaluation for 59 teams under the 2020 Star Lean Team Review Plan and Star Lean Team Evaluation Standards and other system guidelines.

The results of this assessment were: 9 five-star teams accounting for 15.2%, 28 four-star teams accounting for 47.5%, 22 three-star teams accounting for 37.3%, no two-star and below teams. The audited year's assessment results showed that each team's management level had been significantly improved.

(3) Post standard compliance

In 2020, to improve grassroots safety management, the Company required all units to organize the team leaders' competency certification activities independently. In addition, the Company's Smart Logistics Training Center organized centralized training for team leaders in phases, and the results are evaluated through examinations and incorporated into the post-standard management to comprehensively improve the safety management ability and skills of team leaders and promote the implementation of the safety requirements at the team level.

The Company attaches great importance to fire safety and emergency safety in the production process and thoroughly implements the Fire Safety Regulations (Trial Version) and Warehouse Fire Prevention Regulations. In 2020, in order to strengthen the building of fire safety culture, we formulated the Integrated Refuelling Management Measures, the Safety Risk Map Management Measures, the Flexible Work Safety Management Measures, the Introduction Process for Quality, Occupational Health and Safety and Environmental Management System to New Projects (Trial), the Evaluation Measures for Occupational Health and Safety and Environmental Management Performance and other internal systems. These systems clarify the responsibilities of personnel at all levels during emergencies and enable timely responses to emergency efforts to minimize casualties and property damages.

4.2.2 Safety education & publicity

In 2020, the Company actively carried out safety education and training to eliminate misconducts and rule violations, prevent production safety accidents, and reduce occupational hazards. We strictly observed Production Safety Training Regulations and the Regulations on Occupational Health and Safety Education and Training and other systems, optimizing such contents as management accountability, managing scopes, inspection and assessment.

In order to ensure that all heads and safety management personnel are certified to work, in 2020, the Company conducted safety management certification training for more than 50 safety management personnel, with a pass rate of 100%. In addition, we organized 200 employees to participate in the introduction training of Changan Automobile SOS and EOS system during the HSE audit period.

In order to implement safety education and training to an individual level, we have required each department to individually organize various forms of safety education and training covering safety, fire safety, environment, occupational health, operating procedures and other aspects under the Company's training plan. This year, we have carried out various forms of safety education and training for all employees, with 3,181 training hours and a total number of trainees reached 51,089 person-times.

In 2020, in order to gradually embed the concept of safety culture into the minds of employees, the Company enhanced employees' safety awareness and self-protection awareness through activities such as safety management certification training, occupational health and environmental protection training, fire protection training, and the "Safety House" culture building.

Case: Establishment of the Safety Experience House

In June 2020, the Company established a new safety experience house integrating visits, experience, education, and training. By combining safety education, case warnings and expertise, the Company comprehensively raised employees' safety awareness.



Meanwhile, in order to strengthen the fire safety education and publicity, the Company has actively organized and carried out emergency drills at all levels and improved our fire safety management ability in response to emergencies through warehouse fire emergency drills, emergency skills training for volunteer fire brigade, and the emergency drills of each department in view of actual conditions.

Case: Fire Protection Publicity Month

The Company continuously strengthened the fire protection knowledge education among employees. In November 2020, based on the 3-year action plan of special fire safety rectification, we carried out 31 special fire prevention inspections in winter, timely rectified 128 hidden dangers found to improve the employees' fire safety awareness continuously.



There were no work-related injury accidents in the Company in 2020. No death was caused due to work, and 0 workdays were lost due to work-related injuries.

Data: work-related injuries	2018	2019	2020
Number of work-related fatalities (person)	0	0	0
Lost days due to work injury (day)	176	0	0
Number of work injuries (case)	5	0	0

4.3 Occupational Health

The Company attaches great importance to the employees' occupational health. Under the requirements of national laws and regulations, in December 2020, the Company conducted an annual test of occupational hazard factors to evaluate the impact of noise and other factors. The test results were compliant with the requirements of the national standard GBZ2.2-2011.

In 2020, the Company carried out 4 targeted occupational health training to enhance occupational disease prevention awareness, regulate the employees' use of personal protective equipment, and further standardize the distribution of heatstroke prevention and cooling medicines. In 2020, we conducted 15 on-board/on-job/off-post physical examinations for employees exposed to occupational hazards and continued to improve employees' occupational health monitoring files to protect their occupational health effectively.

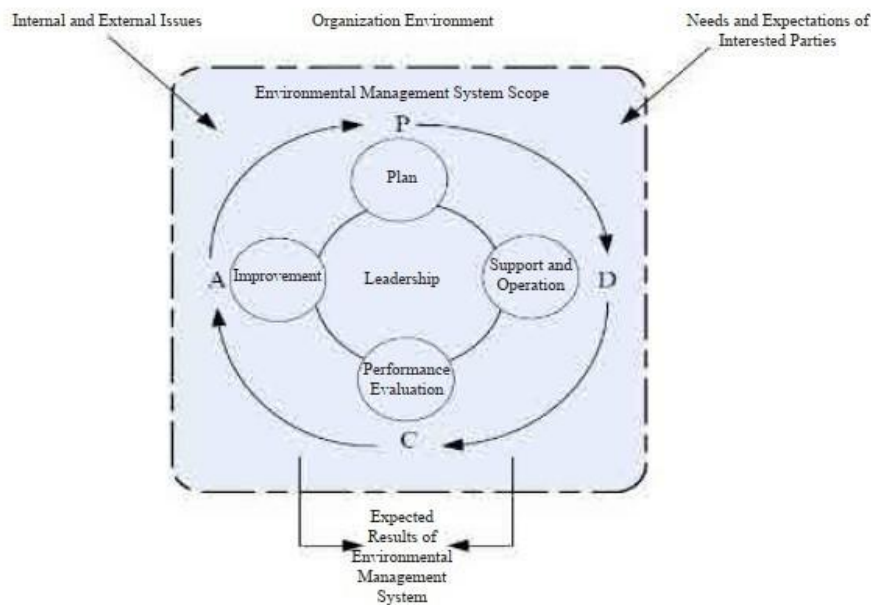
During the pandemic, in order to ensure the safe resumption of work and production, the Company issued internal policies such as the Management Measures for Strengthening the Pandemic Prevention and Control during the Resumption of Work and Production, and the Guidelines on Pandemic Prevention for Work Resumption. The Company makes every effort to ensure the health and safety of employees through daily employee temperature testing, on-site disinfection execution, publicity of pandemic prevention knowledge, and distribution of personnel pandemic prevention supplies.

5 Green Logistics, Green Mission

The Company always regards environmental protection as one of the important contents for promoting corporate sustainability. We have closely followed the national policies, continuously built and improved the Company's environmental management system, actively implemented the concept of energy conservation and emission reduction. We are devoted to reducing the impact of our operation on the natural environment, laying a solid foundation for the Company's sustainable development.

5.1 Environmental Management System

The Company has thoroughly implemented Xi Jinping's thought of ecological civilization, formulated environmental management policies for energy conservation and emission reduction and landscaping, firmly established the man concept of "zero-emission and zero pollution," and strictly followed all related laws and regulations, such as the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution. In addition, in response to the basic national policy of resource conservation and environmental protection, the Company actively implements the Environmental Protection Regulations, Environmental Protection Management System, Regulations for Prevention and Control of Environmental Pollutants, QHSE Management Manual, Occupational Health, Safety, Environmental Protection, and Fire Protection Accountability System, Procedures for Management of Safety and Environmental Protection Plans, Procedures for Management of Identification and Evaluation of Environmental Elements, Procedures for Management of Environmental, Occupational Health and Safety Compliance and so on. In 2020, in order to enhance our environmental management system, we optimized the QHSE Management Manual and refined its management criteria and implementation guidelines.



The Company aims to reduce energy consumption and production emissions by adopting a scientific management system with pollution prevention as the core and advanced science and technology as means, establishing an environmental protection organization with clear responsibilities, and finally achieve cleaner production and build an environmentally friendly company image.

In terms of environmental management organizational structures, the Company has set up the Safety and Environmental Protection Committee to form an internal environmental protection organization with the Quality and Safety and Lean Management Center of the headquarters as the leader and supervisor and each department as the actor. Each department performs its duties in the environmental protection process, and the leader is responsible for formulating regulations and procedures regarding environmental protection and planning the Company's environmental management activities. Each performer is responsible for identifying the environmental elements within their management scope, formulating controlling measures, ensuring compliant emissions, and minimizing environmental risks, so as to ensure the effective implementation and operation of the QHSE management system within the Company.

The Company organizes the establishment and improvement of the Company's environmental management system in accordance with GB/T24001-2016 Environmental Management Systems – Requirements with Guidance for Use while improving its environmental management structure. The Quality and Safety and Lean Management Center of the Company guides each department in preparing level-III operation documents, including relevant operation procedures, management regulations and control requirements, by organizing the preparation of management manuals and management procedures for the environmental management system and urges the implementation of such documents. At the same time, we have formulated Internal Audit Control Procedures and Management Review Management Procedures requiring each department to regularly organize internal audit and management review for their systems as planned and take external audit. We promise that if problems are found in various audits, the responsible department should conduct rectification or closure measures, each business division/subsidiary should assist with the verification works, and the Quality and Safety and Lean Management Center of the Company's headquarters will supervise and inspect the implementation of the rectification measures.

