



中谷物流
ZHONGGU LOGISTICS

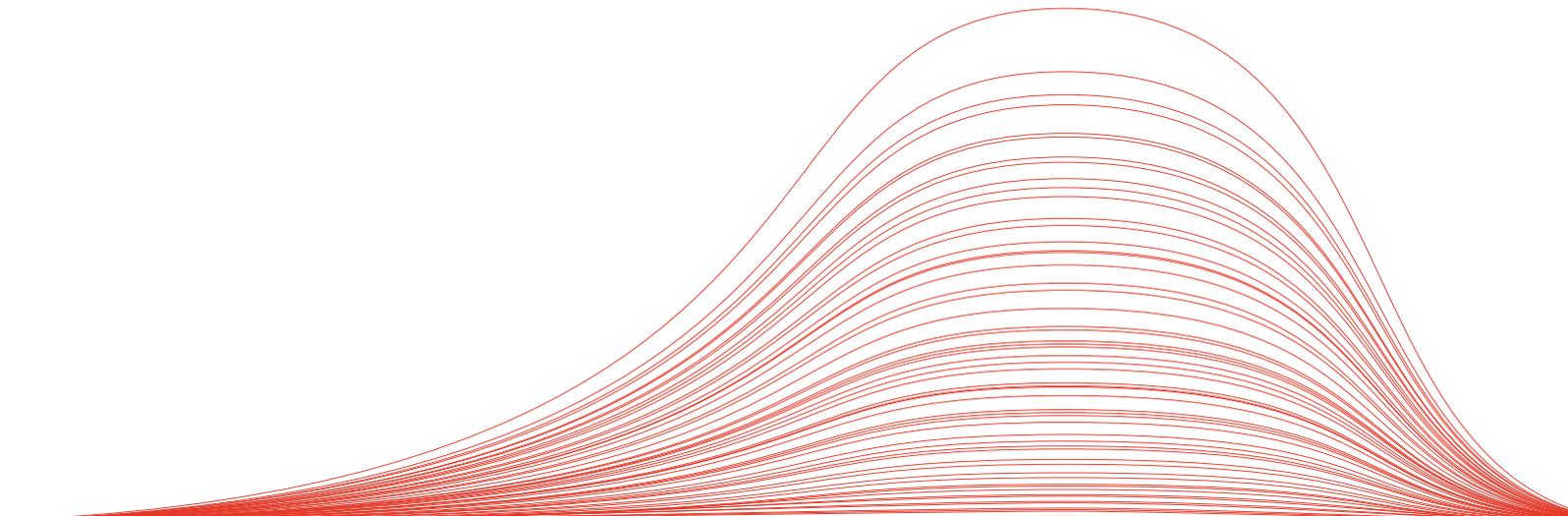
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2023

Environmental, Social and Governance Report

Shanghai Zhonggu Logistics Co., Ltd.





Preface

About the Report

Introduction to the Report

This is the Environmental, Social and Governance Report (ESG Report) released by Shanghai Zhonggu Logistics Co., Ltd. (hereinafter referred to as "Zhonggu Logistics", "we" or the "Company"). It comprehensively expounds the performance and management measures of Zhonggu Logistics in 2023 surrounding economy, environment and society, and discusses the common concerns of stakeholders, with focus on disclosing the environmental, social and governance performance of the Company and its subsidiaries (collectively referred to as the "Group"). The mention of "Zhonggu Shipping" refers to our parent company, Zhonggu Shipping Group Co., Ltd.

Reporting Time

From January 1, 2023 to December 31, 2023 (referred to as the "reporting period"); some information and cases might be beyond the reporting period.

Reporting Scope and Boundaries

The Report covers Shanghai Zhonggu Logistics Co., Ltd. and all of its subsidiaries, with the same reporting scope as the 2023 Annual Report (hereinafter referred to as the "annual report").

Notes on Data

The financial data herein comes from the consolidated report for 2023, which have been independently audited by Pan-China Certified Public Accountants LLP (specialized general partnership); the remaining of the information and data are mainly sourced from the Company and group's internal statistical reports or documents. The monetary amounts indicated herein are denominated in RMB.

Reference Standards

The Report is prepared with reference to the Compilation Guide for "Corporate Social Responsibility Fulfillment Report" and the Guideline on Environmental Information Disclosure by Listed Companies published by Shanghai Stock Exchange (referred to as the "SSE"), and with appropriate reference to the GRI Standards by the Global Reporting Initiative (GRI).

Confirmation and Approval

The Report was approved by the board of directors on March 26, 2024 following the confirmation by the management.

Message from the Chairman



Zhou Bin

— Chairman of Zhonggu Logistics

As a private leading enterprise specialized in container logistics in the domestic trade sector for 20 years, Zhonggu Logistics always stays true to the original intention of "Changing China's Logistics with Containers" and product values of "safe, efficient and green", and is committed to providing customers with whole-process container logistics services. Always pursuing sustainability in ESG, we are committed to achieving win-win development together with shareholders, customers, suppliers, employees, and other communities of shared interests. In the past year, we continued to forge ahead, seizing market opportunities, strictly controlling costs, and refining internal management. In the meantime, we consistently boost our productivity and improve our governance structure, to create sustainable value for our employees, industry, and society.

