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重慶長安民生物流股份有限公司

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)

2019

Environmental, Social and
Governance Report

*For identification purpose only

Content

1. About the Report	01
2. Responsible Development and Good Governance	02
2.1 Sustainable Development Principles	02
2.2 Sustainable Development Management Structures	03
2.3 Stakeholders Engagement.....	03
2.4 Materiality Matrix.....	04
2.5 Anti-corruption and Good Governance	04
3. Shipping Everywhere and Striving for Excellence	07
3.1 Innovation in Logistics Solutions	07
3.2 Guarantee Customer Service Quality	14
3.3 All-round Improvement of Customer Service	17
4. Safety as the Foundation of Development	20
4.1 Safety Management	20
4.2 Safe Operation	21
4.3 Occupational Health	26
5. Green Logistics, Green Mission	27
5.1 Environmental Management System.....	27
5.2 Emissions Management	29
5.3 Energy and Resources Management.....	31
5.4 Environmental Protection Publicity and Education.....	35
6. Concerted Efforts in Mutual Development and Industrial Ecosystem	36
6.1 Joint Efforts in Building Industrial Chain Ecosystem	36
7. Joint Prosperity and Development with Employees	41
7.1 Employees Foremost	41
7.2 Training and Development	44
7.3 Employee Caring	47
8. Good Deed for Society	50
8.1 Targeted Poverty Alleviation	50
8.2 Contributions to the Community	51
9. Summary of Sustainability Performance	53
9.1 Environmental Indicators.....	53
9.2 Social Indicators	55
10. Index of Environmental, Social and Governance Reporting Guide	57

1. About the Report

Overview

This is the fourth environmental, social and governance (“ESG”) report of Changan Minsheng APLL Logistics Co., Ltd. (the “Company”), covering the period from 1 January 2019 to 31 December 2019.

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.

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 accuracy, truthfulness and completeness.

Confirmation and Approval

As confirmed by Management, the report was approved by the Board of Directors of the Company on 30 March 2020.

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 2019, 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 human-oriented policy, respect talent, promote development with innovation, cooperate 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 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 the society with professional and efficient services, and creating a better and brighter life.

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-  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 to 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 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 the 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

2.2 Sustainable Development Management Structures

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 achievement of 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

Stakeholders	Forms of Communication	
Suppliers	Direct Communication and Visits Suppliers' Meetings Online Opinion Survey	Procurement and Resources Management Platform Regular Review and Assessment 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 fight against corruption and promotion of integrity, and is steadily improving the internal clean governance construction. We regard clean operation as the foundation, improving our clean governance systems and strengthening the construction of discipline inspection team, and organizing relevant trainings 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: clean governance work, employee conduct, supervision and accountability, and reporting management.

☞ Clean governance work regulations:	Regulations on Party Committee Cadre Consultation, Working System of Disciplinary Inspection Committee, Working rules of the Anti-Corruption Coordination Group on Improving Party Conduct and Upholding Integrity (Trial Version), etc.;
☞ Employee conduct regulations:	Employee Code of Conduct, Code for Employee Clean and Honest Professional Practice, Honesty and Self-discipline Code for Middle and Above-ranking Management, Strict Management Order, List of Negative Behaviors in the Implementation of the Central Party's Eight Provisions, List of Negative Behaviors Against Clean Governance, etc.;
☞ Supervision and accountability regulations:	Regulations on the Implementation of Middle-ranking Management Accountability, Management Provisions on Reminding, Questing, and Admonishing Middle-ranking Management, Accountability in Building a Clean Party and Administration, etc.;
☞ Report management:	Implementation Measures for Disciplinary Inspection, Supervision, Petition and Reporting Work (Trial Version), Incentive Measures for the Persons Who Have Rendered Meritorious Services in Reporting, etc.

In 2019, the Company updated List of Negative Behaviors Against Clean Governance, List of Negative Behaviors in the Implementation of the Central Party's Eight Provisions, Working rules of Anti-Corruption Coordination Group on Improving Party Conduct and Upholding Integrity (Trial Version) 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 2019, 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 Monday, and discipline inspection committee training every half year. The training includes aspects such as petitions reports, case investigation, and supervision over disciplinary inspection, to improve their knowledge level aware. At the same time, we selected 40 relevant parties to send them a clean practice questionnaire to make us better aware of the progress in this regard.


Clean governance training and education

We attach great importance to anti-corruption training and education. In 2019, 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: In 2019, the Company carried out regular educational activities such as daily ones and promotions carried out on holidays and festivals 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 carried out daily educational sessions, requiring grass-roots teams and departments to deliver integrity speeches at daily morning and evening meetings observing a policy of “preaching integrity for five times at three meetings”. At the same time, we innovated education methods, and improved employee participation and perception to ensure that the integrity culture is embraced at the grassroots level by organizing employees to watch integrity-related comedies made by themselves, selecting 7 typical cases of micro-corruption in the Company, forming a 23-person preaching group and conducting 30 preaching tours on the grassroots level.

-  Intensive educational programs on holidays: The Company issued and reiterated disciplines before holidays, conducted the themed educational program “integrity preached by Mr. Clean”, and sent more than 30,000 text messages about integrity requirements and blessings to remind employees of the requirements to resist corruption.

-  Quarterly admonitions: The Company insisted on conducting quarterly admonition meetings, to form a solidification procedure for accountability.

-  In-depth special themed educational programs: The Company conducted two special themed education activities around “clear rules and strict disciplines” and “keep away from micro-corruption and maintain a clean heart”. The Company also organized visits to Chongqing Party Conduct and Anti-Corruption Education Base with 134 participants and Party rules and regulation activities with 966 Party member attendances and 8,293 employee attendances.

During the year of 2019, no 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.

2019 was the year of continuous reform for the automobile logistics industry. As an important supporting sector of the automotive industry, automotive logistics industry faces the requirements of business structural adjustment and service transformation and upgrading. With the tightened of the new national standard, GB1589, the overloading control policy and truck emission management, automobile logistics enterprises were facing great challenges and provided opportunities in respect of transportation capacity and operating costs. As a professional integrated service provider for the automobile supply chain, to deal with the stagnating automobile market and the rising demand for cost reduction, we continued to expand our main businesses, covering the whole automobile supply chain and involving 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 Logistics 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 main part with two branches” strategy for transformation and upgrading, and is 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 model, working hard to become a “top-ranking, reliable and widely trusted intelligent logistics platform service provider”.

In 2019, the Company continued to explore innovative logistics models by combining customer demands and program implementation, which achieved significant breakthroughs.

Case: Blockchain Technology Boosts New Logistics Model

On 19 November 2019, the Company, Ltd., Wanxiang Blockchain and Zhongdu Logistics Co., Ltd. held a launch ceremony of the strategic cooperation of “Logistics Blockchain Alliance” – a shared service platform for the automobile supply chain. Through the innovation of a platform-, sharing- and alliance-oriented model, and the application of blockchain-based technologies, they are committed to building an industrial shared service platform.

In January 2020, the “Logistics Blockchain Alliance” was officially launched. We will carry out more in-depth cooperation in blockchain technology + finished vehicle logistics, and leverage blockchain technologies to build up a professional, digital and intelligent finished vehicle logistics service platform, and a “Blockchain +” innovation ecology, so as to promote rapid development of innovative logistics models.






3.1.2 Improving service efficiency

The Company fully improved the service efficiency from internal management to internal business operation. In terms of internal management, we continued to carry out the “efficiency doubling” project and adjust the market sector structure. In terms of business operation, we shortened the transportation time and improved service efficiency via highway-sea combined transport and innovative transportation models.

(1) Internal management improvement

In 2019, the Company continued to carry out the “efficiency doubling” project, which mainly includes:

 Doubling approval efficiency:	we released version 2.0 of approval procedure optimization; structuralized and refined 291 key matters to 380, with a 30.58% optimization rate; optimized approval scenes in a refined manner, reduced 240 scenes to be approved by leaders at company level and above to 225; 73 scenes to be approved by leaders at director level to 149; 0 scene to be approved by leaders at manager level to 29; sorted out and optimized the power allocation mechanism for Shanghai subsidiary, and has completed the management evolution report.
 Doubling flow efficiency:	stabilized 134 active online procedures in total; optimized 201 procedures; computerized 60 procedures, with a total of 134 electronic procedures in use; completed over 15,692 online procedure instances; a year-on-year decrease of computerized procedure instances of 160 minutes, improving procedure execution efficiency by 8.38%.
 Doubling form efficiency:	a year-on-year decrease of forms of all levels was 227, decreased by 32%, updated 2.0 form map of functional and business division level, where a year-on-year decrease of forms of company level was 10, decreased by 9.5%; standardized and reduced 24 forms of team level for the first time, with a decrease of 43.6%.

At the same time, we have carried out the structural adjustment of the market sector. The original “West Region” of the finished vehicle market sector has been divided into “Southwest Region” and “Northwest Region”, and corresponding market posts have been set up to be responsible for the market of respective regions. The principle of “1≤3” has been formulated to ensure that each full-time marketing specialist serves no more than 3 major customers, significantly improving service efficiency and better ensuring customer experience.

(2) Improving service capabilities

We continuously improve our service capabilities, expand the options for logistics models, and provide customized logistics solutions for customers, to improve our service efficiency.

Case: Harbin-Hangzhou highway-sea combined transport launched to improve service efficiency

On 30 March 2019, Harbin-Hangzhou highway-sea combined transport was officially launched, further optimized and upgraded the spare parts transportation network of the Supply Chain Business Department of the Company. Through the promotion and implementation of the highway-sea combined transport, we have brought more logistics transport models to the trunk line, reducing the dependence of the line on a single transport model, and increasing the transport capacity reserve of line. At the same time, it is also conducive to achieving the best balance among transport volume, distribution timeliness and logistics costs.



Hangzhou PDC-Ningbo Port: Short-Distance Barge (220KM)



Ningbo Port-Yingkou Port: Shipping (About 1,800KM)


















Yingkou Port-Harbin: Short-Distance Barge (About 810KM)

3.1.3 Building intelligent logistics

The Company continuously promotes the intelligent logistics construction. Advanced information technologies facilitate real-time systematic cognitions in every sections of the logistics chain, including transportation, storage, processing, distribution and information services, to provide the best services through intelligent logistics technologies, and to create efficient, high-quality logistics experience for customers.