In order to ensure the Company's green and healthy operation in production and office processes, we have carried out the environmental and occupational health and safety audit based on Standard HSE Audit Evaluation Standards. This standard focuses on the implementation at the basic level. It sets up 18 Layer I elements, 96 Layer II elements and 441 standard clauses (excluding the standards for equipment and facilities evaluation) from the four aspects of occupational health (H), safety (S), environmental protection (E) and fire control. In view of the above elements and standards, the Company promoted daily HSE structural works in the four aspects and has carried out self-evaluation and audit. Since September 2020, we have carried out comprehensive rectifications to the issues found in the external HSE reviews and tracked and reviewed the rectified problems to ensure that rectification measures were implemented. During the reporting period, the Company completed the internal annual self-assessment and audit work and rectified 70 on-site issues concerning overhead racks, electrical, fire protection, and environmental protection. The rectification completion rate reached 100%.

5.2 Emissions Management

The Company manages the emissions of solid wastes, wastewater and waste gas during its operation. In order to reduce the environmental impact of the emissions, we have formulated a strict environmental management system, carried out corresponding environmental management activities and implemented controlling measures to ensure compliant emissions.

Solid waste management

The Company has formulated special procedures such as Resource Management Measures, Fixed Assets Disposal Procedure and Fixed Assets Disposal Review Procedures to regulate the recycling and utilization of solid wastes strictly.

The solid wastes produced in the daily production and operation of the Company may include office materials, such as the used fluorescent tubes and used printer cartridges, and used batteries from battery forklifts and other equipment, and used engine oil from vehicle maintenance. We attach great importance to the disposal of these wastes and require all responsible departments to adhere to the principle of “whoever causes pollution shall be responsible for the pollution treatment,” take environmental protection as an important part of production management, dispose of wastes in strict accordance with relevant environmental protection rules and regulations, and hand them over to the qualified third-party institution for professional disposal so as to minimize environmental pollution of the production process of the Company.

At the same time, we adhere to the principle of “prevention first, with the integration of prevention and treatment” in dealing with environmental problems and are dedicated to taking necessary preventive measures to prevent environmental pollution from the source. In 2020, in order to better prevent the soil pollution caused by battery leakage, we installed anti-leakage trays for all forklift batteries that may leak, transformed the automatic power-off charging device, and installed smart liquid fillers. We gradually phased out the lead-acid batteries used in forklifts and trailers to avoid pollution from the source. As of the end of the reporting period, we have replaced 26 lead-acid batteries and used 43 leased lithium battery-based forklifts, thus increased the proportion of the battery-powered lithium equipment to 32% and enhanced the prevention and control of environmental liability risks.

Total hazardous waste produced and intensity	2019	2020
Used engine oil (kg)	4,683	3,831
Used engine oil intensity (kg/ RMB10,000 revenue)	0.01	0.008
Printer cartridges	1,322 pieces	1,723kg
Batteries	65 pieces	1,960kg
Fluorescent tubes	423 pieces	178kg
Batteries of forklifts (kg) ¹	-	33,000

¹ As Hangzhou subsidiary and the International Division promote the use of electric forklifts in the process of business development to improve energy utilization efficiency, the battery replacement of forklifts produces hazardous waste- forklift batteries;

Total hazardous waste produced and intensity	2019	2020
Total amount of hazardous waste (kg/ RMB10,000 revenue) ¹	-	40,693.51
Intensity of hazardous waste	0.0042 piece/RMB10,000 revenue	0.09kg/ RMB10,000 revenue

Total non-hazardous waste produced and intensity	2019	2020
Used tires	359 pieces	42ton
Used paper (ton)	16.39	24.96
Used wooden pallets (ton)	-	426.42
Waste plastics (ton)	-	55.44
Waste cardboard (ton)	-	627.99
Total amount of non-hazardous waste (ton) ²	-	1,176.98
Intensity of non-hazardous waste (ton /RMB10,000 revenue)	-	0.003

Wastewater management

The Company has developed a strict environmental management system, including Procedures for Control and Management of Waste Water Discharge and Exhaust Gas Emission to control wastewater generation and consumption. The Company generates a limited volume of wastewater, mainly including sanitary sewage and lightly pollutive vehicle wash water, verified by the environmental authority and discharged to the municipal sewage network for unified treatment. At the same time, the Company also put on posters in the office to remind employees of water conservation, reducing the use of water from the source and wastewater generation.

Wastewater discharge and intensity	2019	2020
Wastewater discharge(m ³)	219,646	129,801
Wastewater discharge intensity (m ³ /RMB10,000 revenue)	0.51	0.28

¹ Total hazardous waste comprises of the production of used engine oil, used printer cartridges, used batteries, used fluorescent tubes and used batteries of forklifts. The data of 2020 newly includes Shenyang Changyou (沈陽長友) and Bo Yu Transportation (博宇運輸), so the total hazardous waste in 2020 is much higher than that in 2019. From this reporting year, hazardous waste will be measured by weight to enhance year-to-year comparability of data disclosure;

² Total non-hazardous waste (ton) comprises of the production of used tyres, used papers, used wooden pallets, waste plastics and waste cardboard. From this reporting year, non-hazardous waste will be measured by weight to enhance year-to-year comparability of data disclosure.

Exhaust Gas Management

We attach great importance to exhaust gas management, pay close attention to the source of oil use, ensure that motor vehicles use the gasoline that meets national emission standards, and promote vehicle urea to help heavy-duty trucks, passenger cars and other diesel vehicles reduce pollutant emissions. In 2020, we continued to optimize energy use management and adopted a variety of measures to achieve emission reduction targets, including promoting new energy vehicles, eliminating old equipment, adding China VI vehicle emission standard-compliant vehicles, and standardizing driver operating habits.

Case: Supporting the Battle to Defend the Blue Sky

The Company actively responded to Chongqing's action for "Blue Sky Defence" and the Notice on Strengthening the Supervision of Trucks and Enterprises with Excessive Emissions. From June to September 2020, the Company completed the switchover of 22 high-emission trucks in the main urban districts of Chongqing by deploying vehicles and adjusting routes, reducing PM2.5 concentration and greenhouse gas emissions, and improving air quality.

Greenhouse gas management

The Company's greenhouse gas emissions mainly come from the energy consumption of gasoline and diesel used in transportation and the consumption of outsourced electricity used in administrative office areas. We continue to strengthen greenhouse gas emissions in our business operations and strive to build an environmentally friendly society.

Greenhouse gas emission in total and intensity	2019	2020
Greenhouse gas emissions (CO ₂ equivalent - ton) (Scope 1) ¹	15,142	19,271
Greenhouse gas emissions (CO ₂ equivalent - ton) (Scope 2) ²	7,544	8,695
Greenhouse gas emissions in total (CO ₂ equivalent - ton) (Scope 1 and Scope 2)	22,686	27,966
Greenhouse gas emissions intensity (CO ₂ equivalent - ton/ten thousand revenue) (Scope 1 and Scope 2)	0.05	0.06

¹ Greenhouse gas emissions (CO₂ equivalent-ton) (Scope 1) refer to greenhouse emissions from the consumption of gasoline, diesel and gas, and the measurement criteria for which is based on the Guidelines on Measurement Methods and Reporting of Greenhouse Gas Emission by Public Building Operators (Enterprises) (Trial) issued by the General Office of the National Development and Reform Commission;

² Greenhouse gas emissions (CO₂ equivalent-ton) (Scope 2) refer to greenhouse emissions from the consumption of outsourced electricity, and the measurement criteria for which is based on the "Table of Emission Coefficients of the Operation in Mainland China" of Appendix II: "Guidelines for Reporting Environmental Key Performance Indicators" to "How to Prepare an Environmental, Social, and Governance Report" published by the Stock Exchange of Hong Kong Limited in March 2020.

Noise management

The Company involves noise pollution in the production process. We formulated Noise Emission Control Management Procedures to reduce the impact of noise on employees and the surrounding environment. In 2020, we regularly carried out noise monitoring to avoid occupational hazards to employees caused by excessive noise pollution.

5.3 Energy and Resources Management

In the operation process, the Company strengthens the energy and resources management, fully and reasonably utilizes various resources and energies, provides environment-friendly products and services, devotes itself to energy conservation and emission reduction, and reduces pollutants emissions to create a good working and living environment.

We strictly abide by laws and regulations such as the Energy Conservation Law of the People's Republic of China, Cleaner Production Promotion Law of the People's Republic of China and Circular Economy Promotion Law of the People's Republic of China. And we have issued internal regulations such as Energy Control and Management Procedures, Resources Management Measures and Environmental Protection Regulations, strengthening the effective management of energy and resources.