To retain talents, we stick to the principle of putting people first and helping each other to attain success. Zhonggu Logistics is always committed to "helping employees achieve ambitions in fun and through learning". We conscientiously safeguard the legitimate rights and interests of our employees, thus forming a stable and harmonious working environment. We enrich the cultural life of employees and enhance their sense of belonging by regularly organizing team building and festival celebration activities. Also, we value employee training and development. In 2023, we promoted employee growth by improving the system of new employee induction training and in-service employee promotion training, which lays a solid talent foundation for sustainable development.

We pursue green, environmental, and sustainable development. In the past year, we upgraded our own fleet with 15 green and environmentally friendly container ships with a load capacity of 90,000 tons to help creating a future of green shipping in a more intensive and energy-efficient manner. We actively promote railway-ocean multimodal transport to truly achieve one-stop transport. We continue to establish logistics parks at the hub nodes of the total logistic process. The gradual completion and operation of multimodal transport logistics parks in Rizhao, Qinzhou and Xiamen will contribute to the rapid formation of the total logistic process. Against the backdrop of achieving carbon peaking and carbon neutrality in China, we are committed to accelerating the pace of "shipping loose cargo via containers". This initiative not only helps to achieve the national "carbon peaking and carbon neutrality" goals, but also makes important contributions to tackling global climate change.

To survival and sustainable development, we constantly create value and distribute dividends to stakeholders. In 2023, we plan to distribute a cash dividend of 1.5 billion yuan (accounting for 88.05% of the net profit gained over the same period), providing our investors with returns in cash. In 2023, we released the Shareholders Return Plan for the Next Three Years. From 2023 to 2025, we will continue to implement a positive cash dividend policy while ensuring stable operation, to share development results with all shareholders. Specifically, the cumulative dividends will account for at least 60% of the cumulative profits available for distribution.

In face of external challenges and changes in 2024, we will actively carry out relevant business activities mainly around rail-water multimodal transport, whole-process integrated logistics and digital transformation with a focus on organizational transformation, to achieve high-quality and innovative development based on cost reduction and benefit increase. Meanwhile, we will broaden the application of containers in the production logistics field. In addition, we will assume more social responsibilities, work with all stakeholders to deliver more stable and efficient container logistics services, and make contributions to China's green better future.

Zhonggu Logistics at a Glance

Company Profile >>>

Zhonggu Logistics is one of the first companies in China specializing in container shipping in the domestic trade sector. It was listed on the SSE in September 2020 (603565.SH). Since its inception, the Company has been offering clients from industrial and agricultural commerce safe, efficient, green, and convenient whole-process multimodal transport services, powered by standard containers and big data, championing the corporate mission of "Changing China's Logistics with Containers" with steady development. Zhonggu Logistics has grown into a comprehensive modern enterprise that integrates the business of liner transport, comprehensive logistics, ship management, entity investment, etc.

As of the end of the reporting period, Zhonggu Logistics had expanded the business to 150 ports in nearly 30 provinces and cities of China, having more than 200 offices and branches across China. Now we can transport over 10,000 types of goods through general cargo containers, food-grade SQ containers, coal containers and other standard containers, as well as various types of special containers such as refrigerated

containers, flat rack containers and open-top containers. Besides the water transport, we integrate rail transport and road transport, and provide cold-chain transport services and multimodal transport services such as land-sea multimodal transport, river-sea multimodal transport, water-water transfer, sea-rail multimodal transport and so on. Zhonggu Logistics has formed a "two horizontal and one vertical" mega-system of maritime transport and logistics, and connecting China's coastal areas with the Yangtze River and the Pearl River, and occupies an industry-leading position relying on the high container throughput for domestic trade in dozens of ports along the coastal areas and the Yangtze River.

The Company is mainly engaged in container logistics services. It is one of the first companies in China specializing in domestic coastal container shipping. Its transport capacity ranks among the top three in the container transport market for domestic trade. At present, Zhonggu Logistics is stepping up entire logistics efforts through a "landing strategy" to provide clients with "door-to-door" logistics solutions to further enhance core competitiveness.



Cultural Values

Since the establishment, Zhonggu Logistics, under the principle of "culture first", has always focused on building corporate culture to create core competence. Amid the growth, Zhonggu Logistics always keeps abreast of the times in culture building, constantly making new progress in this regard. In the process of cultural development, transformation and accumulation, Zhonggu Logistics has continuously enriched, regulated and updated corporate culture. Playing a role of guiding, fusing, shaping, and motivating, culture has become a driving force for Zhonggu Logistics to achieve leapfrog development.



- Corporate Purpose:** Bringing happiness to employees and creating value for the society
- Corporate Mission:** Changing China's Logistics with Containers
- Corporate Vision:** Leading the development of China's logistics, serving the society, and empowering employees
- Client Vision:** Making customers the most competitive players in their industries
- Staff Vision:** Helping employees achieve ambitions in fun and through learning
- Corporate Pursuit:** First-class company, First-class talent, First-class performance, First-class return
- Business Style:** Serious, Agile, Responsible for results
- Core Values:** Loyalty, Sincerity, Diligence
- Customer Values:** We pursue customer satisfaction
- Product Values:** Safe, Efficiency, Green
- Talent Values:** Action precedes achievements, contribution precedes value

Course and Glories

Upholding the core values of "Loyalty, Sincerity, Diligence", Zhonggu Logistics creates long-term sustainable value for upstream and downstream stakeholders relying on self business development. In 2023, we won recognition and praise from all parties through unremitting efforts in a steady manner.