In 2019, the Company continued to promote the transformation of intelligent logistics, and provided a platform and carrier for prospective logistics tests through the establishment of an intelligent laboratory and trial operation of Beijing unmanned warehouse, 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 of metal cage and boarding box and 1 technical manual for metal cage.  Launched pilot applications as well as shared and recyclable packaging, and performed pilot demonstrations successively in 5 factories in Yubei District of Chongqing and the Yuzui Plant.
Intelligent operation equipment	<ul style="list-style-type: none">  Replication and promotion of unmanned warehouses  40 AGV trolleys were put into operation in No. 5 Factory in Yubei District of Chongqing  Carried out intelligent tire sub-packaging and realized full-process automation of tire production  Hangzhou Multi-level Warehouse Project  Successfully completed the construction of intelligent logistics laboratory
Platformization of information system	<ul style="list-style-type: none">  Promoted 10 digital transportation projects  The finished vehicle settlement realizes the trinity of OTM+EBS+VDS  18 digital warehouse projects were promoted, with 12.4% improvement in finished vehicle warehousing efficiency and 12% improvement in spare components warehousing efficiency, with a coverage rate of 61.5%  Promoted 7 digital operation projects  Built e-commerce platforms including “e-car” and “chehuoji”, and 10,957 items on the “chehuoji” platform have been sold.  Developed SpringBoot Development Platform V1.0 and uni-app Mobile Application Platform V1.0, and completed the Software Test Specification, etc.
Digitized operation and management	<ul style="list-style-type: none">  Realized the integration of finance and business, established a unified financial accounting and management system, and completed information sharing on personnel, organizational structure, contracts, suppliers, customers, assets, funds, etc.  Promoted the digitization of transport capacity to effectively support the in-transit visualization and lean operation and management, with the data access to 6,000 vehicles. Meanwhile, the Company actively developed visualization of electronic maps, realizing multi-dimensional panoramic monitoring in transit and improved the operation efficiency of all processes

Special Exhibition: Intelligent Logistics Laboratory

The Intelligent Logistics Laboratory acts as an innovative “brain” of the Company. Based on authentic business scenes, following the innovative concept of “technology leading - flexible use - integration of multiple elements”, through three levels of research “scientific cognition - technical experiment - application innovation” to improve independent innovation capabilities and core competitiveness, promote strategic, forward-looking, critical and other core technology development and overall improvement of experimental capabilities, and explore overall intelligent solutions suitable for the automotive logistics industry.



The Intelligent Logistics Laboratory has created six practical application scenarios based on business practices, including intelligent warehouse, intelligent identification, and intelligent sorting. Based on the research scenes with intelligent equipment such as AGV + intelligent sorting robot, multi-level warehouse, KIVA robot, VR simulation, and UAV counting as the core, efforts are made to enhance the soft power of the Company in the applied matching research of intelligent logistics.

Case: Unmanned warehouse in Beijing was put into operation, and initial success of Intelligent Logistics was achieved

In 2019, the company focused on intelligent automobile logistics and started establishment of intelligent logistics in Beijing. Based on construction experience in unmanned warehouse in Yubei District of Chongqing, unmanned warehouse in Beijing was established with leased KIVA equipment to realize standard, intelligent and information-based operation of processes such as storage and distribution. The Phase I of the unmanned warehouse in Beijing was built on 15 December 2019 and was put into operation. The completion of this project can save about 500 m² RDC warehouse area. At the same time, it will increase punctuality rate and accuracy rate of distribution to over 90%, improve material safety and reduce loss of goods. Besides, it promotes lean management of internal logistics, strengthens information management and improves the level of intellectualization for the Company.

Case: Intelligent Warehouse Boosts First Roll-on-roll-off Transport of Weltmeister Automobile Technology Co., Ltd.

On 30 May 2019, over 300 Weltmeister automobiles accepted for carriage by the Company were transported to roll-on-roll-off ships, which will reach Tianjin Port in sequence. This case means that the Company Successfully helped Weltmeister Automobile Technology Co., Ltd. enter a new start of commercial vehicles multimodal transport.

As a 3PL service provider of finished vehicle logistics for Weltmeister Automobile, the company fully supported the establishment of highway, railway and waterway multimodal transport by Weltmeister Automobile, and completed the outbound, cargo concentration in port and relevant operations of commercial vehicles, ensuring logistics timeliness and operation quality. With the commencement of Weltmeister Automobile's sea transportation of commercial vehicles, the 2.0 version of intelligent logistics of "Intelligent warehouse + whole-route visualization and digitization" were built together by us and Weltmeister Automobile Technology Co., Ltd.



In 2019, the Company's intelligent logistics development has achieved initial results, we won several awards in the intelligent logistics area, including:

- ☞ The "Full-link collaborative platform for transportation management of automobile logistics based on Internet technologies and intelligent hardware technologies" won the "First Prize of Science and Technology Progress awarded by China Logistics and Purchasing Federation"
- ☞ The "Research and application of warehousing and management of automobile intelligent logistics based on innovative management model" won "Second Prize of Science and Technology Progress awarded by China Logistics and Purchasing Federation"



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 Changan MLQOS (supplier-targeted logistics service quality control system by Chongqing Changan Automobile Co., Ltd. (“Changan Automobile”)), 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 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 2019, 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 operation 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:

- | | |
|--------------|--|
| ☞ Layer I: | 13 elements with main functions of combing through business operations and identifying the key factors affecting logistics quality and efficiency. |
| ☞ Layer II: | 27 elements with main functions of analyzing key elements, identifying their forming process, clarifying the related business logic. |
| ☞ Layer III: | 73 elements with main functions of establishing practice guidelines based on industrial conventions or codes for each specific business. |

At the same time, the Company promotes the standardization of its management system, controls increase and reduction, and ensures steady improvement of system quality. The updates of management system standardization in 2019 include:

- | | |
|---------------------------------------|--|
| ☞ Management structure optimization: | based on principle of “customer orientation, lean process, completed system, value creation”, optimized 12 procedures. |
| ☞ System standardization improvement: | a total of 34 rectification and optimization systems of the party committee inspection system were completed, incremental construction of e-car management system was carried out, 19 system documents were standardized, 71 systemic documents for the Nansha project were exported. 538 system documents were released in 2019, including 179 procedure documents, 115 management measures, 244 operation manuals, reaching 4,256 systemic documents in use in total, with a year-on-year increase of 14.5%. |
| ☞ System standardization was reduced: | over 20 standardization discussions and review meetings were carried out, 10-unit systemic review procedures concerning finished vehicle, audit, finance, quality and administration were unified, and 129 systemic documents were abolished. |

To continuously improve the internal management level and external service capabilities, further enhance customer satisfaction, protect the environment and ensure physical and mental health and personal safety of employees, QHSE Management Manual was revised in January 2019 according to functional and responsibility optimization of the Company, updated standards and special requirements from customers.

A well-established quality control system clarifies the quality inspection standards, assessment standards and the responsible party of key quality control points, realizing index- and data-oriented quality control, laying a solid foundation for satisfactory quality control of customer services.



3.2.2 Building “quality logistics”

(1) Quality management and control goals

Based on the idea of Total Quality Management(TQM), guided by “quality-oriented” principle, the Company has established the 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 2019, the Company revised the quality risk identification procedures. Business divisions, branches and subsidiaries organized employees to review and identify the existing quality risk of the post, and carried out training on “quality risk identification process”, re-interpreted the provisions on “Risk assessment and emergency management” of CMAL-QOS, sorted out and updated the Quality Risk List and risk control measures. In 2019, the Company arranged the business division for risk identification and assessment for 5 times, identified and assessed over 40 common quality risks, conducted on-site risk inspection and verification through internal auditing, and incorporated quality risk control requirements into the regulations on star-level team construction.

Case: Quality Management Knowledge Training

In 2019, training for all levels was carried out, and a “quality safety classroom” was established for over 30 times of business training. Over 20 times of business line training were planned and carried out, 16 Quality Job Knowledges and Skills and knowledge handbooks were published, and management training plan was 100% completed. An “A-B-role” mechanism was established to improve cross-post and cross-industry capacity, with 4 types of AB roles formed between director and manager, manager and manager, manager and position, position and position. A logical relationship diagram was created, covering quality, environment, safety, lean management, engineering, confidentiality and security arms, achieving a 100% overall coverage.

Case: “Quality Month” Special Activities



In 2019, the Company launched a quality month activity themed “return to the source of “quality, focus on quality improvement and promote high-quality development”. During the activity, more than 30 banners were produced and distributed, more than 500 manuals were distributed on site, 6 standing posts were produced, on-site consultation was conducted twice, and 23 issues of “Quality Month Special Issue” were published, with a publicity coverage of 100%.

At the same time, three quality consultation service points were set up on the spot for components, finished vehicle products and distribution processing. Through the on-site distribution of manuals and the setting up of quality themed standing posts, the basic knowledge of overall quality management, quality tools, quality risks and CMAL- QOS operation standards were explained to the audience on the site. In addition, the on-site participation was more than 200 person-times, and the status quo of more than 10 typical quality cases and quality risk cases was explained and shared in combination with the characteristics of the operation process and on-site risk points of components, finished vehicle products and distribution processing.

During the quality month, various business divisions, branches, subsidiaries and project units also provided training on work instructions, business operation procedures, quality risk identification, emergency plans by making use of morning and evening meetings, with a training coverage of over 90%.

(3) Quality certification and auditing

In 2019, the Company continued to actively carry out quality certification and auditing, so as to further ensure the quality of customer services.

-  In March 2019, the Company organized 16949 internal system audits, process audits (based on VDA6.3) and product audits (based on VDA6.5), and proposed a total of 4 general non-conformance items and over 40 suggestions for improvement.
-  In May 2019, the Company organized a QHSE system audit (the project site was inspected as per CMAL-QOS), and proposed a total of 8 general non-conformance items and over 70 suggestions for improvement.

- 👁 In July 2019, the Company accepted the supervision and verification on renewal of quality system by Hangzhou WIT Assessment and passed successfully. At the same time, to meet the business development requirements, we expanded our scope of business by adding “international general cargo forwarder” to the scope, and obtained relevant certification.
- 👁 In August 2019, the Company accepted the NSF system certification audit and passed the on-site audit certification in one time.

3.3 All-round Improvement of Customer Service

3.3.1 Establishing customer service system

The Company has developed a relatively improve customer service system including the Customer Visit Management Process, Customer Information Management Process, and Customer Complaint Handling Management Process-Customer Voice Management Process to regulate customer services and maintain good customer relations, which ensuring standard and consolidated management and timely updates of customer information, and standardizing the management of customer feedback.