Energy management

The main energy consumption of the Company includes electricity, gasoline, diesel, natural gas and other energy sources. In 2020, we raised the energy utilization efficiency by continuously optimizing the energy structure, purchasing electric forklifts and phasing out old equipment. In addition to the in-depth implementation of energy conservation projects in our business, we also pay attention to energy conservation in offices. In order to reduce unnecessary electricity consumption, the Company implemented an inspection and notification mechanism for turning off lights at night. The mechanism requires all employees to turn off the lighting system in their area after work to save electricity. If the inspectors find that the lights are not turned off, the informed admonition will be given inside the Company to remind them, so as to improve the awareness of electricity conservation and environmental protection of all employee

Case: Purchasing electric forklifts and new energy wing opening vans to improve the energy utilization efficiency

In 2020, we continuously improved energy utilization efficiency by focusing on energy consumption control in warehousing operations and short-distance transportation. We invested RMB2 million to purchase electric forklifts in place of traditional diesel forklifts and introduced new energy wing opening vans to promote the all-round use of clean energy and achieve energy conservation and emission reduction.



New energy wing opening vans

Direct and indirect energy consumption by type in total and intensity	2019	2020
Unleaded gasoline (L)	145,722	107,993
Diesel (L)	5,670,471	7,217,777
Natural gas (m ³)	36,710	110,488
Outsourced electricity (MWh)	8,527	9,900
Direct energy consumption (MWh)	-	73,187
Indirect energy consumption (MWh)	-	9,900
Total energy consumption (MWh)	66,027	83,088
Total energy consumption intensity (MWh/RMB10,000 revenue)	0.15	0.18

Water resource management

The Company attaches great importance to reasonable utilization of water resources, strictly controls the discharge of wastewater and sewage, strengthens water use monitoring and management, avoids the loss of water resources and unreasonable discharge of wastewater, and improves utilization efficiency of water resources.

The Company set a consumption reduction goal in water resources management. The Company conducted a comprehensive inspection and follow-up rectification of warehouses and fire pipelines with leakage problems to effectively improve the utilization efficiency of the Company's water resources, respond to the environmental management policies and strengthen the resources management mechanism of the Company. In 2020, we continued to carry out regular inspections of leakage to avoid water resource waste, immediately put forward rectification requirements for areas with water leakage problems such as in the Northwest Region, Southwest Region, and Fuji Supply Chain, and completed the rectification jobs.

Water consumption in total and intensity	2019	2020
Water consumption in total(m ³)	253,394	214,938
Water consumption intensity (m ³ /RMB10,000 revenue)	0.58	0.46
Water-saving amount (m ³)	-	238.14

Material resource management

The development of green products and services is the key to build a green enterprise image. In 2020, the Company was devoted to the development of green products by strengthening the management of the whole process, optimizing the input of raw materials, vigorously carrying out the technological innovation, reducing pollutant emissions from various aspects such as technological innovation, product design, product production and packaging, and build an environment-friendly enterprise image.

In 2020, the Company reduced the use of disposable materials and introduced new recyclable packaging materials to reduce the cost of disposable packaging, extend the product life cycle, improve resource utilization efficiency, and reduce disposable waste.

Total packaging material used for finished products	2020
Packaging materials – Paper (ton) (ton)	798,783
Packaging materials – Wooden (ton)	2,025,433
Packaging materials – Plastic (ton)	1,962,807
Total amount of packaging material (ton) ¹	4,787,023
Intensity of packaging material(ton/RMB10,000 revenue)	10.22

¹ Total packaging materials (ton) include paper, wooden, plastic packaging materials and so on.

5.4 Response to Climate Changes

Climate change has been one of the focuses of the global community in recent years. We optimize the Company's energy structure by adopting measures such as using new energy forklifts, continuously improving our environmental performance, and mitigating the impact of the Company's business operations on climate change.

In addition, we are well aware of the impact of climate change on the production and operation of enterprises. To reduce climate risks, the Company will formulate preventive and emergency measures according to local conditions. In the face of extreme weather or natural disasters that may occur, we release early warning information and make emergency plans promptly to achieve early warning, early preparation, early prevention, and early transfer. We make efforts to ensure that emergency disasters are dealt with effectively as fast as possible and minimize the impact of climate change on the Company's operations. Some measures we have taken in response to extreme climates and weather include but are not limited to:

- Supervision of carriers' seasonal maintenance operations on vehicles and related equipment;
- All-round safety inspection on the steering brake system, driving system, gas pipeline, water, oil pipeline and other components of the vehicle;
- Uniform anti-freezing and anti-slippery devices for vehicles;
- Winter safe driving training for drivers, including frequent antifreeze check and replenishment, and attention to vehicle conditions and driving safety at all times.

In 2020, we also updated and evaluated on-site hazard sources and environmental factors, identified 44 environmental factors, developed a checklist of environmental risk factors, and further strengthened the hierarchical management of safety risks to help the Company cope with climate change risks.

Case: A special work meeting on flood prevention and disaster relief

On 14 July 2020, the Company held a special meeting for flood prevention and disaster prevention. A total of 35 people in charge of the safety of each business department and heads of project units participated in the meeting. At the meeting, flood prevention measures were deployed and implemented to increase all employees' disaster prevention awareness and emergency response capabilities.



Special work meeting on flood prevention and disaster relief

5.5 Environmental Protection Publicity and Education

The environmental management system is the theoretical basis of the Company in environmental management, while the practice of environmental protection requires the joint efforts of most employees. In 2020, in order to ensure that employees can practice environmental protection in their daily work better, the Company continued to strengthen environmental protection publicity and education and organize special environmental protection training for employees. We aim to constantly improve the employees' working ability and management level on the environmental protection and to create and maintain a beautiful environment for the Company by explaining the importance of environmental protection from several aspects, such as environmental protection laws and regulations, garbage classification, energy conservation and emission reduction.

Case: Environmental management system training

In order to implement the three-year special rectification action for safe production, on 7 September 2020, the Company invited Changan Automobile's environmental protection experts to conduct special training on safety and environmental management for employees. In this training, a total of 24 first-level elements and more than 50 second-level elements of CA-EOS system management (environmental management system) were comprehensively interpreted. More than 200 people participated in the training. In addition, 96 leaders, managers and safety management personnel of the Company attended safety performance examinations and training tests. In this way, Their' awareness of the requirements of the safety and environmental management system has been further raised.



Safety performance test sites

Case: "Contributing to Beautiful China" Environment Day Event

In June 2020, to actively respond to the national policy of the National Three-year Action Plan of Special Rectification for Safety Production and the requirements of "One Prevention and Two Protections" the Company organized the World Environment Day online question answering with the theme of "Contributing to Beautiful China". Through this event, the importance of the environment protection was publicized to the employees, and their environmental awareness was raised.



The "Contributing to Beautiful China" Event Publicity

6 Concerted Efforts in Mutual Development and Industrial Ecosystem

6.1 Joint Efforts in Building Industrial Chain Ecosystem

6.1.1 Continuous scientific research & innovation

With the operation philosophy of “continuous improvement, lean management and high efficiency,” the Company vigorously promotes the construction of an independent innovation system and actively transforms into a technologically innovative enterprise to enhance our core competitiveness.

(1) Establishment of Scientific Research System

To encourage and regulate innovation, the Company has established a relatively comprehensive scientific research system, regulating the organizational management, fund use, and technology commercialization:

- In view of organization and management of research and development, the Company developed the relevant protocols such as IT Project Investment Approval Process, IT Project Implementation Management Procedures, IT Project Acceptance Management Process, and Scientific Research Project Initiation Management Procedures to regulate the organizational structure of relevant research and development departments, and determined the management processes for research and development projects;
- With respect to the use of research and development funds, the Company implements Scientific Research Project Funds and Acceptance Management Procedures, and each expenditure on research and development is strictly managed under the relevant processes to ensure the proper use of funds;
- In terms of systems for promoting the transformation of scientific research achievements, the Company has formulated the Implementation and Reward System of Scientific Research Achievement Transformation and the Intellectual Property Right Management System and other systems to standardize the management of scientific research achievements transformation and fully motivate R&D technical personnel.

(2) Fruitful Scientific Research Achievements

In 2020, the Company obtained 13 patents, including 4 inventions, 13 utility models and 8 computer software copyrights. In addition, we won several national, provincial and industry-level honors and awards, which reflected the external recognition of our Company's technological innovation capabilities.

- At the national level, the Company won the “2020 National High-tech Enterprise” title, the second prize of the “27th National Enterprise Management Modernization Innovation Achievement,” and other honors.
- At provincial and ministerial level: The Company won the first prize of 2020 “Chongqing City Enterprise Management Modernization Innovation Achievement” and the “Chongqing City Enterprise Technology Centre,” and other honors.
- At the industry level: The Company won the “2020 CFLP Logistics Technology Innovation Award,” “the 2020 Automotive Logistics Industry Innovation Award,” the second prize of “2020 Science and Technology Progress Second Award,” and other honors.

(3) Industry-University-Research Collaboration

The Company focuses on the integrated development of production, education, and research and actively seeks win-win cooperation. In 2020, the Company continued to promote industry-university-research cooperation and conducted multiple technical exchanges with Chongqing University, Chongqing Jiaotong University, Chongqing Changan Automobile Co., Ltd., Chengdu Aerospace Science and Industry Big Data Research Institute Co., Ltd. to promote the development of the industrial ecosystem.