Sustainability Course

Formed an initial scale from 2010 to 2013

In 2010, Zhonggu Logistics was officially established. Its controlling shareholder Zhonggu Shipping is one of the first companies in China specializing in container shipping in the domestic trade sector

In 2011, key routes including "Shanghai-Guangzhou", "Qingdao Xiamen", "Qingdao Guangzhou", "Taicang-Guangzhou", and "Rizhao Guangzhou" were successively opened, marking that Zhonggu Logistics became one of the first companies in China specializing in container shipping in the domestic trade sector that opened boutique routes

Strategic transformation from 2014 to 2016

In 2015, Shanghai Zhonggu Logistics Co., Ltd. was established

In 2016, big ships were introduced from "Zhonggu Shandong", "Zhonggu Liaoning", etc., to improve the single ship load and shipping efficiency and reduce shipping costs

In 2017, the direct-to-customer strategy was launched, realizing the transformation of service objects from freight forwarders to direct customers

New development from 2017 to 2021

In 2017, strategic investors such as Softbank China Venture Capital (SBCVC), Softbank China Capital, YTO Express, Shanghai FTZ Fund, East Bell Venture Capital and GLP were introduced

In 2019, with implementation of the multimodal transport strategy, form a multimodal transport logistics platform, and the industrial tentacles were extended from the economic hinterland of coastal and riverside provinces and cities to the inland areas

In 2020, officially listed on A-share main board (603565. SH)

In 2021, further expanded transport capacity and enhanced core competitiveness in a new development period

A new future in 2022-2023

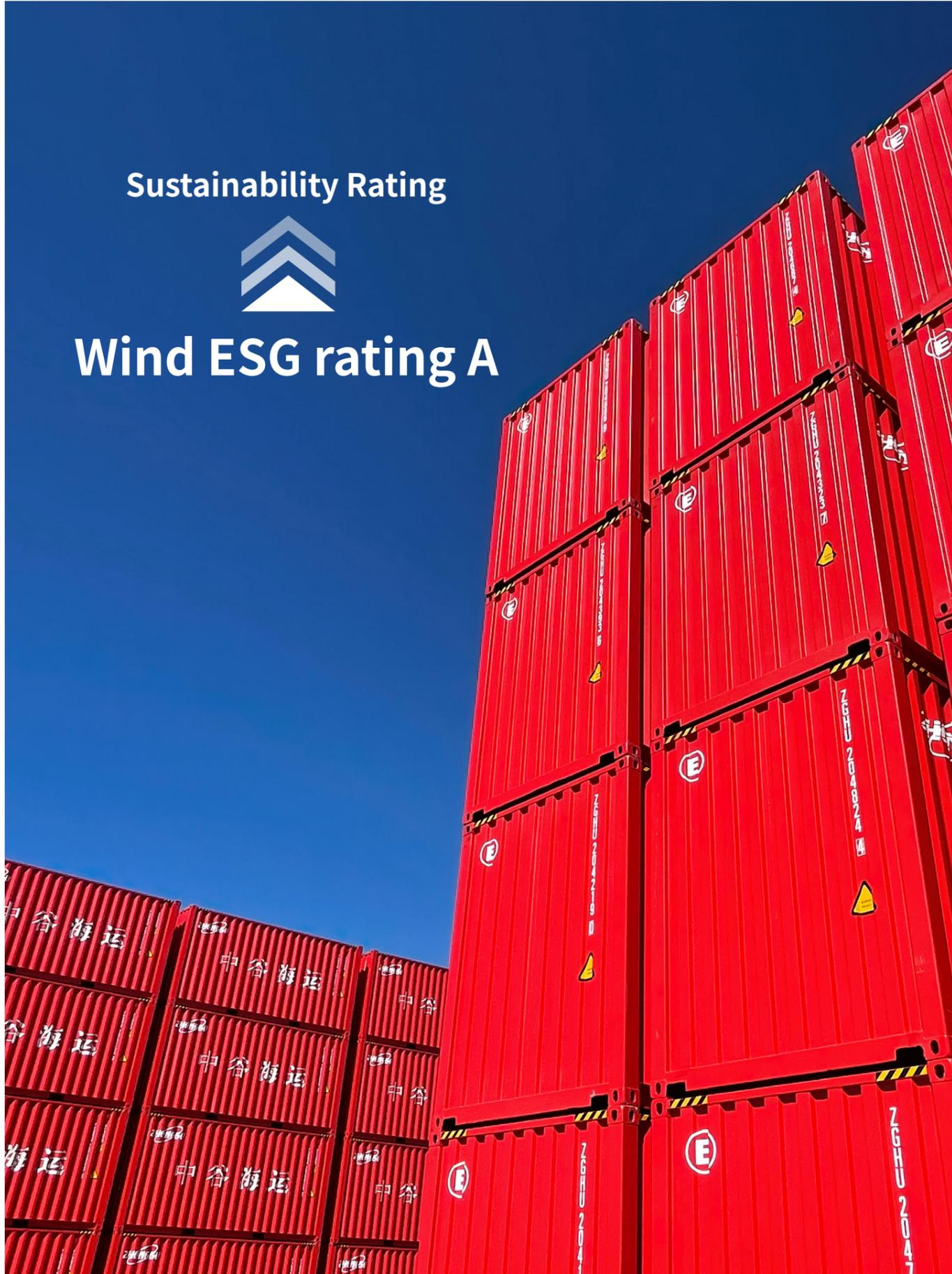
2022: The first container ship titled "Zhonggu Jinan" with 4,600 TEUs successfully set sail, and the strategy of "shipping loose cargo via containers" was implemented in an orderly manner

2023: 15 of 18 container ships with 4,600 TEUs have been delivered, and the remaining three will be delivered in succession in the first half of 2024

Sustainability Rating



Wind ESG rating A



Return to Shareholders

In the past dozen years of rapid growth, we always value the return to shareholders. Since being listed on September 25, 2020, the Company has distributed cash dividends to shareholders, and the cumulative cash dividends reach up to 5.57 billion Yuan.