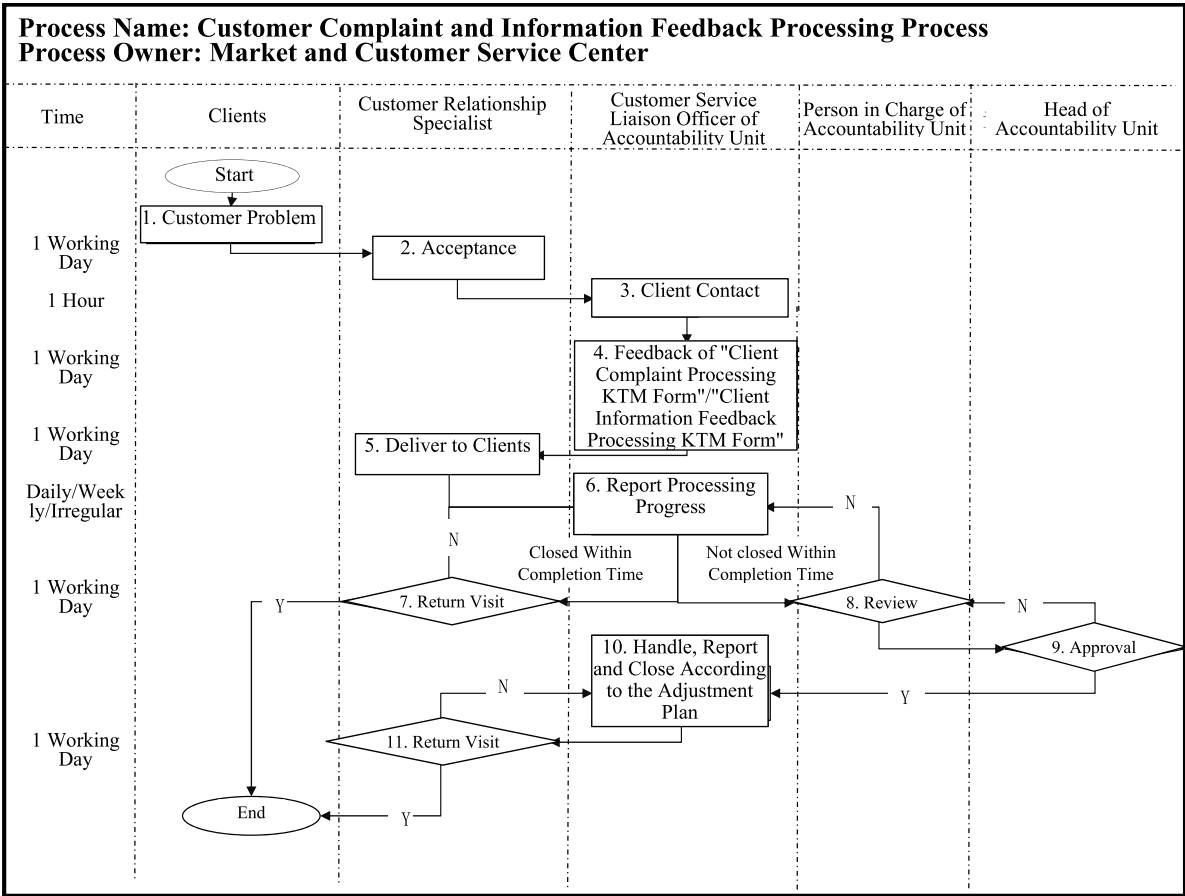
In 2019, the Company continued the implementation of the Customer Top 3 Pain Points Management Process to sort out and solve issues concerning the Top 3 customer pain points with “kind, professional, and efficient” services concept, to improve the service awareness and service quality of our staff, and to create pleasant working environment and atmosphere, so as to eventually improve customer experience. In 2019, the annual customer satisfaction rate reached 100%.

Meanwhile, the Company visited and communicated with customers such as Great Wall Automobile, Byton Automobile, China Automobile Trading Co., Ltd., China South Industries Group Co., Ltd., and Sinomach in 2019 to understand customers’ situations and made responses and suggestions to the problems, so as to establish a good mechanism for customer communication.

A total of 500 customer questionnaires were returned in the 2019 customer satisfaction survey, with a total score of 96.18 points, up 0.8 points from 2018.

3.3.2 Handling customer complaints

The Company developed a multi-channel complaint handling system covering telephone, email, and Wechat. Customer complaints will be handled as per the Customer Complaint and Information Feedback Handling Process: the complaint should be responded and provided solution within 1 working day, and conduct weekly follow-ups until the problem is solved. The complaint handling flow is as below:



At the same time, in order to timely and effectively deal with customer complaints, in 2019, we officially launched the “customer complaint handling process” system in the Company’s OA system, collecting customer complaints through various channels, establishing customer complaint files, notifying the responsible persons of each secondary unit to follow up the handling process, and finally close the loop by completing complaint recording and handling.

In 2019, the Company received 8 customer complaints, including 3 on management complaints, and 5 on operation complaints.

3.3.3 Customer privacy protection

Privacy protection is an inseparable part of high-quality customer services. The Company attaches high importance to the protection of customer privacy and 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 China, for protecting customer privacy, business information and customer interests. On this basis, the Company issued 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 in 2019 to further ensure the security of customer information.

At the same time, the Company has developed information security system, establishing the principle of “Seven Don’ts” for trade secrets protection to ensure customer privacy, and that all business cooperation is based on mutual trust and sustainable development.

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, record voice or video in sensitive places without permission;
- ☞ Do not leave storage devices containing trade secrets in unprotected places;
- ☞ 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; and
- ☞ Do not accept media interviews or publish trade secrets in public messages.

3.3.4 Innovative communication methods with customers

In addition to strengthening communication with customers through regular visits and exchanges, the Company also further innovative customer communication methods such as annual meetings of national automobile logistics industry to enhance cooperation with our customers and move forward together.

Case: 2019 Annual Meeting of National Automobile Logistics Industry was held to understand customer needs

In November 2019, the Company held the annual meeting of automobile logistics industry, sorted out a total of 259 customers before the meeting, and carried out key customer docking and opportunity analysis at the meeting. The communication was highly recognized by the customers, and has laid a solid foundation for customer services improvement and further market development.



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 2019, 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 ISO 14000, OHSAS 18000, and GB/T 33000 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 ISO 14000 and ISO 18000 certifications, and updated the safety-related Procedures for 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 terms of production safety structure, the Company established a Production Safety Committee with principal accountability. In 2019, according to merger and adjustment of the Company, the composition of the Production Safety Committee has been updated. At present, the Committee has a total of 29 members, including director, deputy director and members.

In 2019, we have invested approximately RMB6.259 million in safety management, and comprehensively strengthened safety management and control, as well as further improve the safety level of production facilities.

Awards

- 🏆 First Prize of Road Transport Safety Knowledge Competition of Enterprise in Liangjiang New Area in 2019
- 🏆 Excellent Internal Protection Unit of Cuiyun Street in 2019



4.2 Safe Operation

In 2019, We took the safety system construction as the main line 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 Safe production standardization

(1) Enterprise standard compliance

In 2019, the Company has improved the effective operation of the safety, environmental and quality management system by carrying out internal and external audits of the system. In July 2019, we accepted the annual assessment of safety service quality of road freight transport enterprises by the Transportation Management Center of Liangjiang New Area, and the assessment result was "qualified". In August 2019, we accepted the external audits of occupational health and safety system and environmental system, and passed the audits all at once. In August 2019, we obtained Grade II qualification in Regular Cargo Transportation and Cargo Terminal Grade II Certifications of Safety Production Standards. The Company and a subsidiary reached grade II, and three subsidiaries reached grade III certifications of safety production standards according to the audit results.

(2) Team standard compliance

This year, guided by the Company's Star Lean Team Evaluation Standard, we conducted annual star lean team appraisal for a total of 59 teams involved in projects in Chongqing with an audit ratio of no less than 30% of the total number of teams as specified in the Star Lean Team Evaluation Standard.

The result of the appraisal was: 4 five-star teams, accounting for 6.8%; 22 four-star teams, accounting for 37.3%; 33 three-star teams, accounting for 55.9% and no teams with 2-star or below; the management level of each team has improved significantly as indicated the appraisal results in the second half of the year.

(3) Post standard compliance

In 2019, in order to improve safety management level at the grassroots level, the Company has vigorously performed the competency certification for safety officers and team leaders, and formulated post training plans, competency certification standards and corresponding appraisal rules. Through training, inspection, guidance, appraisal and other means, we have comprehensively strengthened the basic works of safety production at the grassroots level and implemented our safety cultures at the team level.

4.2.2 Fire safety construction

The Company attaches great importance to the development of fire safety and emergency safety in the production process, and thoroughly implements the Fire Safety Regulations (Trial Version) and Warehouse Fire Prevention Regulations. 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.

In order to strengthen the fire safety management of the Company's warehouse, improve the employee's fire awareness and "four capabilities", we have defined the responsibilities of all levels of personnel in emergencies to ensure quick and safe evacuation to the emergency assembly point in case of warehouse emergencies, and minimize casualties and property losses.

Case: Fire Emergency Drill by Multiple Units

In the afternoon of 21 June 2019, the Company carried out the warehouse fire emergency drill of 2019 themed "Prevent Risks, Eliminate Hidden Dangers and Prevent Accidents" and the national "Safe Production Month".

The drill was also guided by Cuiyun Fire Station and Chongqing Sanbo Jiangling Hospital. General Manager and Deputy Party Secretary of the Company, served as the general commander, and Deputy General Manager of the Company, served as deputy commander of this drill. More than 100 people including employees from the Safety Center, principals of business divisions and front-line employees participated in the drill, and nearly 50 people from units of projects in Chongqing sat in on the drill.



Case: Fire Emergency Skills Training for Volunteer Fire Brigade

The Company organized 4 sessions of skill training for volunteer fire brigade from May to June 2019, including firefighting knowledge, wearing of fire protective clothing, firefighting skills by use of fire hydrant, emergency rescue, and firefighting emergency evacuation, etc. Relevant personnel from Cuiyun Fire Station and Chongqing Sanbo Jiangling Hospital have explained and guided the actions to further improve the Company's ability of emergency management.



Case: "November 9" Firefighting Day

The Company has organized safety activities on "November 9" Firefighting Day, with a total of more than 100 participants, including new P-series employees, safety officers, property management, canteen staff.

The training was conducted by Chongqing Limin Fire Protection Center as per theory and practical operation. The theoretical training included explaining theoretical knowledge on initial firefighting, escaping, and guiding the use of firefighting equipment. By means of illustrations, real cases, on-the-spot demonstration and communication, combining the knowledge of electricity, gas and fire in work and life, they introduced the causes and harms of fire accidents, and explained in details self-prevention, self-rescue and escape skills during a fire outbreak. The participants were invited on the spot to operate the fire extinguisher and the smoke mask. The practical operation involves practical fire-fighting operations, mainly for new employees, and canteen and property management staff.



Through these training and drills, not only the employees' awareness of fire safety has been improved, but also the Company's rescue team construction and fire self-rescue capability have been strengthened to ensure fire safety.

4.2.3 Safety education and training

This year, we revised our Regulations on Occupational Health and Safety Education and Training according to the national Production Safety Training Regulations, optimizing such contents as management accountability, managing scopes, inspection and assessment, in order to regulate the occupational health and safety education and training of the Company, improve employee safe production capability, eliminate misconducts and rule-violations, prevent production safety accidents, and reduce occupational hazards.

In order to ensure that all principals and safety officers take office by possession of required certificates, in 2019, the Company conducted safety management certification training for more than 50 main principals and safety officers, with a passing rate of 100%. Also, we have performed special examination for 247 team leaders and 843 special operation personnel, and special equipment management and operation personnel, with a passing rate of 100%.

In order to implement safety education and training to individual level, we have required each department to organize various forms of safety education and training on its own according to the Company's training plan, covering safety, fire safety, environment, occupational health, operating procedures and other aspects. This year, we have carried out various forms of safety education and training for all employees, with a total of 2,510 training hours and a total number of trainees reached 114,808 person-times.

4.2.4 Safety culture construction

Safety is a long-term concern of the Company, and safety culture is not only an important part of the corporate culture but also the need of safety development of the Company. The Company has been always adhering to the safety concept of "When rules are internalized, dangers are controlled", and has carried out long-term measures for safety culture construction.