- Cooperated with Chongqing University to conduct a joint research project of “Research on Key Technologies for Energy Conservation and Emission Reduction in Chongqing Logistics Industry - Carbon Footprint Integrated Modelling and Smart Logistics System”;
- Cooperated with Chongqing University to conduct a joint research project of “Research and Application of 5G-based Automobile Logistics Intelligent Operation Terminal”;
- Cooperated with Chongqing Changan Automobile, Chengdu Aerospace Science and Technology Big Data Research Institute and Chongqing University to conduct a joint research project of the China National Key R&D Program – “R&D and Application Demonstration of Regional Auto Industry Ecosystem Network Collaborative Manufacturing Shared Cloud Service Platform”.

6.1.2 Contribution to industrial advancement

In 2020, the Company implemented the "133" strategy and China Changan's "Mission 1347" strategy, innovated and sought changes, and strived to build a logistics company featuring high technology, high vitality, high efficiency, big brand, and high quality. We proceeded with vigorous expansion and cooperation, actively participated in the formulation of industry technical standards, and continuously promoted industry advancement. In 2020, the Company prepared and released a number of packaging standards, including 2 corporate technical standards, namely, the Technical Standards for Plastic Turnover Boxes and the Technical Standards for Metal Racks, and 2 technical product manuals, namely, the Manual for Boarding Boxes and the Manual for Plastic Turnover Boxes.

Moreover, we took the "digital projects" as an effective means to continuously optimize the construction of our process system and carry out data operations and digital technology applications. In 2020, the Company implemented 8 intelligent projects and 3 scientific research projects. The intelligent operation rate of parts and components increased to 6.7%, while the intelligent operation rate of whole vehicles increased to 2.4%. In addition, we promoted a total of 70 informatization projects, of which 27 completed the procedures of customer acceptance, with the project plan achievement rate of over 98%, and the system coverage rate of 86.2%. The transportation and warehousing business efficiency was significantly improved. Thanks to the industry and finance integration, the optimization of the recycled pick-up platform and blockchain application projects, the overall cost reduction exceeded RMB 12.24 million, effectively fuelling the Company's digital transformation and high-quality development.

6.2 Supplier Management

The Company's sustainable development cannot achieve without the support of our suppliers. Our products and service quality are also closely related to our suppliers. We are committed to establishing healthy and mutually beneficial long-term cooperation with our suppliers and business partners.

(1) Compliant & Transparent Purchase

The Company has established a complete supplier management policy to control the quality of suppliers' products and services. The Company continues to follow the policies of the Procurement Management Measures, the Bidding Management Measures, the Supplier Management Measures, the Supplier Removal Process and other policies to establish a sound supplier development, maintenance, service, and removal management process. In 2020, we updated the Supplier Management Measures, the Supplier Admission Process, the Supplier Evaluation Process, the Supplier Dynamic Management Process, the Supplier Removal Management Process, and the Operation Instruction of Supplier Change Audit and other policies to revise the supplier management process and strengthen the criteria for supplier evaluation and to ensure the quality of the supply chain.

When selecting suppliers, we set up a special team to review the supplier's service quality, financial statements and credit to ensure that they comply with national policies and the company's requirements. Moreover, we give priority to cooperation with suppliers who have passed ISO19001 and OHSAS18000 certification and inspect their environmental and social performance when they are enrolled.

In addition, the Company attaches great importance to transparent purchase. When cooperating with suppliers, we require suppliers to sign the integrity agreement clauses in the contract to ensure compliance in all segments of the supply chain.

(2) Supplier Communication

The Company pays attention to good communication and exchanges with suppliers. We formulates the Supplier Information Processing Management Procedures, and standardizes the Company's supplier information processing procedures, promptly and effectively resolves the problems in suppliers' feedback, and understands all aspects of the evaluation and expectation of the suppliers on the Company, and promotes long-term cooperation with excellent suppliers.

Also, the Company has set goals for the 2020 plan. We require regular visits to core suppliers to learn about the actual operation of the suppliers, strengthen communication with suppliers and solve problems in a timely manner.

Number of suppliers by geographical region	2020
South China (Guangdong, Guangxi, Hainan)	90
East China (Shandong, Jiangsu, Anhui, Shanghai, Zhejiang, Jiangxi, Fujian)	314
Central China (Henan, Hubei, Hunan)	7
North China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	202
Northeast China (Heilongjiang, Jilin, Liaoning)	19
Southwest China (Sichuan, Guizhou, Yunnan, Chongqing, Tibet)	945
Northwest China (Shaanxi, Gansu, Ningxia, Qinghai, Xinjiang)	1
Hong Kong, Macao and Taiwan	9
Overseas	0
Total	1,587

7 Joint Prosperity and Development with Employees

The Company firmly believes that employees are the most valuable assets and the core competitiveness of the Company. Adhering to the Company's core value of “employee development,” we fully respect and protect the rights and interests of employees, provide fair and just employment mechanism and promotion channels, enrich employee care activities, and enhance internal communication channels, to create a diversified business development platform for employees.

7.1 Putting Our Employees First

In 2020, we strictly followed the laws and regulations related to compliant employment and continued to improve the compensation and benefit system to protect the rights and interests of our employees in all aspects. At the same time, the Company is committed to building a high-quality talent echelon. We optimized our management system, developed a diversified talent echelon, improved our leveled human resources allocation system, improved our talent management, and promoted the Company's high-quality development.

Compliant recruitment

The Company has gradually established and improved its human resources system and management system based on complying with the Labor Law of the People's Republic of China, the Labor Contract Law of The People's Republic of China and other laws and regulations. The company upholds the principles of fair, just and open to provide recruitment and promotion opportunities for employment or all qualified personnel. The Company respects employee diversity and ensures equal opportunity and a fair working environment for people of different races, religions, ages, nationalities, genders, marital status, disability and other issues. Meanwhile, we avoid recruiting those under the age of 16 by screening candidates in the process of talent recruitment strictly in accordance with Provisions on Prohibition of Child Labor. We implement the standard working hours system of 8 hours per day and 40 hours per week to ensure legal employment in accordance with the Provisions of the State Council on Working Hours of Workers and Staff. No complaint was filed against the Company on the grounds of child labor or forced labor in 2020.

Compensation and benefits

By taking into account the characteristics of the industry and our development situation, the Company ensures reasonable remuneration and promotion mechanisms for our employees. We fulfil our legal obligations to not only pay employees' social insurance and public accumulation funds but also protect their rights to vacations, such as paid annual leave, marriage leave, maternity leave and paternity leave. Also, we encourage our employees to voluntarily contribute to corporate pensions, which effectively enhance their retirement protection. During the pandemic, we continued to strive for five preferential policies and subsidies for employees actively, including the “4050 (women aged 40 years or more, men over the age of 50) social insurance subsidies for employees”, “social insurance subsidies for newly-employed college students,” “social insurance preferential policies for struggling enterprises,” “post stabilization subsidies for struggling

enterprises” and “talent introduction subsidies for Swan Goose Plan.” In addition, to fully protect our employees' rights and interests, the Company conducted a salary compliance inspection in 7 secondary units and 3 labour service companies within the enterprise and found 30 problems in total. The Company immediately corrected the mistakes that were found on-site, followed up and gave in-depth guidance for the problems that could be rectified within a time limit.

We have always hoped to create a community of interests with our employees, where “value is commonly shared, and risks are jointly undertaken.” For all employees, we set up the “Amoeba” business model incentive and restraint mechanism to achieve full participation in management to promote the enterprise's synergistic development. At the same time, we set up the “Star of Beauty” monthly incentive mechanism, which is awarded to 5% of the employees to maximize our employees' potential and motivate them.