In 2021, the cash dividend amounted to RMB 1,438 million (tax inclusive), and the dividend payment rate was 59.82%

In 2023, the cash dividend amounted to RMB 1,512 million (tax inclusive)

In 2022, the cash dividend amounted to RMB 2,015 million (tax inclusive)

In 2020, the cash dividend amounted to RMB 600 million (tax inclusive), and the dividend payment rate was 58.89%



Key Performance

Economic			
Indicators	Unit	2023	2022
Total TEU capacity	Tons	Approx. 3.51 million	Approx. 2.6 million
Container inventory	TEUs	Approx. 470,000	Approx. 400,000
Shipping volume	TEUs	Approx. 15 million	Approx. 12 million
Operating income	Yuan	12,438,791,418	14,208,916,476
Net income attributed to shareholders	Yuan	1,717,277,555	2,741,385,744
Income tax expense	Yuan	560,333,171	925,522,523
Audited basic earnings per share	Yuan/share	0.82	1.31
Cash dividend	Ten thousand Chinese Yuan	1,512,045,434	2,014,920.00
Dividend payment rate	%	88.05	73.50
Environmental			
Indicators	Unit	2023	2022
GHG emissions intensity	Ton of CO2 equivalent/ million Chinese Yuan	80.95	62.38
Energy intensity	kWh/million Chinese Yuan	301,242.42	232,816.21
Generation intensity of hazardous waste	Ton/million Chinese Yuan	0.12	0.10
Generation intensity of harmless waste	Ton/million Chinese Yuan	0.05	0.05
Water consumption intensity	Ton/million Chinese Yuan	8.16	5.28
Social			
Indicators	Unit	2023	2022
Days of work lost due to occupational injuries	Day	0	12.00
Work injury rate	%	0	0.07
Total number of trainees	Person times	22,328	18,545
Average number of hours of training per employee	Hour	44.28	40.28
Number of complaints received about products and services	No.	170	146
Donations outside the community	Yuan	200,000	1,000,000
Employee volunteer hours	Hour	12,000	86,400
Social contribution per share	Yuan/share	1.65	1.99

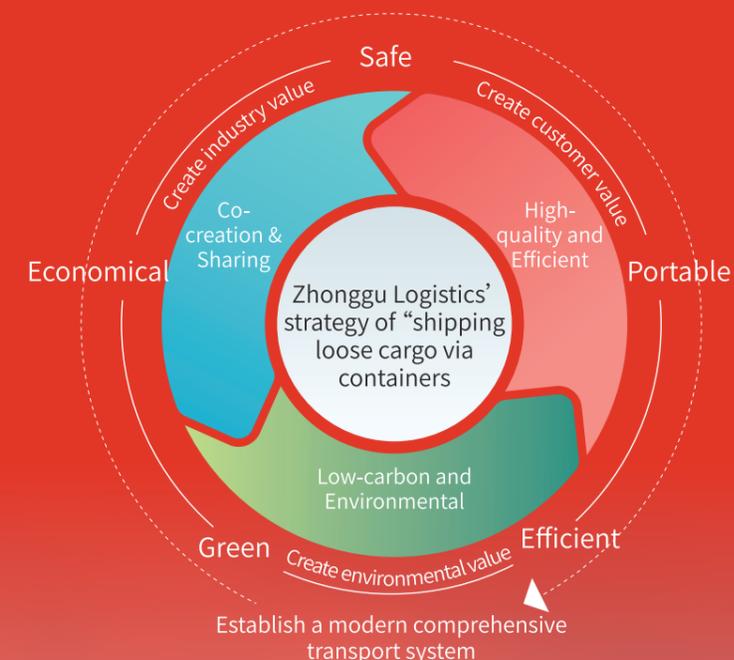
Annual Features

A New Green Transport Mode¹ of "Shipping Loose Cargo via Containers"

11 SUSTAINABLE CITIES AND COMMUNITIES



As China's economic and industrial structure is continuously optimized and industry segmentation is more specialized and market-oriented, the logistics industry inevitably tends to achieve seamless linkage in cargo transport. Also, to further achieve the goals of carbon peaking and carbon neutrality, the transport industry in China increasingly needs to reduce carbon emission. Container transport in the domestic trade sector, with the advantages of "improving the overall transport efficiency, reducing social logistics costs, and promoting energy conservation, emission reduction and carbon reduction", has become an important means of enhancing infrastructure connectivity, assist in achieving seamless transportation and contribute to achieving carbon peak and carbon neutrality goals in the transportation industry.



In active response to the national call of "to speed up the building of a modern comprehensive transport system that is safe, convenient, efficient, green and economical", Zhonggu Logistics has proposed and implemented the strategic planning of "shipping loose cargo via containers" and boosted the construction of a strong transportation country with multiple values including environmental value, customer value, and industry value. At present, Zhonggu Logistics has come up with an implementation plan for the demonstration projects of multimodal container transport in the domestic trade sector characterized by "networked integration of air-sea-land logistics stations, and efficient, intelligent and standard collaboration", to lead the high-quality development of multimodal container transport in the domestic trade sector. The logistics base under Zhonggu Logistics has been included in the list of the fourth batch of national multimodal transportation demonstration projects. Through this implementation plan, it leads the high-quality development of national trade container multimodal transportation and supports the dual carbon goals of transportation.