In 2019, in order to promote the safety culture construction of the Company and gradually build up employees' awareness of the safety culture, the Company improved the employees' consciousness of abiding by laws and disciplines, and strengthened their safety awareness and self-protection awareness through the safety open courses such as "Safety Consultation Service Day", "Ankang Cup" Work Safety Knowledge Competition, safety management experience sharing and "Safety House" Culture Construction and other activities.

Case: Safety Blackboard Newspaper Competition

In 2019, the Company launched the Safety Production Publicity and Consultation Day in Yubei District of Chongqing and Yuzui areas. The Company utilized work breaks to explain the concept of safety production and code of conduct to the on-site employees by broadcasting safety warning education videos, issuing safety publicity brochures, standing posts and Knowledge Q&A with Prize, and publicized the general knowledge of safety science, emergency response, self-rescue and mutual rescue and other contents.



Case: All-round and Multi-level Development of Safety Warning Education

In 2019, the Company organized the employees to make safety warning education videos, and broadcasted the safety education video on the public screen; we have erected more than 80 slogans in each office area and operation site for a vigorous safety culture atmosphere.



Case: Sharing of Excellent Safety Management Experience

In 2019, the Company organized a safety management benchmarking learning activity and a safety seminar, in which a total of 35 leaders and safety officers from units in Chongqing have participated. They have shared experiences on HSE system construction, dynamic vehicle management (overspeed monitoring APP), safety culture construction and safety system management in the seminar. Also, the participants discussed the two major topics “weak execution caused by weak implementation of the HSE system” and “capability enhancement of safety officers and team leaders”. We turn the rules into habits, and effectively improve the safety awareness of safety officers.



In 2019, the Company has 0 work-related injuries, 0 fatality and 0 work days were lost due to work-related injuries.

Data: Work Injuries	2018	2019
Work-related fatality (case)	0	0
Lost day due to general work injury (day)	176	0
Number of work injuries (time)	5	0

4.3 Occupational Health

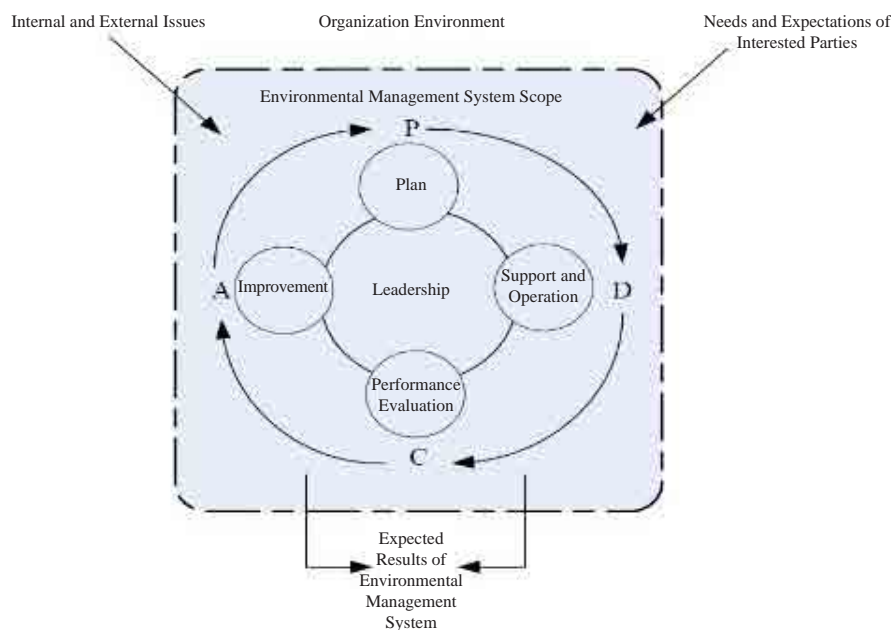
The Company attaches great importance to the occupational safety and health of its employees. According to the requirements of national laws and regulations, the Company conducted an annual occupational hazard inspection in December 2019 to assess the impact of noise and other factors. The inspection results all met the requirements of Part 2: Physical Hazardous Agents - Occupational Exposure Limits for Hazardous Agents in the Workplace (GBZ2.2-2011). Employees holding posts involving occupational hazard factors are required to wear the protection articles of their posts correctly, take occupational disease examinations regularly, and maintain their occupational health records.

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, and are devoted to reducing the impact of operation on the natural environment, laying a solid foundation for the sustainable development of the Company.

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. At the same time, in response to the basic national policy of resources conservation and environmental protection, the Company has issued relevant environmental management policies such as 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, clarifying the responsibilities of various organizations, forming a scientific environmental management system and implementing environmental protection.



Operation Model of Environmental Management System

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 their 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 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, and 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. During the reporting period, The Company completed its internal annual self-evaluation and audit.

Case: Progress of the Annual Audit

From 5th to 10th in June 2019, the Company conducted an annual audit, during which 43 problems were identified in the Components Business Department, with a decrease of 50% compared with that in 2018, and no serious non-conformances were identified. This annual audit promoted the environmental, occupational health and safety management of the Company.



On-site Audit by the Expert Group

5.2 Emissions Management

The Company involves the emissions of solid wastes, waste water 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 wastes management

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

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 the environmental protection as an important part of production management, dispose wastes in strict accordance with relevant environmental protection rules and regulations, 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 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 2019, considering the environmental risks of soil pollution caused by the overflow of the forklift charging liquid, the Company fully implemented forklift battery trays, and installed leakproof trays under all forklift batteries that may cause leakage, so as to prevent soil pollution caused by infiltration of waste liquid from the source. At the same time, in order to advocate environment-friendly lighting, we replaced all bulbs with LED lamps to achieve energy conservation and efficiency improvement while prolonging the service life of lighting lamps.

Hazardous wastes disposal	2018	2019
Used engine oil (kg)	2,616	4,683 ¹
Used engine oil intensity (kg/ten thousand revenue)	0.0051	0.01
Printer cartridges (piece)	560	1,322 ²
Batteries (piece)	194	65
Fluorescent tubes (piece)	1,104	423
Hazardous wastes intensity (piece/ten thousand revenue)	0.0036	0.0042

¹ In 2019, we maintained forklifts independently, and the engine oil used was purchased by the maintenance service provider in the past and by us in 2019, resulting in an increase in waste engine oil data.

² The main reasons for the increase in the number of waste toner cartridges: (i) In 2019, Yubei factory entry projects, Beijing Branch and Hefei Branch increased unmanned warehouse operations, data printing increased, resulting in increased toner cartridge consumption; (ii) From May 2019, batch sales service was added to the spare components transportation project, and this business required more printed materials, resulting in an increase in toner cartridge consumption.

Hazardless wastes disposal	2018	2019
Used tyres (piece)	517	359
Used tyres intensity (piece/ten thousand revenue)	0.0010	0.0008
Used paper (ton)	4.03	16.39 ³
Used paper intensity by weight (ton/ten thousand revenue)	0.0000079	0.000038

Greenhouse Gas Management

The issue of climate change has been one of the focal points of the global society in recent years. We also know that climate change will have an impact on the production and operation of each enterprise and therefore it is necessary to deeply identify the potential climate change risks and take proper measures to cope with them. The Company has been active in energy use management to reduce greenhouse gas emissions. The greenhouse gas generated by the Company mainly comes from direct emissions from energy consumption, including the use of gasoline and diesel, etc., and the indirect emissions from the use of outsourced electric power.

Greenhouse gas emissions	2018	2019
Greenhouse gas emissions (CO ₂ equivalent - ton) (scope 1 only)	116,766	15,142
Greenhouse gas emissions (CO ₂ equivalent - ton) (scope 2 only) ⁴	6,410	7,544
Total Greenhouse gas emissions (CO ₂ equivalent - ton) (scope 1 + scope 2)	123,176	22,686
Greenhouse gas emission intensity (CO ₂ equivalent - ton/ten thousand revenue) (scope 1 & 2 only)	0.24	0.05

Waste water management

The Company has developed a strict environmental management system, including Procedures for Control and Management of Waste Water Discharge and Waste Gas Emission to control wastewater generation and consumption. The Company generates limited volume of wastewater, mainly including lightly pollutive vehicle wash water, which will be verified by the environmental authority and discharged to the municipal sewage network for unified treatment with household wastewater. 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, so as to reduce the generation of waste water.

Waste water management	2018	2019
Waste water discharge (m ³)	274,184	219,646
Waste water discharge intensity (m ³ /ten thousand revenue)	0.54	0.51

³ In 2018, the statistics were made only on the waste paper of the headquarters. In 2019, the statistics were made on the paper consumption of both the headquarters and all the branches. The paper consumed by the branches is mainly office paper and waybill printing paper.

⁴ The greenhouse gas emissions in Scope 2 mainly came from the use of the outsourced power. The emission factors for the greenhouse gas emissions in Scope 2 in 2019 are the electric power emission factors by regions as set forth in "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. These factors are greater than those used in previous years.

Waste gas management

Waste gas of the Company is mainly generated from automobile transportation. We strictly control the source of oil consumption and ensure that motor vehicles use qualified and compliant gasoline to prevent and control harmful emissions from the source. In addition, we also employ new energy transportation vehicles, regulate driver operation habits and promote automotive urea to reduce harmful emissions.

Case: Promotion of Automotive Urea

In 2019, the Company reached a strategic cooperation with the mainstream automotive urea manufacturers in the market to complete the incubation and promotion of automotive urea. Automotive urea is essential for heavy trucks, passenger cars and other diesel-powered cars to meet the China IV vehicle emission standards, and can be used to treat nitrogen oxides in automobile exhaust. The Company not only strictly controls our own emissions, but also hopes to encourage customers to participate in environmental protection by providing them with environmental-friendly products and services. We provide users with small barrel, ton barrel, filling station and other service models, and build an integrated urea filling station for the Yuzui area and the airport site to meet various needs of different user groups, so as to realize the all-round promotion of automotive urea and work together with customers to reduce pollution emissions.

Noise management

The Company involves the noise pollution in the production process. We formulated Noise Emission Control Management Procedures in order to reduce the impact of noise on employees and the surrounding environment. In 2019, we carried out sound insulation renovation for warehouses to reduce the noise in the transmission process, reducing the noise impact on the surrounding environment. In addition, 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 reduction of pollutants emissions, so as to create a good working and living environment.

We strictly abide by laws and regulations such as 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, continuing to strengthen 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 2019, we adopted various measures for energy conservation and consumption reduction, such as improving fuel consumption of automobiles using additives, and promoting green and clean energy to effectively reduce energy consumption in operation through strategic cooperation.

Case: Fuel Detergent Project Incubation

In 2019, the Company completed the fuel detergent project incubation and achieved an average decrease of 6.15% in fuel consumption. In this project, we used Green Fuel Max (GFX) fuel additive to improve the fuel consumption problem of automobiles, which especially has obvious improvement effect on automobiles with poor engine conditions and high fuel consumption. As of the reporting period, we have completed the change of finished vehicle carriers, achieving better fuel economy and power output in terms of energy conservation and consumption reduction.