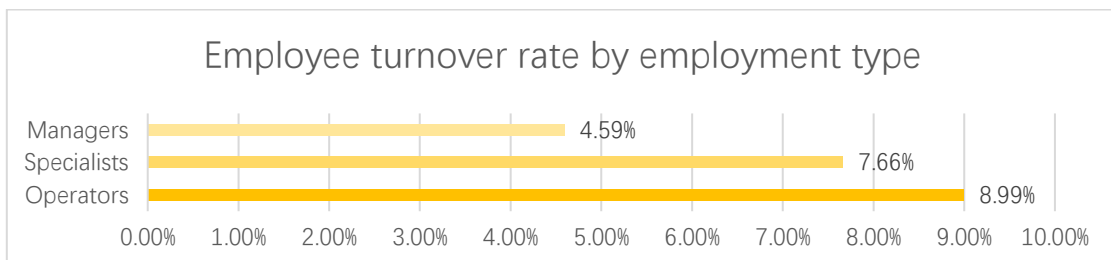
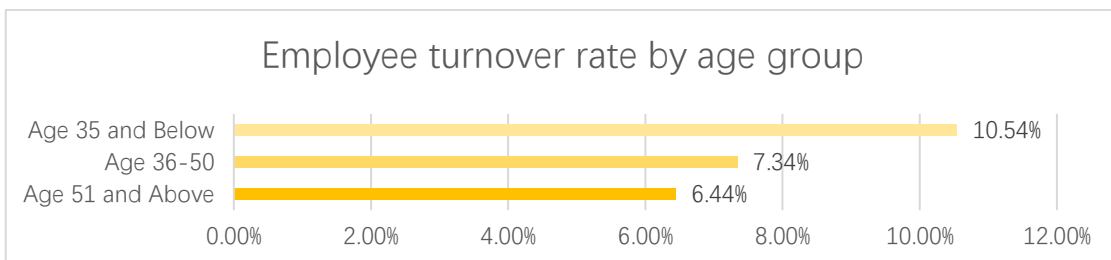
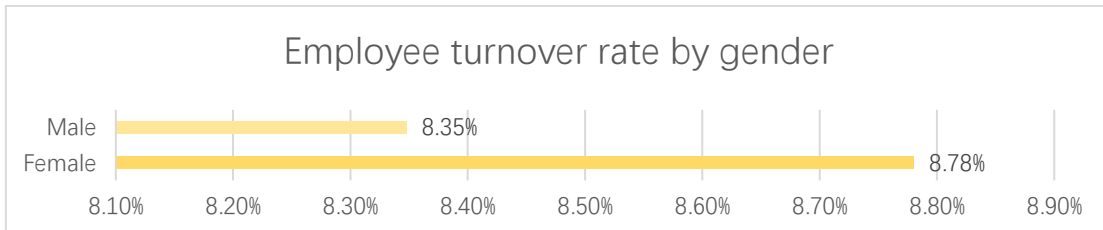
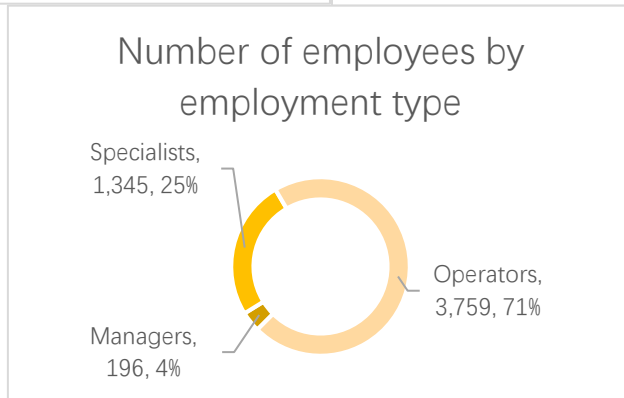
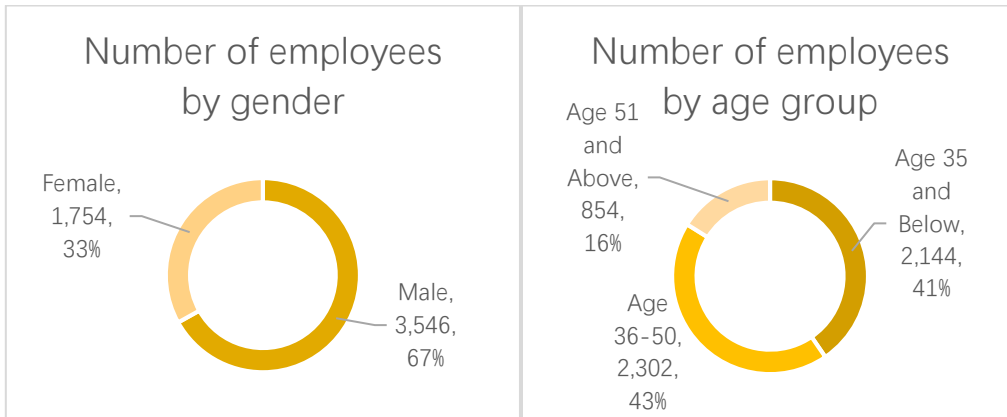
Human resources allocation

In 2020, we continued to refine our employment model and implement our levelized human resources allocation plan. To support our internal project operations better, we implemented the “Fertile Soil Project Action,” which, after sorting out positions requiring support, provided employees with the opportunity to select and match positions in both directions. We also directed employees to key roles in the business and market to improve employment efficiency. To increase the flexibility of employment, the Company continued to promote the business outsourcing model. At the same time, to reduce potential risks in business outsourcing, we formulated systems such as Service Quality Assessment Process of Labour Service Providers and Management Measures for Labour Outsourcing (for trial implementation) to clarify the responsibilities of each management level and the personnel introduction conditions of labor outsourcing, so as to achieve standardized management of labor outsourcing in each unit. During the reporting period, we transferred a total of 45 people internally to support the preparation and operation of new business projects, transferred more than 110 people across units to fully support production and supply assurance, completed outsourcing switching of more than 1,700 people, and assisted a total of 18 employees to complete the transfer to key positions.

Recruitment

In carrying out the recruitment work, the Company abides by the principle of “employ for talent and ability” and provides high-quality positions to match the appropriate job seekers through various recruitment channels such as social recruitment and campus recruitment. At the same time, we encourage the introduction of local talents to support local constructions. In 2020, we focused on logistics planning, park planning, system development, intelligent equipment, big data and other technical fields and successfully introduced 17 mature technical talents and 30 fresh graduates in technology. In order to promote the Company's upgrading and transformation and build a high-quality talent pool, we have conducted an internal talent inventory review to find out potential problems in our reserve team and actively promoted school-enterprise cooperation. In the same year, we continued to carry out the “CMAL Star Program” 2021 campus recruitment, signed employment contracts with a total of 45 college students and 159 vocational interns, and signed school-enterprise cooperation agreements with two vocational colleges.

In 2020, we continued to rationalize our internal official team's composition and simplified the number of employees to achieve a high degree of fit between posts and talents. As of the end of the reporting period, there were 5,300 employees in the Company, of which 33% were female employees.



7.2 Training and Development

We attach great importance to cultivating and developing talents. In 2020, we continued to implement a comprehensive training system, optimize the talent development project, and provide employees with a platform for self-improvement and multi-dimensional development through various innovative training modes.

Talent development project

Our company has been committed to building a high-quality official team. In 2020, we continued to set up targeted training plans for the diversified talent echelon.

Talent echelon	Training plan
Entrepreneurs team	For senior executives and heads of the Company: <ul style="list-style-type: none"> - Improve the capabilities of the echelon in the areas of strategy, networking, business and leadership by bridging the gap in knowledge and eliminating blind spots in experience through intensive training, lectures and forum summits;
Political affairs team	For the heads of the Party affairs and Party and League workers: <ul style="list-style-type: none"> - Improve the standardization and professionalism of Party development work by intensive training, subject seminars and workshops; - Establish a Party development communication association to carry out activities such as case sharing and salon seminars to promote communication and learning;
Management team	For directors: <ul style="list-style-type: none"> - Enhance competencies in business operations and talent development through intensive training and sharing on seminars, and strengthen the understanding and application of the Company's internal functional professional management system; For management officials: <ul style="list-style-type: none"> - Enhance leadership, management and professionalism through joint lectures given by "external experts + internal executives," intensive theoretical training, intensive seminars and online video learning, etc.; For managers: <ul style="list-style-type: none"> - Help them master business improvement techniques and methods, expand management thinking, and enhance the ability to develop subordinates, manage conflicts, and develop interpersonal skills through intensive training, case exercises, and hands-on workshops; For supervisors and team leaders: <ul style="list-style-type: none"> - Help them master the tools and methods of lean and technical control and improve the team's capability of integrated management and improvement through intensive training and review;
Craftsman team	For employees across 9 vertical business lines: <ul style="list-style-type: none"> - Customize training contents according to business lines separately, and help employees in each business segment improve their comprehensive ability through intensive training, case study, online learning and sand table exercises, etc.;

Talent echelon	Training plan
	<p>For employees in the M-series:</p> <ul style="list-style-type: none"> - Establish a job rotation training system to promote the rapid growth of employees through “study by doing, work by learning”; <p>For skilled personnel:</p> <ul style="list-style-type: none"> - Provide space for career development such as multi-skill in one position, skill certification and skill promotion, and implement qualification certification and professional and technical title evaluation; - Carry out intensive training and practices and professional skills training, and improve the proportion of multi-skilled personnel in one position.

As of the end of the reporting period, the training coverage for employees was 100%. Meanwhile, through our established rotational training mechanism for management personnel in the M-series, we trained 566 people in two rotational periods and held a total of 31 training sessions for management executives with a total of 2,053 participants. For employees, we made professional and technical title assessments, completed the assessment of 91 applicants, and ranked 684 employees in the P-series, helping to stimulate their vitality and improve their abilities.

Innovative training model

Effective training models is the foundation of an effective training system. The Company keeps refining training standards and developing training courseware to explore innovative training models. In 2020, we optimized the structure of “Smart Logistics Training Centre,” carried out a series of “Minrentang” logistics technology salon and director’s lecture hall, and organized labor and skill competitions to stimulate employees’ enthusiasm for learning better, improve the effectiveness of corporate training, and maximize the effect of training.

Case: Smart Logistics Training Centre

In 2020, we established the “Smart Logistics Training Centre” to improve the structure of our internal training system. By building a training system, creating a team of teachers, and developing training courses, we helped business units build a talent pool and contributed to the company's sustainable development. In addition, by clarifying staff training standards, we provided training and certification for employees in vertical professional fields and laid a sound foundation for building a talent training model.