¹ The "shipping loose cargo via containers" mode refers to transport of bulk cargoes such as coke, coal and ore originally loaded in railway gondolas, road trucks and bulk cargo ships, through sealed containers.

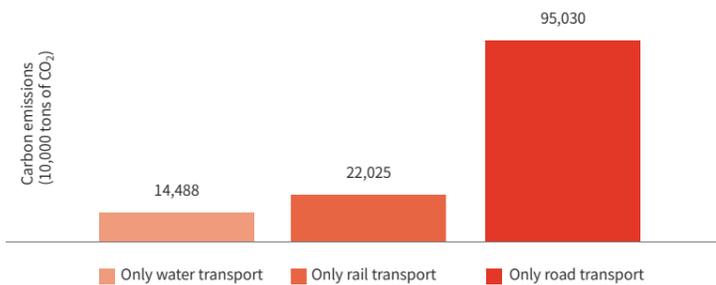


Low-Carbon Development and Environmental Protection - Creating Environmental Value

Adjusting the transportation structure is crucial for reducing carbon emissions in the transportation industry. The low-carbon attribute of "bulk-to-container" transportation has achieved a green upgrade for the logistics of bulk cargo, while multimodal transportation can further reduce carbon emissions in the transportation process, accelerating the transition of the transportation industry towards a green and low-carbon model. Based on reducing Zhonggu Logistics' own carbon emissions, the "bulk-to-container" transportation model also helps customers enhance the low-carbon attribute of their product value chain, transferring green value to a wider range of application scenarios.

In addition, through the "shipping loose cargo via containers" transport mode to control environmental pollution, minimizes the dust raising, scattering, spilling or volatilization phenomenon of bulk cargo in the process of loading, unloading, transport and stockpiling, thus reducing the environmental pollution from

Carbon emissions under different transport modes



transport and port operations. According to the data released by the National Bureau of Statistics, China's freight turnover reached 2,261.22 billion ton-kilometers in 2022. If only water transport mode was adopted, 58.53 million tons of standard coal would be consumed², and 140 million tons of CO₂ would be emitted³. Compared with road transport and rail transport⁴, container water transport in the domestic trade sector enables more efficient energy conservation and emission reduction with greater contribution to ecological protection.

² According to the 2019 Statistical Bulletin on the Development of the transport Industry, standard coal consumption of coastal freight transport enterprises was 4.8 kg/1,000 ton-nm, which is equivalent to 0.00259 kg/ton-km.

³ According to the Greenhouse Gas Emission Coefficients of Common Fuels, the carbon emission coefficient of coal is 2.5 kg CO₂/kg.

⁴ According to the 2019 Statistical Bulletin on the Development of the transport Industry, the standard coal consumption of road freight enterprises was 1.7 kg/100 ton-km, which is equivalent to 0.017 kg/ton-km. According to the 2019 Railway Statistics Bulletin, the comprehensive energy consumption of railway transport was 3.94 tons of standard coal/1 million ton-km, which is equivalent to 0.00394 kg/ton-km.

During the reporting period, Zhonggu Logistics extended the service of "shipping loose cargo via containers" to 73 new railway stations, achieving an overall freight volume increase by more than 20%, and a turnover ratio of approximately 22%. The carbon emissions of Zhonggu Logistics from the "shipping of loose cargo via containers" reached 202,942 tons, which was 215,850 tons and 1,604,030 tons less than carbon emissions from rail transport and road transport respectively.

Short-term goals of Zhonggu Logistics

- Continuously enrich the low-carbon transportation mode, and reduce carbon emissions of totally 1.3754 million tons during the demonstration period of multimodal container transport

High-quality and Efficient - Creating Customer Value

As an important means for "cost reduction and efficiency enhancement" of the logistics industry, container transport in the domestic trade sector can fully leverage the advantages of container transport and water-land multimodal transport such as high efficiency, low cost, and large transport capacity. Upholding the client vision of "making customers the most competitive players in their industries", Zhonggu Logistics continuously improves service quality and efficiency, as well as the safety, stability, and economy of cargo transport. At the same time, we continue to optimize service efficiency and create efficient, automated, and energy-saving business models through digital construction.

Key direction of quality improvement: Be a pioneer in the "one-stop" multimodal container transport in the domestic trade sector

- The efficient and convenient "one-stop" transport mode has opened a breakthrough for the high-quality development of multimodal transport.
- At present, relying on the sound domestic transport network and business foundation, Zhonggu Logistics has achieved delivery of the whole-process door-to-door logistics service and established a comprehensive information platform system, which lays a solid foundation for the "one-stop" multimodal container transport. The "innovative small high containers" launched by Zhonggu Logistics for the "one-stop" multimodal container transport are larger than ordinary containers for domestic trade by about 10% in capacity, and can reduce the freight cost by RMB 20/ton.
- In the future, Zhonggu Logistics will fully leverage the advantages of fully integrated container transport in the domestic trade sector, extend the traditional "port to port" and "station to port" waybills to "station to station" and "door to door" multimodal transport bills of lading, optimize multimodal transport process and management links, and boost the application and promotion of the "one-stop" multimodal container transport in the domestic trade sector.