In addition to in-depth implementation of energy conservation projects in business, we also pay attention to energy conservation in the office process. In 2019, 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 employees.

Energy consumption	2018	2019
Outsourced electricity (MWh)	10,573	8,527
Unleaded gasoline (L)	754,981	145,722
Diesel (L)	44,030,130	5,670,471
Natural gas (m ³)	51,512	36,710
Total energy consumption (MWh)	451,159	66,027
Total energy consumption intensity (MWh/ten thousand revenue)	0.88	0.15

Water resources management

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

In 2019, the Company set a consumption reduction goal in water resources management. The Company conducted 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.

Case: Leakage Inspection

In 2019, the Company carried out two centralized inspections on the leakage problems of all its warehouses and firefighting pipes in Chongqing. During the inspection, different degrees of water leakage problems caused by pipe aging were found in supply chain warehouses B and C, transit warehouse for Ford's inbound logistics, tyre subassembly plant, Fuji warehouse and Ford's finished vehicle project. The total water leakage amount was about 35,000 tons per month.

In 2019, we have completed the leaking stopping of all leaking warehouses and stations, and the leakage problem has been basically controlled. However, some leaking points are still not found and the monthly water leakage amount is about 2,000 tons. We will continue to track and rectify the leakage problem in 2020.

Case: Pipe Network Inspection

From August to September in 2019, the Components Business Department carried out inspections on the water supply networks of each subordinate department. Through cutting off the water supply, checking the water meter and inspection made by professional construction teams, 5 water leakage points were found and then timely maintained. After maintenance, the water consumption in October has been reduced by about 1,000 tons (saving 5%) compared with that in September, effectively saving water resources and realizing energy conservation and consumption reduction.

Water resources management	2018	2019
Water consumption (m ³)	304,649	253,394
Water consumption intensity (m ³ /ten thousand revenue)	0.60	0.58

Material resource management

The development of green products and services is the key to build the green enterprise image. In 2019, 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 2019, the Company reduced the use of disposable materials and introduced new recyclable packaging materials, so as to reduce the cost of disposable packaging, extend the product life cycle, improve the resource utilization efficiency and reduce the generation of disposable wastes.

Case: Replacement of Packaging Materials

Nanjing CMSC Logistics Co., Ltd., a subsidiary of the Company, used fleece cloth bag for direct parts packaging instead of the rack +PE bag to protect automobile parts in J59R model. This not only ensured the automobile parts packaging quality, but also reduced the cost of disposable packaging. At the same time, we replaced the original paper packaging with recyclable packaging, protecting the parts better while significantly reducing packaging costs, realizing material recycling and improving resources efficiency.

Before improvement



After improvement



5.4 Environmental Protection Publicity and Education

The environmental management system is the theoretical basis of the Company in the environmental management, while the practice of environmental protection requires the joint efforts of most employees. In 2019, in order to ensure that employees can better practice environmental protection in their daily work, the Company continued to strengthen environmental protection publicity and education and organize special environmental protection training for employees. We aim to explain the importance of environmental protection from several aspects, such as environmental protection laws and regulations, garbage classification, energy conservation and emission reduction, 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.

Case: Special Environmental Protection Training

On 14 November 2019, the Company invited the external professional lecturer on the environmental protection to carry out special environmental protection knowledge training for the Company's employees in 2019. The two lecturers gave comprehensive explanation and guidance on the current environmental protection situation, garbage classification status, main environmental protection responsibility of enterprises, solid waste management, relevant environmental laws and regulations, etc.

This training not only enriches the employees' personal knowledge on the environmental protection, but also strengthens the construction of the Company's environmental protection management team to safeguard legal and compliant operation of the Company.



6. Concerted Efforts in Mutual Development and Industrial Ecosystem

6.1 Joint Efforts in Building Industrial Chain Ecosystem

6.1.1 Continuous scientific research and innovation

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

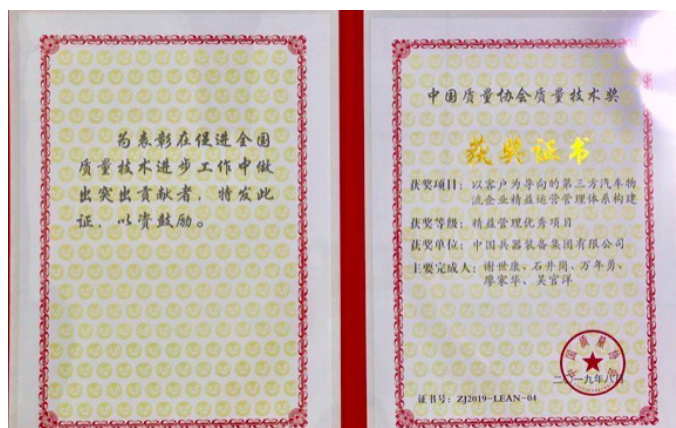
(1) Construction of scientific research system

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 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 pursuant to the relevant processes to ensure the proper use of funds;
- ☞ In terms of the formation of scientific and technological achievements, the Company has formulated the Scientific and Technological Achievements Formation and Reward System and Intellectual Property Rights Management System to standardize the management of the formation of scientific and technological achievements, and fully mobilize the enthusiasm of research and development technicians.

(2) Fruitful scientific research achievements

In 2019, the Company applied 19 invention patents and obtained the first 2 invention patents of the Company, and 13 utility model patents and 8 software copyrights. In addition, we have won several national, provincial and ministerial and industrial honors and awards, which reflect the external recognition of the technological innovation capability of the Company.



- ☞ For national honors, the Project “Construction of Lean Operation Management System of Customer-oriented Third-party Automobile Logistics Enterprise” has obtained the Lean Management Project of “China Quality Technical Award in 2019”.
- ☞ For provincial and ministerial honors, the Company has obtained the honor of Chongqing New Smart City Demonstration Project of 2019 and 1 second prize and 2 third prizes of COSTIND Management Innovation Achievements in 2019.
- ☞ For industrial honors, the Company has obtained 1 first prize and 1 second prize of CFLP Science and Technology Progress Award in 2019 and the Innovation Award of First-Class Automobile Logistics Industry in 2019.

(3) Industry-University-Research collaboration

The Company attaches importance to the integrated development of industry-university-research, continuously improves the innovation motivation, and actively seeks cooperation, so as to achieve win-win cooperation and mutual development. In 2019, the Company continued to promote industry-university-research collaboration, and conducted more than 20 technical exchanges with Chongqing University, Chongqing Jiaotong University, Fengshen Logistics Co., Ltd. and FAW Logistics Co., Ltd. and other organizations to comprehensively promote the development of the industrial chain ecosystem.

6.1.2 Contribute to industry progress

The Company is fully aware of the direct influence of industrial development on its own development. In 2019, the Company proposed to actively implement the “365” Plan (a 3-step plan for improvement in 6 aspects and fulfillment of 5 objectives) and give full play to “three spirits (countless hard works, endless words and leave no stone unturned)”, and focus on core and key businesses to expand the market and strengthen the cooperation with partners. The Company undertook and successfully held the Smart China Expo, participated in the formulation of industry technical standards and cooperated with Qingdao Gooday Logistics Co., Ltd. and other logistics companies to strive for new automobile logistics integration and promote industrial progress.

The Company participated in the formulation of 2 industrial technical standards of metal cages and boarding boxes, and issued 4 new internal technical standards, totaling 15 standards. These include Automotive Logistics Boarding Box Carrier, Information System Security Construction Baseline Standard, System Business Operation Standard, Iron Cage Technical Standard and Specifications for Virtualization Platform Construction and so on, laying a foundation for the integration of packaging and transportation, original package online, circular packages and other businesses.

Case: Actively Participate in Industry Exhibition to Jointly Promote Industry Progress

The second Smart China Expo was opened in Chongqing on 26 August 2019. The Company showed modern intelligent logistics solutions, which were praised by many customers and industry insiders present, and communicated with customers present on the promotion of intelligent logistics projects, increasing the opportunities to continuously follow up related businesses, so as to achieve market breakthroughs and promote industry development.



6.1.3 New business

The Company gives full play to the advantages as a third-party logistics company controlling information and physical objects in the supply chain, so as to extend supply chain services, and cooperate with upstream and downstream companies to jointly create a logistics ecosystem and more values. The Company now is engaged in commercial vehicle sales, financial leasing, integrated refueling, insurance, roads and bridges, lubricants, tires, urea, business logistics services, financial services, logistics park planning and design and other services. In 2019, the Company incubated and promoted many innovative businesses.

- (1) Incubated the integrated insurance project. We developed products covering vehicle insurance, cargo insurance/logistics liability insurance, warehouse insurance, employer liability insurance, credit insurance and other areas. In 2019, the Company invested approximately RMB478,000 in commercial vehicle insurance, established a commercial vehicle delivery center, initiated insurance stripping mechanism, introduced customized services (commercial vehicle cargo insurance) through the mode of single bill binding with commercial vehicle, and solved the problems on vehicle delivery by the carrier with insurance companies, effectively reducing the vehicle delivery cost for carriers.
- (2) Incubated the integrated road and bridge project. We have introduced highway toll discount card - express card, with the Company uniformly handled express cards for 40-day bookkeeping for self-operated vehicles and managed fleets, reducing cost by approximately RMB60 per vehicle per month for carriers. A total of 11 carriers, have adopted the cards for totally 504 vehicles.
- (3) Incubated and promote urea project. The Company has released a third-party trading platform and developed strategic cooperation with mainstream producer of urea solutions, to provide users with small barrels, ton barrels, filling stations and others form of services to meet the various needs of users. The Company has built an integrated urea filling station in Yuzui and airport areas.
- (4) Incubated the fuel detergent project. The Company researched and analyzed competitive products and selected 12 vehicles as samples according to vehicle type, terrain, large area coverage, fixed line, stable vehicle conditions and other principles for testing in June 2019, and summarized the results, namely after Green Fuel Max (GFX) fuel additive is added, the average fuel consumption has been decreased by 6.15%; for the vehicles with engine in poor working conditions and high fuel consumption, the fuel consumption can be obviously improved after the continuous addition of GFX fuel additive, thus improving fuel economy and output power. All finished vehicles have been provided with such additive by carriers up to now.
- (5) Incubated two factoring projects. (I) Incubate and promote the confirming order of China North Industries Group Corporation Limited. The Company has established business cooperation with China North Industries Group Commercial Factoring Co., Ltd.. (II) Incubate and promote the CreditCloud project. The Company has developed electronic factoring business at multiple levels. The suppliers of the Company can send digital credit certificate of accounts receivables, factoring financing application, trade background and other information to ICBC on CSCC service platform, and then ICBC will provide online trade financing services for them.

6.1.4 Supplier management

The Company's sustainable development is inseparable from the support of suppliers and our products and service quality is also closely related with suppliers. We are committed to establishing healthy and mutually beneficial long-term cooperation with suppliers and business partners.