By the end of the reporting period, we sorted out 58 training standards, conducted training and certification for a total of 14 professional departments, and linked the certification results with employee performance and job qualifications to fully motivate employees to participate in training to improve the quality of comprehensive training.

Case: “MinRenTang” logistics technology salon

In 2020, we carried out a series of “MinRenTang” logistics technology salons for the Company’s technical R&D and application engineers, inviting well-known industry experts to the scene for sharing and exchange. We carried out four salons on the themes of “winning customers’ trust with the power of technology,” “technology-driven benefit and efficiency change,” “the power of technology system,” “a year of technology,” to help the Company’s technical personnel to better adapt to the new round of technology revolution and industrial transformation, and at the same time to learn cutting-edge knowledge and technology in the industry.



Technology salon

Case: Director’s lecture hall

In 2020, we invited directors to conduct “director’s lecture halls” for employees to impart management experience, wisdom and tips. The director’s lecture hall aims to help participants gain an in-depth understanding of each business segment of the Company through diverse learning methods such as on-site training, live video streaming, recording learning, and round-table seminars to enhance overall synergy.



Director’s lecture hall

Case: Smart Logistics Lab

In 2020, we created a “Graduate Training Base” with Chongqing Jiaotong University based on the Smart Logistics Lab. We hope to contribute to the high-quality development of our company by selecting and cultivating professionals with high skills, excellent quality and innovative ability.



Graduate Training Base

7.3 Caring for Employees

Employees are valuable resources for the Company to maintain sustainable development. Effective employee communication and diversified care activities are effective guarantees to improve employee happiness and sense of belonging. The Company aims to truly ensure the vital interests of employees by promoting democratic management; listen to the voice of employees and understand their needs by building a communication and feedback platform for employees; enrich employees’ spare time life by organizing diversified activities, and establish a harmonious labour relationship with employees to create a harmonious and loving working environment for employees.

Democratic management and decision-making

In 2020, to promote democratic management, we actively implemented the Adjustment Plan on Enterprise Annuity, Notice of Changan Minsheng APLL Logistics Co., Ltd. on the Accurate Management of Employees’ Work, Measures of Changan Minsheng APLL Logistics Co., Ltd. on the Management of Overtime, Employee’s Behavior Manual of Changan Minsheng APLL Logistics Co., Ltd. (Trial Version) and other systems related to employees’ vital interests. Through democratic decision-making, the Company will be able to have a more comprehensive understanding of our employees’ needs and effectively develop management practices from the employees’ perspectives. In order to enable employees to participate in democratic decision-making, we hold regular employees’ congress to provide a platform for employees to have a voice and enhance their sense of belonging to the Company. In addition, we sign collective contracts with our employees to fully protect their legal rights and interests.

Employee Communication

In terms of employee communication, the Company has set up communication platforms such as comment boxes, hotlines, online “direct track for employees’ opinions and suggestions.” In 2020, to strengthen communication with employees, we carried out the collection of rationalized suggestions and the investigation of ideological trends, in which we collected a total of 5,372 suggestions, implemented 3,043 items of improvement, promoted and replicated a total of 297 promotion cases, and made a total of 1,038 improvement cases. The Company

conducted in-depth decomposition and analysis of outstanding issues, organized them into reports, and strived to answer questions for employees as soon as possible.

Caring activities

In order to create a good corporate atmosphere, we strive to build a good interactive relationship with our employees. The Company organized sports activities such as soccer league and national fitness sports meeting and carried out activities based on festivals such as the annual meeting of Chinese New Year and mid-autumn festival tour, to enrich employees' spare time and enhance the sense of belonging of employees. In addition, to promote work satisfaction and happiness of our employees, we created four projects for our employees, including fragrant toilets, safe transportation, satisfactory canteens and warm staff homes. We provided care for our employees through the “eight-delivery” activities, special lectures for female employees and “finding love” activities for single youths so that each employee can feel our utmost care. In 2020, the Company invested a total of RMB1.698 million in employee care.

The launch of a series of caring activities not only helps to enrich the daily life of employees but also promotes the Company’s core concept of CMAL culture, that is, “Cherish one’s own beauty, respect other’s beauty, and when beauties are respected and cherished, CMAL will be more beautiful.” Thus, these activities motivate the CMAL spirit, rallying the whole staff’s centripetal force, enlarging brand influence, and motivating all employees to continuously create the concept of “customer-oriented, result-oriented, and contribution-oriented” for the creation and sharing of values.

Case: Women’s Day activities

On March 8, 2020, our company launched the “Red Memory, Better Home” Women’s Day handcraft exhibition on the occasion of the centennial of the founding of the Party, displaying the handcraft works of female employees through a combination of online and offline methods, and showing the photos of 12 excellent female employees of the year. On the occasion of the event, we also presented the female employees with well-prepared flowers and gifts to make them feel the warmth and care of the Company.



Women’s Day handcrafts show



Presenting gifts to female employees

8 Good Deed for Society

The Company holds on to the original purpose of public welfare and always keeps in mind giving back to the society in self-development. Facing the Covid-19 pandemic, we took strong measures to fight against Covid-19 in 2020. We made a concentrated effort to assist frontline staff in pandemic prevention and control, helped enterprises resume work and production and shouldered the social responsibilities of a state-owned enterprise with practical actions. Meanwhile, we continued to advance rural revitalization, helped targeted units consolidate the achievements in poverty alleviation; and entrenched ourselves in the communities and carried out education-aid actions to promote rural education.

8.1 Combating the Pandemic Jointly

Big data on combating Covid-19

- | |
|---|
| <ul style="list-style-type: none"> - Masks worth RMB200,000 were donated to support the anti-pandemic efforts across the country. - More than 6,000 employees remained at their posts, clinging to their work in warehouses and shipping sites all over the country to ensure transportation. - More than 1,000 employees as volunteers proactively served in preparation for work resumption, safety assurance, convenient services and psychological counseling, shouldering the responsibilities with actions. - More than 600,000 commercial vehicles were delivered, opening up the economic and social “main artery” and unblocking the “microcirculation.” |
|---|

The novel coronavirus in 2020 aroused nationwide concern. In the face of the severe pandemic, we founded the pandemic prevention and control leading group and the pandemic emergency command team immediately to conduct various prevention and control measures. During the early pandemic outbreak, we gave full play to our strength as a logistics company, integrated resources from all parties, created green channels and ensured the transportation of emergency supplies. During the work and production resumption period, we organized all bases and projects across the country to set up prevention and control command institutions. We created “one institution and two schemes” (anti-pandemic leading institution, scheme of pandemic prevention and control and scheme of production resumption and supply security), making solid efforts on both pandemic prevention and control and production ensuring orderly operation of the economy and society. Moreover, we aroused the enthusiasm of employees to participate in activities such as love donation and volunteer service and to combat the pandemic together.

Pandemic outbreak period

Integrating resources to support the frontline combat	<ul style="list-style-type: none"> - Gave full play to our strength as a logistics company, created green channels for emergency supplies and fully supported the frontline anti-pandemic work. - Issued a proposal to the whole society, joined hands with all member units and carrier partners, and spared no effort to assist the government and
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	<p>public welfare organizations in providing national and international transportation services and warehousing services of anti-pandemic supplies. <i>Completed the emergency distribution task of raw materials for medical equipment (ventilators) of Wuhan Huoshenshan Hospital within 90 minutes.</i> <i>Completed the emergency delivery of mask-making machines from Dongguan to Chongqing within 24 hours.</i> <i>700 sets of car headlights were delivered urgently for customers within 48 hours.</i></p>
Taking collective actions and passing on kindness	<ul style="list-style-type: none"> - Established a special fund account for the pandemic with special funds for special purposes, timely publicized income and expenses of donated funds, accurately tracked the logistics information of donations and accepted the supervision by our employees and society. - Organized employees to carry out donation activities, donating funds, general materials, medical consumables and protective equipment to ensure adequate supply of frontline emergency materials. <p><i>Under the organization of China South Industries Group, the Company donated over RMB200,000 to the frontline against the pandemic.</i> <i>Our employees raised donations of RMB199,309.20, where 408 party members voluntarily donated RMB88,460.75.</i></p>
Battling Covid-19 and fighting against adversity in close solidarity	<ul style="list-style-type: none"> - Mobilized all employees of the Company to provide voluntary services in the Company's pandemic prevention, community's pandemic prevention, preparation for work resumption, supply security, psychological counseling and other services in an orderly manner. <p><i>Swiftly established 17 vanguards of Party members, 25 shock brigades of Party members, 15 youth shock brigades and emergency volunteer service teams and recruited more than 1,000 youth volunteers.</i></p>
Work and production resumption period	
Focusing on the customers and conducting pandemic prevention and control and security supply	<ul style="list-style-type: none"> - Took active steps to resume work and production and fully guaranteed customers' demands, such as promising to respond to and solve customers' problems on production and supply security within 1 hour. - Adopted a multimodal transport system and prepared emergency transportation plans such as changing road to railway, waterway to railway and waterway to road in the face of road and port closure, ensuring a stable supply.