Key direction of efficiency optimization: Build a first-class multimodal container transport port (station) in China

- To accelerate the integrated container transport in the domestic trade sector, it is necessary to strengthen the research and application of efficient, automatic and energy-saving multimodal transport equipment and supporting information control system.
- At present, Zhonggu Logistics is actively deepening the digitalization of information systems, introducing the concept of the Internet into the shipping industry, and providing clients with whole-process logistics information services. We have independently developed the e-commerce platform, order exchange system, trailer system and so on, realized dynamic automation and visual management of containers in major ports through digital port docking, and reduced the workload of container management personnel of multimodal transport demonstration projects by 90%.
- In the future, Zhonggu Logistics will continue to increase the investment in seaport-type automated track cranes and supporting information control system and strive to achieve unified control of the overall production process, playing a demonstrating role in the construction of inland multimodal container transport ports (stations) in China.

During the reporting period, Zhonggu Logistics provided clients with more cost-effective choices and standardized service systems through various initiatives including enriching goods suitable for container transport, launching customized services, optimizing the freight rate review system, and developing standardized after-sales products. According to the improvement in both service quality and efficiency through "shipping loose cargo via containers", Zhonggu Logistics has gained extensive recognition from clients. During the reporting period, Zhonggu Logistics shipped 1 million TEUs of loose cargo via containers, achieving a YoY increase of nearly 30%.

Short-term goals of Zhonggu Logistics

- Continuously improve service quality and efficiency, and will open nine sea-rail multimodal transport lines as of December 31, 2024

Co-creation and Sharing - Creating Industry Value

In response to the call for standardized and intensive development of container logistics in the domestic trade sector, Zhonggu Logistics will fully leverage leading advantages, and steadily explore the modes of cooperation between upstream and downstream players, through four major measures: product co research, information exchange, resource sharing, and advantage co construction, to jointly propel the development of the industrial chain, build a closed-loop, one-stop and coordinated ecosystem of multimodal container transport in the domestic trade sector, so as to effectively support China's new development paradigm of "dual circulation" (with domestic circulation as the mainstay and domestic and international circulations reinforcing each other).

Product co-research

- Deepen cooperation with various railway bureaus, use port and railway resource sharing as a link, strengthen business cooperation, and jointly create service products of sea-rail multimodal transport

Information exchange

- Fully implement the operation mode of multimodal transport operators, explore the combination of railway transport information and water transport information, build an integrated rail-water information platform, and achieve innovative integration of logistics resources of rail-water multimodal transport

Resource sharing

- Continuously intensify the interchange of railway containers and our containers, strengthen station sharing, and jointly cultivate the container operators of rail-water multimodal transport in the domestic trade sector

Advantage co-creating

- Vigorously advance specialized shipping of loose cargo via containers including coal, grain and ore, and deepen cooperation with relevant terminal companies and railway container yards, to increase the capacity of shipping loose cargo via containers and better support the adjustment of China's transport structure

Industry Sharing

During the reporting period, the 2023 Tianjin International Shipping Industry Expo, themed by "shipping throughout the world, leading the future" was kicked off, at which more than 400 leading shipping companies, listed companies, and world-renowned ports from 22 countries and regions jointly discussed new trends, paths and opportunities concerning the development of the shipping industry. As a representative of shipping companies, Zhonggu Logistics made a stage pose in the Digital Shipping Service Trade Exhibition Area, showcasing the development trend in the container transport in the domestic trade sector and the strategic layout in multimodal transport logistics, and highlighting the corporate accountability in promoting green, low-carbon and digital transformation and pursuing high-quality development of the shipping industry.



Over the same period, Zhonggu Logistics was invited to attend the 3rd World Class Port Intermodal Conference. Participants included representatives from relevant ministries and commissions of China, government departments of Tianjin and other places, shipping industry research institutions and industry associations, global leading enterprises of shipping and railway, and large integrated logistics operators, as well as China-Europe Railway Express and other sea-rail multimodal transport enterprises. Focusing on the theme of "improving the quality and efficiency of multimodal transport, better serving the Belt and Road cooperation", the participants built consensus on further promoting the high-quality development of multimodal transport.



Strengthening ESG Governance

As a leader in the logistics industry of China, Zhonggu Logistics always adheres to the concept of sustainable development, actively contributes to the realization of United Nations Sustainable Development Goals (SDGs), and continuously improves the ESG governance system, actively engage in communication with stakeholders and follow the analysis results of major issues to carry out ESG governance work, and gradually achieved sustainability from strategy to action.