(1) Supplier management system

The Company has established complete supplier management policies to control the quality of products and services of suppliers. The Company has established and improved the development, maintenance, service and removal of suppliers based on previous regulations, such as Supplier Change Management Procedures, Supplier Annual Assessment Management Procedures, Procurement Management Measures, Bidding Management Measures and Supplier Management Measures. When selecting suppliers, the Company will set up a special team to review suppliers regarding service quality, financial statements and credit, safety and environmental protection and other aspects to ensure that they comply with national policies and the requirements of the Company.

We have updated Supplier Access Procedures, Supplier Removal Procedures, Supplier Evaluation Procedures and Supplier Dynamic Management Procedures and other policies in 2019, so as to improve the standards for selection and assessment of suppliers and ensure the quality of supply chain.

(2) Supplier communication

Good supplier communication improves the procurement quality and the supplier management level, and eventually improves the product and service quality of the Company. The Company actively communicates with its suppliers, and has established Supplier Information Processing Management Procedure to regulate the processing of supplier information, timely and effectively address supplier complaints, enhance cooperation and exchange, improve the service quality, and eventually improve the overall supplier satisfaction rate.

Apart from daily communications, the Company also holds annual supplier meetings to obtain better understanding of supplier assessment and expectation, so as to forge long-term cooperation with excellent suppliers. In addition, the Company has set the objectives for its 2020 Plan which require visiting and understanding the needs of core suppliers, so as to learn about their actual conditions, strengthen communication, and timely solve related problems.

Case: ‘Forge Ahead and Strive for Future’ - Supplier Meeting in 2019

The Company held the second Supplier Meeting on 18 April 2019. More than 100 excellent suppliers in China shared achievements, experiences and sought for new ideas and development in the meeting. Each division of the Company gave a lecture on topics such as the supplier meeting, the logistics ecosystem, lean management and safety, and the representatives of suppliers were invited to share cases to promote mutual communication and common growth among suppliers.



Data: Location of the Suppliers	2019
South China (Guangdong, Guangxi, Hainan)	33
East China (Shandong, Jiangsu, Anhui, Shanghai, Zhejiang, Jiangxi, Fujian)	369
Central China (Henan, Hubei, Hunan)	26
North China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	180
Northeast (Heilongjiang, Jilin, Liaoning)	47
Southwest (Sichuan, Guizhou, Yunnan, Chongqing, Tibet)	785
Northwest (Shaanxi, Gansu, Ningxia, Qinghai, Xinjiang)	1
Hong Kong, Macao and Taiwan	7
Overseas	2
Total	1,450

7. Joint Prosperity and Development with Employees

The Company firmly believes that employees are the most valuable assets and the core competitiveness. Adhering to the core value of “Employee development”, the Company” fully respects and protects the rights and interests of employees, provides fair and just employment mechanism and promotion channels, enriches employee care activities, unblocks internal communication channels, and creates a diversified business development platform for employees.

7.1 Employees Foremost

The Company has gradually established and improved its human resources system and management system on the basis of 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 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 2019.

Internal management system

In 2019, the Company emphatically optimized the cadre management mechanism, implemented the selection and appointment requirements, revised the qualification conditions to help the rapid growth of key employees; optimized the current management and control mode of divisions to improve the organizational operation efficiency; penetrated the cadre selection and retention system and improved the training mechanism to do the infrastructure construction for the promotion and salary adjustment of employees; added job files within the same job level to realize the dynamic up and down shift of cadres on the basis of the performance and training. At the same time, we focused on the cultivation and appointment of outstanding young cadres so that more outstanding backbones can see the career hope, and built a level and classification of cadre echelon for the selection of excellent young cadres at the director level and manager level and further enhancement of the construction of cadre echelon.

Compensation and benefits

By taking into account the characteristics of the industry and its own development, the Company ensures reasonable remuneration and promotion mechanism for the employees, and fulfills its legal obligations to not only pay public accumulation funds and employee social insurance but also protect their rights to vacations, such as paid annual leave, marriage leave, maternity leave and paternity leave. In 2019, the Company increased the bases of employee’s corporate contribution from the original post salary to 70% of the social insurance base to effectively strengthen the employee’s retirement security. Meanwhile, we actively strove for five preferential policies and subsidies for employees, including “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, the Company conducted salary compliance inspection in 7 secondary units and 4 labor service companies within the enterprise, and found 36 problems in total. The Company corrected immediately the mistakes that were found on site, and followed up and gave in-depth guidance for the problems that could be rectified within a time limit.

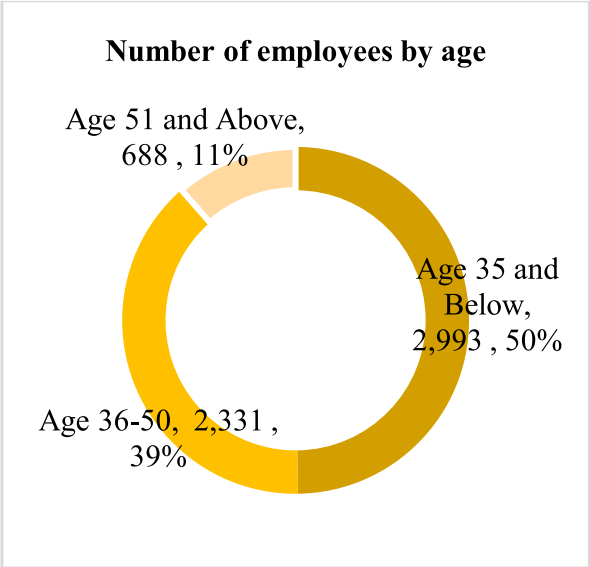
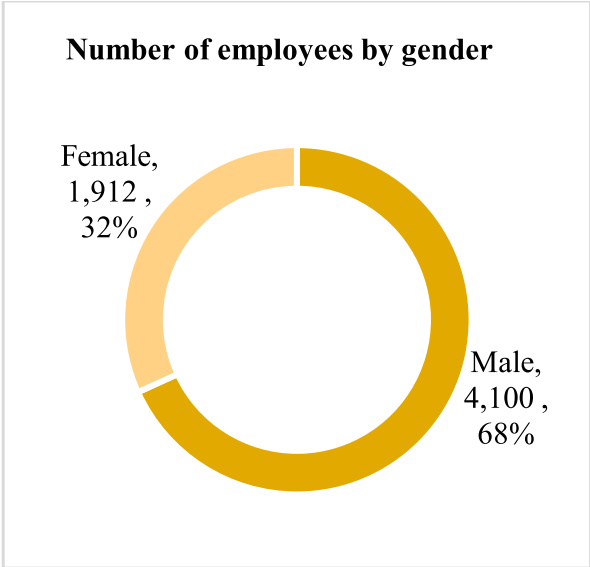
Human resources allocation

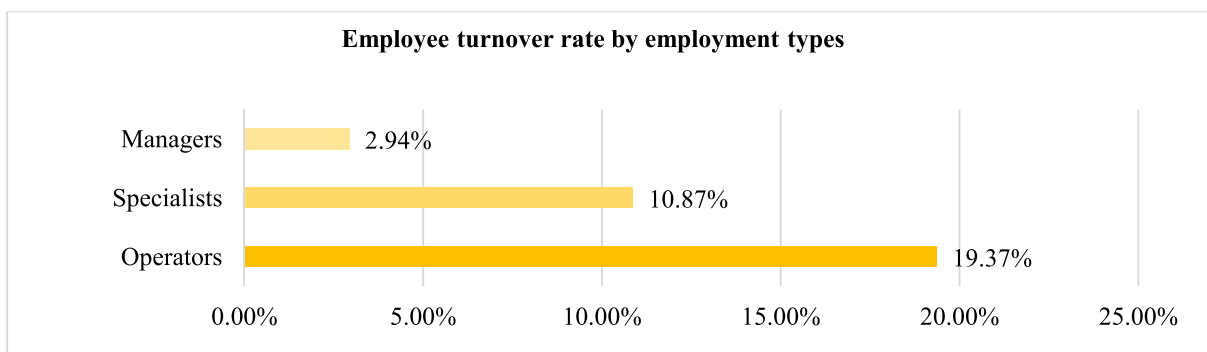
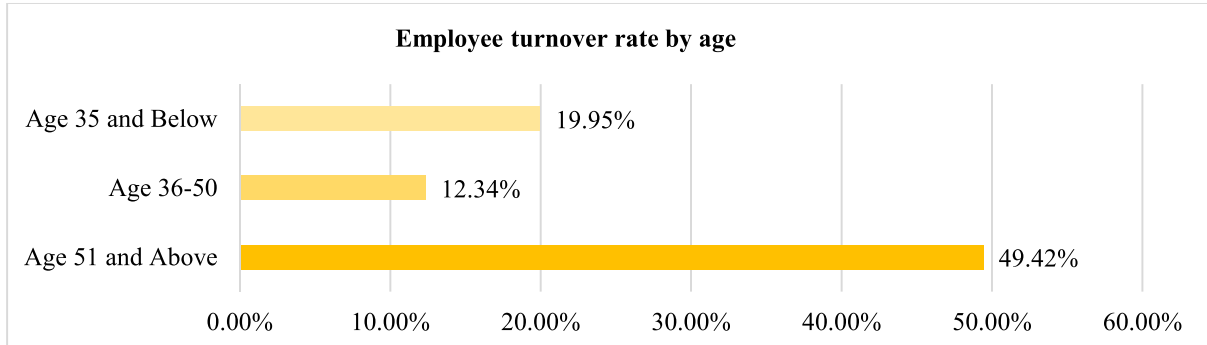
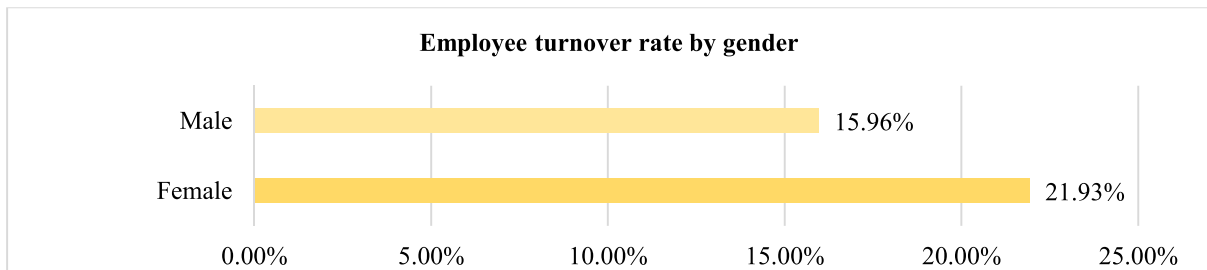
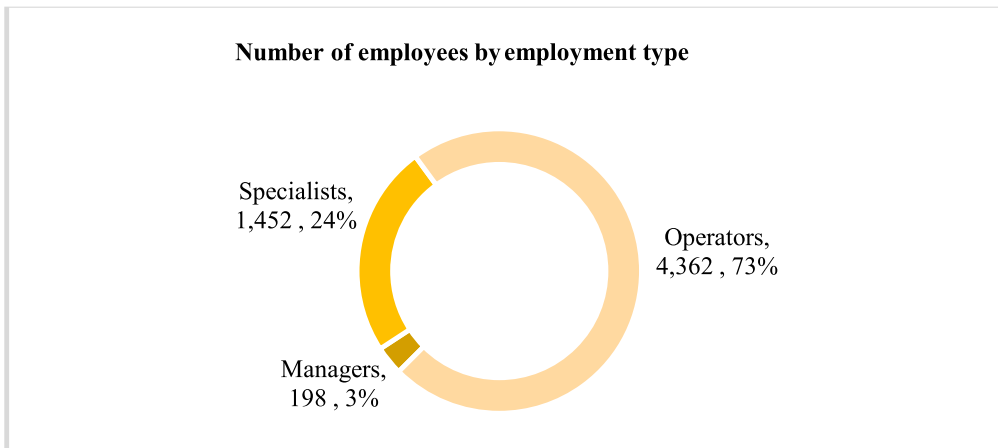
In order to improve the labor efficiency of employees, reduce employment for production and save labor costs, the Company implemented the plan for balanced allocation of human resources and the plan for employment mode switching in 2019. The plan for balanced allocation of human resources means realizes cross-company and cross-project personnel adjustment through internal shift, recruitment and leasing, and meet the labor demand of new businesses and remote projects through internal shift of personnel. The plan for employment mode switching realizes flexible labor outsourcing and reduces risks by promoting business outsourcing. During the reporting period, the Company adjusted 310 personnel and outsourced more than 400 project operators through the above two plans, saving approximately RMB.35 million in labor cost.