Poster of love assistance



A letter to the customer:
“Guarantee with all strength. Please rest assured”



Matters needing attention for resumption of work and production



Covid-19 Screening for Employees of Management Measures for Strengthening Pandemic Prevention and Control During the Resumption of Work and Production

Case: Supporting Wuhan Huoshenshan Hospital

On 2 February 2020, in order to alleviate the increasing shortage of frontline protective supplies, the Company spent 90 minutes on delivering the raw materials for ventilator production urgently to Wuhan Huoshenshan Hospital, helping the hospital solve the urgent problem and truly embodying our attitude to pandemic prevention and control featuring “pulling out all the stops in case of any demand.”



Emergency support for Wuhan Huoshenshan Hospital

Case: “Emergency Delivery” Spanning Half the Globe

From 11 February to 12 February 2020, we spent 50 hours going halfway around the globe to urgently deliver 240,000 masks in 118 boxes purchased in Belarus by our customers back to Chongqing for the purpose of supporting the frontline pandemic prevention and control. Facing the frequently cancelled flights, the Company immediately organized the international division to set up a transportation team. The team immediately coordinated with airlines for shipping space, formulated logistics plans, quickly planned the route of “Minsk, Belarus - Amsterdam, Netherlands – Guangzhou - Chongqing and smoothly transported pandemic prevention materials to customers, contributing a solid strength to winning the battle against the pandemic.



Pandemic prevention and control supplies purchased from Belarus

8.2 Contributions to the Community

2020 is the concluding year for the completion of the building a moderately prosperous society in all respects and to end extreme poverty in China. We continuously took stable steps in lifting rural communities out of poverty, consolidated the achievements in poverty alleviation with practical actions, proactively performed the social responsibilities of a state-owned enterprise, and helped build a better society. As of the reporting period, the Company made a total donation of RMB710,000.

Consolidating the achievements in poverty alleviation

In 2020, we continued to consolidate the achievements in poverty alleviation, strived to promote the comprehensive rural revitalization in areas shaking off poverty, and invested special funds of RMB3.09 million in poverty eradication to successfully help impoverished counties such as Luxi and Yanshan in Yunnan Province get out of poverty. We have invested more than RMB900,000 to support Yanshan County, Yunnan Province, helping the county increase income, shake off poverty, and promote the healthy development of the rural economy.

Case: Assistance in Yanshan County, Yunnan Province and Xinjiang Production and Construction Corps

On 28 April 2020, the Company organized employees to purchase 3,077 bottles of honey from Baga Township, Yanshan County, Yunnan Province, totalling RMB200,000, trying our best to help the poverty-stricken areas due to the pandemic. On November 30, 2020, we launched “Boundless Love with Companion of Central Enterprises” for poverty alleviation through consumption and organized employees to purchase special local products worth RMB5,998 from Xinjiang, helping the local economic recovery.



Employees assistance in Yanshan County, Yunnan Province



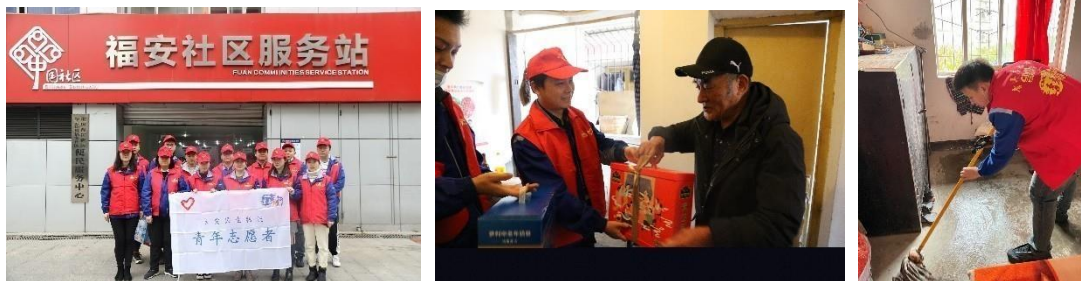
Honey purchase for poverty alleviation

Contributions to the community

We are grateful for the source of benefit. We know that the Company cannot grow without the public’s support. In the process of our growth, we adhere to our original intention, continue to contribute to society with practical actions and fulfill our social responsibilities. At the same time, we also encourage our employees to provide volunteer services for public welfare undertakings.

Case: Visiting Empty Nester

On 5 March 2020, the Company organized a youth volunteer service team of employees to visit lonely elderlies in the Fu’an Community, where they cleaned their homes and sent warm gifts. The volunteer event led CMAL Youth to carry forward the spirit of Lei Feng, practicing “CMAL” culture and delivering warm power.



Visiting empty nester

Case: “Plant the Seeds of Hope, Reap a Happy Tomorrow - Celebrate the Centenary of the Party” Tree Planting Activity

On 12 March 2020, the Company carried out the “Plant the Seeds of Hope, Reap a Happy Tomorrow - Celebrate the Centenary of the Party” tree planting activity, planting 100 trees of hope as a gift presented to the centenary of the Communist Party of China while “implanting” the concept of environmental protection into the minds of employees across the country.



Tree planting activity

The Company has always been focusing on social welfare undertakings and continues to carry out education-aid actions. In 2020, we respectively donated to the Central Primary School in Tiekuang Township, Wanyuan City, Sichuan Province, Luzuofu Primary School and Luzuofu High School in Hechuan District, Chongqing, Chang'an Hope Primary School in Tianquan County, Chang'an Hope Primary School in Hejia Township, Chongzhou City and other schools, to foster the local education development through education-aid actions.

Case: "Youth Go together for Education Assistance with Love" Education-aid Activity

On 28 May 2020, the youth volunteers of the Company sent cultural and educational supplies to the students of Chang'an Hope Primary School in Tianquan County, practicing the volunteer spirit of dedication, friendship, mutual assistance and progress with actions.



Education-aid actions

9 Summary of Sustainability Performance

In 2020, the Company continued to make efforts for the Company's sustainable development. We continued to summarize and improve through comparison with previous years' data and carried out self-improvement from environmental, social and governance aspects to effectively respond to investors' and society's requirements and enhance the Company's sustainability performance.

9.1 Environmental Indicators

Wastewater discharge and intensity

	2018	2019	2020
Wastewater discharge (m ³)	274,184	219,646	129,801
Wastewater discharge intensity (m ³ /RMB10,000 revenue)	0.54	0.51	0.28

Greenhouse gas emission in total and intensity

	2018	2019	2020
Greenhouse gas emissions (CO ₂ equivalent - ton) (Scope 1) ¹	116,766	15,142	19,271
Greenhouse gas emissions (CO ₂ equivalent - ton) (Scope 2) ²	6,410	7,544	8,695
Greenhouse gas emissions in total (CO ₂ equivalent - ton) (Scope 1 and Scope 2)	123,176	22,686	27,966
Greenhouse gas emissions intensity (CO ₂ equivalent - ton/ RMB10,000 revenue) (Scope 1 and Scope 2)	0.24	0.05	0.06

¹ Greenhouse gas emissions (CO₂ equivalent-ton) (Scope 1) refer to greenhouse emissions from the consumption of gasoline, diesel and gas, and the measurement criteria for which is based on the *Guidelines on Measurement Methods and Reporting of Greenhouse Gas Emission by Public Building Operators (Enterprises) (Trial)* issued by the General Office of the National Development and Reform Commission;

² Greenhouse gas emissions (CO₂ equivalent-ton) (Scope 2) refer to greenhouse emissions from the consumption of outsourced electricity, and the measurement criteria for which is based on the "Table of Emission Coefficients of the Operation in Mainland China" of Appendix II: "Guidelines for Reporting Environmental Key Performance Indicators" to "How to Prepare an Environmental, Social, and Governance Report" published by the Stock Exchange of Hong Kong Limited in March 2020.

Total hazardous waste produced and intensity

	2018	2019	2020
Used engine oil (kg)	2,616	4,683	3,831
Used engine oil intensity (kg/ RMB10,000 revenue)	0.0051	0.01	0.008
Printer cartridges	560 pieces	1,322 pieces	1,723kg
Batteries	194 pieces	65 pieces	1,960kg
Fluorescent tubes	1,104 pieces	423 pieces	178kg
Batteries of forklifts (kg) ¹	-	-	33,000
Total amount of hazardous waste (kg) ²	-	-	40,693.51
Intensity of hazardous waste	0.0036 piece/RMB10,000 revenue	0.0042 piece/RMB10,000 revenue	0.09kg/ RMB10,000 revenue

Total non-hazardous waste produced and intensity

	2018	2019	2020
Used tires	517 pieces	359 pieces	42ton
Used paper (ton)	4.03	16.39	24.96
Used wooden pallets (ton)	-	-	426.42
Waste plastics (ton)	-	-	55.44
Waste cardboard (ton)	-	-	627.99
Total amount of non-hazardous waste (ton) ³	-	-	1,176.98
Intensity of non-hazardous waste (ton /RMB10,000 revenue)	-	-	0.003

¹ As Hangzhou subsidiary and the International Division promote the use of electric forklifts in the process of business development to improve energy utilization efficiency, the battery replacement of forklifts produces hazardous waste- forklift batteries.