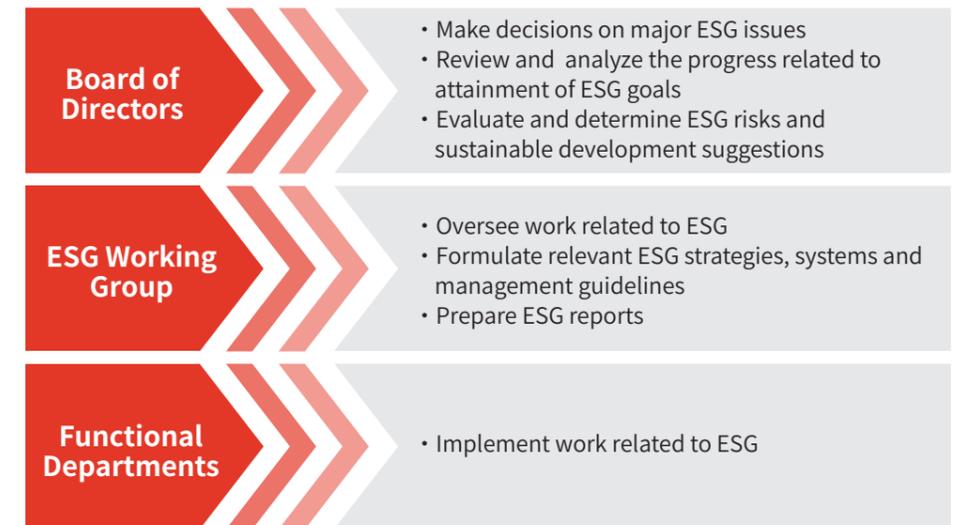


ESG Governance System

Always championing the corporate mission of "Changing China's Logistics with Containers", set the long-term goal of sustainable development, established the three-tiered ESG management structure in which the board of directors plays a leading role, achieved timely, effective, multi-dimensional communication with various stakeholders through multiple channels, and won the trust and support of the capital market, creating sustainability value for society at the same time.

ESG Governance Structure

By establishing a complete ESG governance structure, Zhonggu Logistics has comprehensively incorporated the concept of sustainability into all links of routine operations and management. The Company has established the three-tiered ESG management structure composed of the Board of Directors, ESG Working Group and functional departments. As the highest decision-making body, the Board of Directors is responsible for overall planning the Company's ESG work from a global perspective. Also, the Board of Directors is responsible for supervising, deliberating and making decisions on the ESG strategy and goals, and discussing major issues and risk identification results. The Company has also established an ESG Working Group, headed by the Secretary of the Board of Directors responsible for annual reporting to the Board of Directors. The heads of each functional department serve as members of the group supervising the implementation of ESG work by each functional department. Each functional department is responsible for carrying out specific ESG work and ensuring the actual progress.



ESG Governance Structure

The three-tiered ESG governance structure with clear rights and responsibilities helps Zhonggu Logistics to carry out ESG work effectively, better tackle ESG. Zhonggu Logistics ensures that the concept of sustainability is implemented in all aspects to enhance the performance in social responsibility and sustainability.

Stakeholder Communication

Given the opinions of stakeholders are very important for formulating and implementing the sustainable development strategy, and based on the characteristics of different stakeholders, we keep deeper and broader communication and exchange with them through various channels including the mechanism for normalized and diversified two-way communication.

Meanwhile, we timely make work plans according to the appeals and expectations of all stakeholders, to contribute to the long-term sustainable development. Our key stakeholders include government and regulatory authorities, shareholders, investors, employees, clients, contractors/suppliers and community/environmental representatives. And we have conducted irregular communication with stakeholders in six areas, including economy, corporate governance, environment, staff, supply chain.

Stakeholder	Key Concern	Communication Mechanism
Government & regulatory authorities	Tax transparency Anti-corruption Environmental compliance	Information disclosure Feature reports Spot checks
Shareholders & investors	Corporate governance Risk management Market performance Economic performance	Shareholders' meetings Information disclosure SSE E-interactive Roadshows Site visits
Employees	Equal employment Diversity & equality of opportunity Employee care Training & education Occupational health & safety	Staff congress meetings E-school Employee satisfaction surveys Discussion & communication
Clients	Client satisfaction Client privacy protection Optimization of ship operation Safety management	Client satisfaction survey Communication and complaint channels Trade shows & promotional campaigns
Contractors/Suppliers	Responsible sourcing Environmental & social assessment of suppliers	Signing of a contract/ agreement Supplier training Summits
Representatives of communities/ environmental groups	Community interest Environmental compliance GHG emission Wastewater discharge management	News media Field investigation

Issues of Major Concern

To understand the environmental, social and governance issues of concern by stakeholders more deeply and objectively, Zhonggu Logistics has identified the major issues of great concern to internal and external stakeholders, through soliciting the opinions of stakeholders and comprehensively considering the factors of policy orientation, industry development and corporate development. We will response the issues concerned by all parties in this report, and fulfill relevant environmental, economic, and social responsibilities.

Benchmarking analysis

- Analyze the issues of concern by the capital market and rating agencies
- Focus on macro policies, industrial policies and regulatory requirements
- Benchmark information on peer best practices, business characteristics and so on

Stakeholder survey

- Organize internal interviews with the management and other employees
- Design and issue questionnaires of internal and external stakeholders