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 the local construction. In 2019, based on the strategic transformation, the Company formulated the map of talent demand which focuses on the introduction of talents in key fields such as logistics technology, Internet, big data and market development. In order to support the Company’s transformation and upgrading to digitalization, automation and intelligence, the Company successfully signed the contract with 26 college students by launching the Project of Management Trainee for the first time, recruited 30 college students and 32 vocational students through the “CMAL” Star Program, and introduced 65 mature talents in the field of logistics technology and big data through social recruitment.

In 2019, the Company rationalized the allocation of human resources for the construction of internal cadre team to improve the efficiency of employment, 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 6,012 outstanding talents in the Company, of which 32% are female employees.





7.2 Training and Development

The Company attaches great importance to the cultivation of talents. In 2019, the Company continued to implement the talent development project and fully implemented the training system to better realize the self-improvement and multi-dimensional development of employees through a variety of innovative training modes.

Talent development project

In 2019, the Company carried out talent training and team building (mainly including leadership, middle-level cadres, scientific and technological talents, party affairs cadres and managers) to optimize team building and to create an agile and efficient organization through talent development project.

Construction of leading group:	improving the education and training system of leading cadres, addressing the weak points of knowledge and ability as well as the lack of experience; promoting pilot projects of professional managers and gradually promoting it;
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Construction of middle-level cadre team:	improving the cadre management system for accurate and standardized management, cultivating the echelon construction to build a hierarchical leadership training system supported by “reserve cadres-newly appointed cadres-cadres at their posts” circulation, carrying out intensive training to strengthen business operation awareness;
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Construction of scientific and technological talents team:	in view of the strategic requirements of the Company’s transformation and upgrading to intelligent logistics, we recruited talents in key fields such as logistics planning, intelligence, Internet, etc., and vigorously carried out technical skills competition and application of high skilled talents qualification on the basis of professional qualification evaluation and professional skills appraisal;
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Team construction of party affairs cadres and managers:	carrying out party affairs knowledge training to improve the ability of party affairs workers, building a learning organization and an enabling platform, carrying out management and business knowledge training to build a high-level management team.
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Training system

The Company builds a training system for employees to improve their diversified abilities mainly from the three dimensions of leadership, professionalism and skills.

Leadership:	improving management skills on all levels to form a strong management framework, including the Big Dipper Plan for directors, the Beacon Plan for mid-level cadres, the Torch Plan for reserve cadres, and the Spark Plan for grass root managers;
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Professionalism: nurturing professional skills to improve technical abilities and efficiency through special competency improvement and general skills development;

Skills: development of operational skills and improving operator abilities through multi-skilled posts, skills certifications, and skills-based promotion.

In 2019, the Company strengthened the empowerment of cadres, and prepared Leadership Model textbook to clarify the core connotation, behavior advocacy and improvement approaches and decode the leadership requirements from eight core competency dimensions such as culture, strategy, management, team, implementation, customer, learning and innovation. The Company encourages the top leaders to develop courses in person, step onto the podium, and use the case teaching of internal management to improve the leadership and professional ability of cadres. At the same time, the Company invites external experts with rich practical experience in enterprise management for sharing, combining theories with practices to improve the management skills of the employees. In 2019, the Company carried out 3 training sessions for directors, 6 for managers and 4 for young cadre candidates.

In addition, the Company carried out the qualification assessment of P-series employees in 2019 and completed the rank certification of 547 P-series employees, aiming to stimulate employees' working motivation and help them improve their skills through the implementation of qualification certification.

Case: Team Leader Training

In 2019, the Company carried out the training for all team leaders. The Components Business Department planned and formulated the training plan under the professional guidance and detailed process control of the Human Development Center, different divisions communicated their differences in demand, and finally a consensus was reached and the plan was complemented. The close cooperation with the units participating in the training enhanced the training ability of each business division.



Innovative training model

Effective training models lay the foundation of an effective training system. The Company continues to explore innovative training models and help the development of talents through the competition of technical skills.

Case: Competition of Technical Skills

In 2019, the Company launched the competition of technical skills themed “empowerment, promotion, transformation and development”, aiming to build a talent development model of promoting learning and training by competition, and to promote the construction of the Company’s technical talent team, and to practice the culture of competition, abiding by the philosophy of “achieving one’s own goal yields gratification, lending a hand to consummate others’ goal doubles satisfaction, goals of self and others can be unified, thus the world can be harmonized”. The competition improved and examined the employees’ diverse skills in different competition forms by setting up six major competition programs, including forklift driving, party affairs management, marketing, intelligent logistics, commercial vehicle driving, and safety and environmental protection management. The Company cultivated employees’ ability of logical reasoning and quick response with debate competitions, examined employees’ driving skills of forklifts and commercial vehicles with professional skill competitions, and examined employees’ professional skills and ability to identify risks with simulation of real cases. The competition lasted for five months, and attracted 19 first-class units and more than 500 employees, resulting in a total of 28 individual awards and 9 team awards.

Case: “Good Lecturer” Teaching Competition

In 2019, the Company launched the “good lecturer” teaching competition to innovate the training model of internal trainers, promote training by competition and realizing accurate empowerment, thus creating a diversified development platform for talents. In 2019, the Company offered 21 excellent courses and awarded 10 “good lecturers”.



In 2019, the Company organized various training reached 133,151 participants, with a total class hour of 212,041 hours.

7.3 Employee Caring

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 labor relationship with employees to create a harmonious and loving working environment for employees.

In order to promote democratic management in accordance with the law and realize the participation of employees in democratic decision-making, the Company held two special meetings of employee representatives in 2019. The meeting deliberated and passed 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 have a more comprehensive understanding of the needs of its employees, and effectively formulate the Company's management methods from the perspective of its employees.

In order to strengthen the communication with employees, the Company has set up communication platforms such as comment box, hot line, on-line "direct track for employees' opinions and suggestions", and other communication platforms. As the end of the reporting period, we collected 409 employee feedback items. The Company thoroughly decomposed the outstanding problems, and gave feedback and dealt with them in a timely manner. It made policy propaganda explanation and feedback in a timely manner for the common problems that are involved organization and human resources, salary and welfare, business development, etc., so as to answer the questions and solve the doubts for the employees in the first time.

In order to create a good corporate atmosphere and establish a good interactive relationship with employees, the Company regularly took the festival as an opportunity to carry out a series of team activities. On the 70th anniversary of the founding of the People's Republic of China, the Company conducted a series of activities, such as the "Photography Competition of My Motherland and Me", "A Photo Taken with the Flag", etc. On the Army Day, the Company held the Speech Competition of "stay true to our original aspiration, stay true to our founding mission"; On the Youth Day, the Company carried out the May 4th commendation conference of "Youth to the Party and the New Era of Building a New Era", the walking of "Walking with Youth Peers towards Higher Quality", etc. As of the end of the reporting period, the Company has carried out more than 50 team activities. In addition, the Company, regarding the characteristics of different employee groups, provided special lectures for female employees and organized seeking love activities for single youths, making employees feel the Company's care for them.

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 loveliness competition culture, "achieving one's own goal yields gratification, lending a hand to consummate others' goal doubles satisfaction, goals of self and others can be unified, thus the world can be harmonized", thus further motivating loveliness competition spirit, rallying the whole staff's centripetal force, improving brand influence, and motivating all staff to continuously create the concept of "customer-oriented, result-oriented, and contribution-oriented" for the creation and sharing of values.

Case: Lectures for Female Employees

The Labor Union of the Company invited an external specialist to give a lecture on special disease insurance for female employees on 28 August 2019. The specialist explained the terms such as insurance scheme, insurance liability, insurance terms, claim settlement guide, etc. for female employees, with an interactive Q&A session. Through this lecture, female employees learned more about women’s health knowledge, female insurance types and categories, and had a deeper understanding of women’s insurance plans.



Case: Colorful Sports Activities

On 21 November 2019, the Labor Union of the Company organized employees to participate in the 2019 basketball, table tennis and badminton contests held by the sub-district, which promoted the vigorous development of employees’ fitness activities, enhanced the physical quality of employees and enriched their problem life.



Case: Walking Activity “Walking with Youth Peers towards Higher Quality”

In order to advocate “healthy body, enjoyable work and happy life”, and effectively improve the physical fitness of employees, the Company held a walking activity themed “Walking with Youth Towards Higher Quality” in March 2019, attracting youths of each Youth League (general) branch to left the computer table and took an active part in the activity.



Case: “Pledge for Youth, Special Train for Lovers”

From 10th to 11st of August 2019, the activity of “Pledge for Youth, Special Train for Lovers” was sponsored by Chongqing Municipal Committee of the Communist Youth League, the single League members from the Company joined the activity and went to Qianjiang, Chongqing, which is known as “the city of love, the capital of encounter”, to find their own love. A total of 12 young people from the Company took part in the activity. They made new friends in the activity, and each gained love or friendship. In the future, the Company will continue to build and provide a good marriage and dating platform from the perspective of youths, and focus on young employees’ needs for growth and development, physical and mental health, etc.



8. Good Deed for Society

The Company adheres to public spirit and never forgets to contribute to the society while developing itself. In 2019, we participated in targeted poverty alleviation and lifted targeted units out of poverty; we supported community's charity activities, cared for vulnerable groups, and performed the social responsibilities of a state-owned enterprise with practical actions. In the future, we will continue to promote public charity and establish a new trend of public good service.

8.1 Targeted Poverty Alleviation

At the beginning of 2019, the State issued the Guiding Opinions of the General Office of the State Council on Developing Poverty Alleviation Through Consumption to Help Win the Fight Against Poverty, mobilizing state-owned enterprises to take the lead in poverty alleviation through consumption, helping the poor to increase their income and get out of poverty, and work with the society to win the fight against poverty. The Company actively implemented the national and group company's poverty-relief work ethos, fulfilled the social responsibilities of the state-owned enterprises, and allocated targeted poverty alleviation funds. At the same time, we encouraged employees to participate jointly to support the development of poverty alleviation through consumption.