² Total hazardous waste comprises of the production of used engine oil, used printer cartridges, used batteries, used fluorescent tubes and used batteries of forklifts. The data of 2020 newly includes Shenyang Changyou and Bo Yu Transportation, so the total hazardous waste in 2020 is much higher than that in 2019. From this reporting year, hazardous waste will be measured by weight to enhance year-to-year comparability of data disclosure.

³ Total non-hazardous waste (ton) comprises of the production of used tyres, used papers, used wooden pallets, waste plastics and waste cardboard. From this reporting year, non-hazardous waste will be measured by weight to enhance year-to-year comparability of data disclosure.

Direct and indirect energy consumption by type in total and intensity

	2018	2019	2020
Unleaded gasoline (L)	754,981	145,722	107,993
Diesel (L)	44,030,130	5,670,471	7,217,777
Natural gas (m ³)	51,512	36,710	110,488
Outsourced electricity (MWh)	10,573	8,527	9,900
Direct energy consumption (MWh)	-	-	73,187
Indirect energy consumption (MWh)	-	-	9,900
Total energy consumption (MWh)	451,159	66,027	83,088
Total energy consumption intensity (MWh/ RMB10,000 revenue)	0.88	0.15	0.18

Water consumption in total and intensity

	2018	2019	2020
Water consumption in total (m ³)	304,649	253,394	214,938
Water consumption intensity (m ³ /RMB10,000 revenue)	0.60	0.58	0.46
Water-saving amount (m ³)	-	-	238.14

Total packaging material used for finished products

	2020
Total packaging materials used – Paper (ton)	798, 783
Total packaging materials used – Wooden (ton)	2, 025, 433
Total packaging materials used – Plastic (ton)	1, 962, 807
Total amount of packaging material (ton) ¹	4, 787, 023
Intensity of packaging material(ton/ RMB10,000 revenue)	10. 22

¹ Total packaging materials (ton) include paper, wooden and plastic packaging materials and so on.

9.2 Social Indicators

Total workforce by gender, employment type and age group

	2018	2019	2020
Total employees	7,925	6,012	5,300
<u>Total workforce by gender</u>			
Female	1,641	1,912	1,754
Male	6,284	4,100	3,546
<u>Total workforce by employment type</u>			
Managers	199	198	196
Specialists	1,603	1,452	1,345
Operators	6,123	4,362	3,759
<u>Total workforce by age group</u>			
Age 35 and below	2,994	2,993	2,144
Age 36-50	4,512	2,331	2,302
Age 51 and above	419	688	854

Employee turnover rate by gender, employment type and age group

	2018	2019	2020
<u>Employee turnover rate by gender</u>			
Female	3.06%	21.93%	8.78%
Male	3.33%	15.96%	8.35%
<u>Employee turnover rate by employment type</u>			
Managers	63.14%	2.94%	4.59%
Specialists	0.55%	10.87%	7.66%
Operators	1.90%	19.37%	8.99%
<u>Employee turnover rate by age group</u>			
Age 35 and below	1.92%	19.95%	10.54%
Age 36-50	3.88%	12.34%	7.34%
Age 51 and above	7.89%	49.42%	6.44%

Employee health and safety

	2018	2019	2020
Number of work-related fatalities (person)	0	0	0
Lost days due to work injury (day)	176	0	0
Number of work injuries (case)	5	0	0

Staff Training

	The percentage of employees trained
The percentage of total employee trained	100%
<u>The percentage of employees trained by gender</u>	
Female	66.91%
Male	33.09%
<u>The percentage of employees trained by employee category</u>	
Managers	3.70%
Specialists	25.38%
Operators	70.92%

The average training hours completed per employee by employee category

	The average training hours
<u>The average training hours completed per employee by employee category</u>	
Managers (hours)	67.32
Specialists (hours)	76.30
Operators (hours)	36.08

Number of suppliers

	2018	2019	2020
Total number of suppliers	1,044	1,450	1,587
<u>Number of suppliers by geographical region</u>			
South China (Guangdong, Guangxi, Hainan)	19	33	90

	2018	2019	2020
East China (Shandong, Jiangsu, Anhui, Shanghai, Zhejiang, Jiangxi, Fujian)	312	369	314
Central China (Henan, Hubei, Hunan)	33	26	7
North China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	120	180	202
Northeast China (Heilongjiang, Jilin, Liaoning)	82	47	19
Southwest China (Sichuan, Guizhou, Yunnan, Chongqing, Tibet)	470	785	945
Northwest China (Shaanxi, Gansu, Ningxia, Qinghai, Xinjiang)	1	1	1
Hong Kong, Macao and Taiwan	7	7	9
Overseas	0	2	0

Product responsibility

	2018	2019	2020
Client satisfaction survey result (%)	95.38	96.18	96.75
Number of products and service related complaints received	23	8	8

Community investment

	2018	2019	2020
Resources contributed to the focus area (RMB)	600,000	760,000	710,000

10 Index of Environmental, Social and Governance Reporting Guide

Subject Areas, General Disclosures and KPIs of ESG		Section of the ESG Report
Environmental		
A1: Emissions	General Disclosure	Emissions Management
	KPI A1.1	The types of emissions and respective emissions data
		The exhaust gas of the Company's operating process mainly comes from sulfur dioxide and nitrogen oxides generated by using gasoline and diesel in automobile transportation. We strictly control the source of fuel, ensure that motor vehicles use qualified and compliant gasoline in order to reduce the generation of hazardous exhaust gas. Specific emissions data has not been disclosed, and we will continue to strengthen oil consumption data management in the future.
	KPI A1.2	Greenhouse gas emissions in total and intensity
		Emissions Management Summary of Sustainability Performance
	KPI A1.3	Total hazardous waste produced and intensity
		Emissions Management Summary of Sustainability Performance
	KPI A1.4	Total non-hazardous waste produced and intensity
		Emissions Management Summary of Sustainability Performance
	KPI A1.5	Description of measures to mitigate emissions and results achieved
		Emissions Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved
		Emissions Management

Subject Areas, General Disclosures and KPIs of ESG		Section of the ESG Report	
A2: Use of Resources	General Disclosure		Energy and Resources Management
	KPI A2.1	Direct and indirect energy consumption by type in total and intensity	Energy and Resources Management Summary of Sustainability Performance
	KPI A2.2	Water consumption in total and intensity	Energy and Resources Management Summary of Sustainability Performance
	KPI A2.3	Description of energy use efficiency initiatives and results achieved	Energy and Resources Management
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	For the year, the Company had no problem in obtaining water, but we will still focus on saving water. For details, see “Energy and Resources Management”
	KPI A2.5	Total packaging material used for finished products with reference to per unit produced.	Energy and Resources Management Summary of Sustainability Performance
A3: The Environment and Natural Resources	General Disclosure		Environmental Management System
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	N/A (the Company’s business operation has no significant impact on the environment or natural resources).
Social			
B1: Employment	General Disclosure		Putting Our Employees First
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Putting Our Employees First Summary of Sustainability Performance
	KPI B1.2	Employee turnover rate by gender, age group and geographical region	Putting Our Employees First Summary of Sustainability Performance
B2: Health and Safety	General Disclosure		Safe Operation
	KPI B2.1	Number and rate of work-related fatalities	Safe Operation

Subject Areas, General Disclosures and KPIs of ESG			Section of the ESG Report
			Summary of Sustainability Performance
	KPI B2.2	Lost days due to work injury	Safe Operation Summary of Sustainability Performance
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Safe Operation Occupational Health
B3: Development and Training	General Disclosure		Training and Development
	KPI B3.1	The percentage of employees trained by gender and employee category	Training and Development Summary of Sustainability Performance
	KPI B3.2	The average training hours completed per employee by gender and employee category	Summary of Sustainability Performance
B4: Labour Standards	General Disclosure		Putting Our Employees First
	KPI B4.1	Description of measures to review employment practice to avoid child and forced labour	Putting Our Employees First
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	Putting Our Employees First
B5: Supply Chain Management	General Disclosure		Joint Efforts in Building Industrial Chain Ecosystem Summary of Sustainability Performance
	KPI B5.1	Number of suppliers by geographical region	Supplier Management Summary of Sustainability Performance
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Joint Efforts in Building Industrial Chain Ecosystem
B6: Product Responsibility	General Disclosure		Guarantee Customer Service Quality All-round Improvement of Customer Service

Subject Areas, General Disclosures and KPIs of ESG			Section of the ESG Report
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	The percentage of total products sold or shipped subject to recalls for safety and health reasons is zero
	KPI B6.2	Number of products and service related complaints received and how they are dealt with	All-round Improvement of Customer Service Summary of Sustainability Performance
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Joint Efforts in Building Industrial Chain Ecosystem
	KPI B6.4	Description of quality assurance process and recall procedures	Guarantee Customer Service Quality
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	All-round Improvement of Customer Service
B7: Anti-corruption	General Disclosure		Anti-corruption and Good Governance
	KPI 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	Anti-corruption and Good Governance
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-corruption and Good Governance
B8: Community Investment	General Disclosure		Good Deed for Society
	KPI B8.1	Focus areas of contribution	Good Deed for Society
	KPI B8.2	Resources contributed to the focus area	Good Deed for Society Summary of Sustainability Performance