Regarding the allocation of poverty alleviation funds, we released the Plan for Allocating Poverty Alleviation Funds in 2019 and donated RMB600,000 to the designated poverty alleviation unit in Yanshan County, Yunnan Province.

With regard to poverty alleviation through consumption, we fully implemented the group company's work requirements of "Vigorously Promoting Poverty Alleviation Through Consumption and Ensuring Full Participation of All Employees", carefully organized and planned assistance programs, gave priority to the purchase of products in poor areas, to promote the sustainable development of industries in poor areas. During the year, we donated about RMB140,000 to Yanshan County, Yunnan Province and about RMB 20,000 to Zhouzhi County for poverty alleviation through consumption.

By the end of the report period, the Company had invested a total of RMB760,000 in its targeted poverty alleviation activities, and had successfully helped Yanshan and Luxi counties in Yunnan Province get out of poverty in advance.

Case: Poverty Alleviation Through Consumption-Procurement of Plateau Pear in Yanshan County, Yunnan Province

In order to actively support targeted poverty alleviation units to fight poverty, the Company purchased local specialty - Luxi Plateau Pear in Yanshan County, Yunnan Province to promote the development of the Luxi Plateau Pear industry and play a positive role in helping poor villagers in Luxi County to increase income and reduce poverty, with a total of more than RMB140,000 for poverty alleviation through consumption. Finally, we distributed the plateau pears to the Company's employees as employee benefits, achieving an effective combination of poverty alleviation through consumption and employee benefits.



Case: Mobilized Our Employees to Purchase Unsalable Black Brins

After learning that Black Brin had a good harvest but was unsalable in Renyan Village, Mazhao Town, Zhouzhi County, Shaanxi Province, the Company actively called on and mobilized its employees to purchase so as to promote products consumption in poor areas. Finally, the Company purchased 500 boxes of black brins, and the employees also purchased more than 380 boxes, with a sum of consumption of about RMB20,000.



8.2 Contributions to the Community

Gratitude for the source of benefit. We know that the development of the Company is inseparable from the support of the public. In the process of our own development, we adhere to our original intention, continue to contribute to the 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: “I Am a Beauty Youth, I Speak for Lei Feng” Theme Activity



In March 2019, on the occasion of the learning-from-Leifeng Memorial Day, the Company launched a learning-from-Leifeng volunteer service activity with the theme of “I Am a Beauty Youth, I Speak for Lei Feng” and with the main content of “serving production and operation in jobs” to enhance the beauty youth volunteer service enthusiasm and pass love and kindness.

Case: Activity of Respecting and Loving the Elderlies Themed “Caring and Accompanying, Love in Heart”

In order to meet the 100th anniversary of the May 4th Movement and carry forward the spirit of the May 4th Movement, the Youth League general branch of the Supply Chain Division of the Company organized a volunteer service activity with the theme of “Caring and Accompanying, Love in Heart” for the elderly in the Nursing Home on 26 April 2019. More than 10 people from the Youth League general branch and more than 40 elderly people from Fu’an Community Nursing Service Station attended this activity.

During the activity, the league member volunteers watched a film and carried out an interesting paper-cutting activity together with the old people, and the scene presented a happy atmosphere. This activity enhanced the enthusiasm of league member volunteers to participate in public welfare activities, and continuously contributed to the creation of a good social atmosphere of respect and love for the elderly.



9. Summary of Sustainability Performance

In 2019, 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 the requirements of investors and the society, and enhance the Company's sustainability performance.

9.1 Environmental Indicators

Water consumption & density

Water resources management	2018	2019
Water consumption (m ³)	304,649	253,394
Water consumption intensity (m ³ /ten thousand revenue)	0.60	0.58

Energy consumption & density

Energy consumption	2018	2019
Outsourced electricity (MWh)	10,573	8,527
Unleaded gasoline (L)	754,981	145,722
Diesel (L)	44,030,130	5,670,471
Natural gas (m ³)	51,512	36,710
Total energy consumption (MWh)	451,159	66,027
Total energy consumption intensity (MWh/ten thousand revenue)	0.88	0.15

Greenhouse gas emission & density

Greenhouse gas emissions	2018	2019
Greenhouse gas emissions (CO ₂ equivalent - ton) (scope 1 only)	116,766	15,142
Greenhouse gas emissions (CO ₂ equivalent - ton) (scope 2 only)	6,410	7,544
Greenhouse gas emissions (CO ₂ equivalent - ton) (scope 1+ scope 2)	123,176	22,686
Greenhouse gas emissions intensity (CO ₂ equivalent - ton/ten thousand revenue) (scope 1 & 2 only)	0.24	0.05

Waste water discharge & density

Water resources management	2018	2019
Waste water discharge (m ³)	274,184	219,646
Waste water discharge intensity (m ³ /ten thousand revenue)	0.54	0.51

Hazardous waste & density

Hazardous waste disposal	2018	2019
Used engine oil (kg)	2,616	4,683
Used engine oil intensity (kg/ten thousand revenue)	0.0051	0.01
Printer cartridges (piece)	560	1,322
Batteries (piece)	194	65
Fluorescent tubes (piece)	1,104	423
Other hazardous waste & density (piece/ten thousand revenue)	0.0036	0.0042

Harmless wastes & density

Hazardless wastes disposal	2018	2019
Used tyres (piece)	517	359
Used tyres intensity (piece/ten thousand revenue)	0.0010	0.0008
Used paper (ton)	4.03	16.39
Used paper intensity by weight (ton/ten thousand revenue)	0.0000079	0.000038

9.2 Social Indicators

Total employees

Total employees: by gender, employment type, age group and region	2018	2019
Total employees	7,925	6,012
Female	1,641	1,912
Male	6,284	4,100
Managers	199	198
Specialists	1,603	1,452
Operators	6,123	4,362
Age 35 and below	2,994	2,993
Age 36-50	4,512	2,331
Age 51 and above	419	688

Employee turnover rate

Employee turnover rate: by gender, employment type, age group and region	2018	2019
Female	3.06%	21.93%
Male	3.33%	15.96%
Managers	63.14%	2.94%
Specialists	0.55%	10.87%
Operators	1.90%	19.37%
Age 35 and below	1.92%	19.95%
Age 36-50	3.88%	12.34%
Age 51 and above	7.89%	49.42%

Employee health and safety

	2017	2018	2019
Work fatalities (case)	0	0	0
Lost day due to general work injury (day)	0	176	0
Number of work injuries (time)	0	5	0

Staff Training

	2017		2018		2019	
	Participants (person-time)	Training (hours)	Participants (person-time)	Training (hours)	Participants (person-time)	Training (hours)
Total	122,381	323,046	111,892	245,713	133,151	212,041
Chairman, General Managers, Deputy General Managers	46	227	65	556	42	444
Directors	1,855	7,549	631	1,262	982	2,866
Managers	6,061	12,091	3,905	5,578	1,867	5,446
Specialists	36,188	90,270	42,418	78,159	31,161	53,154
Operators	78,231	212,909	64,873	160,158	699,099	150,131

Number of suppliers

	2017	2018	2019
Total number of suppliers	846	1,044	1,450
Number of suppliers by geographical region			
South China (Guangdong, Guangxi, Hainan)	17	19	33
East China (Shandong, Jiangsu, Anhui, Shanghai, Zhejiang, Jiangxi, Fujian)	282	312	369
Central China (Henan, Hubei, Hunan)	32	33	26
North China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	109	120	180
Northeast China (Heilongjiang, Jilin, Liaoning)	73	82	47
Southwest (Sichuan, Guizhou, Yunnan, Chongqing, Xizang)	326	470	785
Northwest (Shaanxi, Gansu, Ningxia, Qinghai, Xinjiang)	0	1	1
Hong Kong, Macao and Taiwan	7	7	7
Overseas	0	0	2

Product liability

	2017	2018	2019
Client satisfaction survey result (%)	93.32	95.38	96.18
Numbers of customer complaints received	48	23	8

Total public welfare investment

	2017	2018	2019
Funds invested in public welfare (RMB)	1,000,000	600,000	760,000

10. Index of Environmental, Social and Governance Reporting Guide

Subject Areas, General Disclosures and KPIs of ESG		Section of the ESG Report	Page	
Environmental				
A1: Emissions	General Disclosure		Green Logistics, Green Mission	27,29,31
	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 the use of 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 have not been disclosed, and we will continue to strengthen oil consumption data management in the future.	-
	KPI A1.2	Total greenhouse gas emissions and intensity	Emissions Management Summary of sustainability performance	30,53
	KPI A1.3	Total hazardous wastes produced and intensity	Emissions Management Summary of sustainability performance	29,54
	KPI A1.4	Total hazardless waste produced and intensity	Emissions Management Summary of sustainability performance	30,54
	KPI A1.5	Description of measures to mitigate emissions and results achieved	Emissions Management	29-31
	KPI A1.6	Description of how hazardous and hazardless wastes are handled, reduction initiatives and results achieved	Emissions Management	29-30
A2: Use of Resources	General Disclosure		Energy and Resources Management	31
	KPI A2.1	Energy consumption by type and intensity	Energy and Resources Management Summary of sustainability performance	32,53
	KPI A2.2	Water consumption in total and intensity	Energy and Resources Management Summary of sustainability performance	33,53
	KPI A2.3	Description of energy use efficiency initiatives and results achieved	Energy and Resources Management	31-34
	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 Resource Management"	32-33
	KPI A2.5	Total packaging material used for finished products and per unit produced	Energy and Resources Management	34

Subject Areas, General Disclosures and KPIs of ESG			Section of the ESG Report	Page
A3: Environment and Natural Resources	General Disclosure		Environmental Management System	27
	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		Employees Foremost	41
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employees Foremost Summary of sustainability performance	42-43, 55
	KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employees Foremost Summary of sustainability performance	43,55
B2: Health and Safety	General Disclosure		Safe Operation	22,24
	KPI B2.1	Number and rate of work-related fatalities	Safe Operation Summary of sustainability performance	26,55
	KPI B2.2	Lost days due to work injury	Safe Operation Summary of sustainability performance	26,55
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Safe Operation Occupational Health	21-26
B3: Development and Training	General Disclosure		Training and Development	44
	KPI B3.1	The percentage of employees trained by gender and employee category	Training and Development Summary of sustainability performance	56
	KPI B3.2	The average training hours completed per employee by gender and employee category	Training and Development Summary of sustainability performance	56
B4: Labor Standards	General Disclosure		Employees Foremost	41
	KPI B4.1	Description of measures to review employment practice to avoid child and forced labor	Employees Foremost	41
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	Employees Foremost	41

Subject Areas, General Disclosures and KPIs of ESG		Section of the ESG Report	Page
B5: Supply Chain Management	General Disclosure		Joint Efforts in Building Industrial Chain Ecosystem
	KPI B5.1	Number of suppliers by geographical region	Joint Efforts in Building Industrial Chain Ecosystem 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
	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