Identify the issues related to sustainable value co-creation

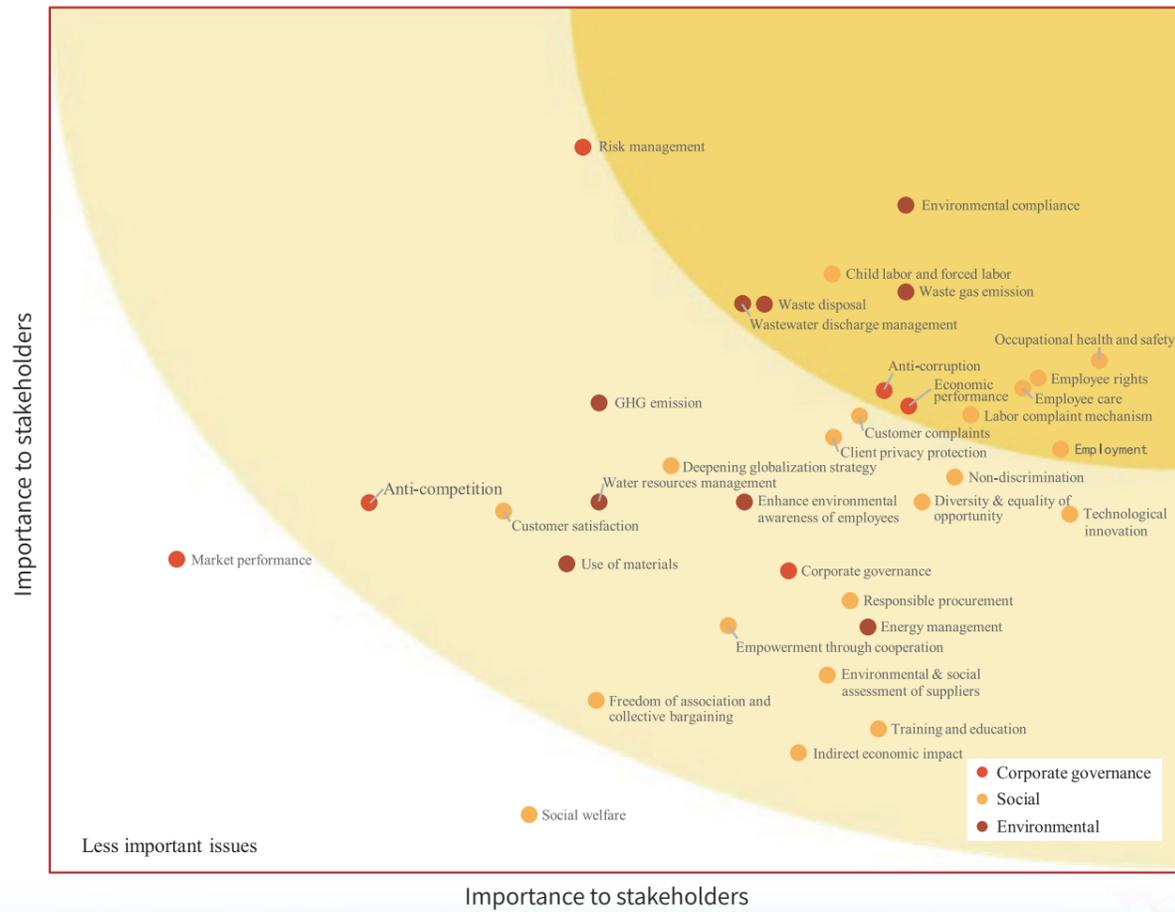
- Form a matrix of major issues according to priority issues of concern by all stakeholders
- Focus on disclosing relevant issues in the Report
- Importance to stakeholders
- Strategic importance to Zhonggu Logistics

Form an analysis matrix of substantive issues

- 12 highly important issues
- 21 moderately important issues
- 2 less important issues



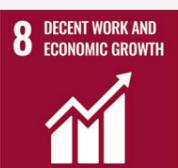
Moderately important issues Matrix of ESG-related major issue in 2023 Highly important issues



Response to SDGs

Zhongguo Logistics actively contributes to the realization of 17 SDGs, aiming to make due contributions to global sustainable development. Zhongguo Logistics has incorporated the SDGs into the ESG management structure in line with the 2030 Agenda for Sustainable Development. When developing ESG strategies, Zhongguo Logistics pays special attention to major issues of the industry to which the Company belongs, to ensure the proper and positive responses to the SDGs.



SDGs	Response action of Zhongguo Logistics	SDGs	Response action of Zhongguo Logistics
	Establish the sound internal safety management framework and occupational health assurance system, and organize diversified safety and health trainings, to enhance the safety awareness of employees		Create a diverse and equal employment environment in which all personnel enjoy fair and equitable employment opportunities, and pursue the distribution rationality in employee gender, age, and region
	Establish a diversified talent cultivation system to help employees further improve their abilities and occupational value		Vigorously implement the strategy of "shipping loose cargo via containers" and boost construction of sustainable communities
	Emphasize workplace equality, provide male and female employees with the same development platforms and opportunities		Establish a sound container management and shipping service system to safeguard the rights and interests of consumers
	Formulate the Water Resources Management Plan for Ships and other rules and policies to strengthen scientific and unified management of water-related projects of the Company		Reduce the emissions of greenhouse gases and harmful gases in strict accordance with the emission requirements of various countries and regions, and build green ships
	Use high-quality fuel for all self-owned ships according to national environmental requirements, and continuously reduce the fuel consumption of ships		Strengthen the utilization of water resources and wastewater disposal and discharge of ships, to reduce water consumption and prevent water contamination
	Establish and improve the internal compensation and benefit system based on employees' capabilities and performance in consideration of market levels		Improve the corporate governance structure, strengthen anti-fraud management, supplier integrity promotion and anti-corruption publicity, to reinforce the foundation for sustainable development
	Increase investment in R&D, and promote transformation of digital shipping with focus on informatization, digitalization and intellectualization		Formulate and implement the bidding/tender process, and follow the principle of fair and equitable procurement, to ensure business with suppliers in good faith

Leading in Low-carbon Shipping

In response to China's "carbon peaking and carbon neutrality" goals and International Maritime Organization's (IMO) strategy of "reaching net-zero GHG emissions from international shipping by or around 2050", the shipping industry is pursuing green and low-carbon development as an inevitable trend. In the face of risks and opportunities for climate change, Zhongguo Logistics has taken some positive low-carbon measures for all business aspects, to comprehensively promote the low-carbon transformation. We are sticking to environmental compliance, taking environmental compliance as the bottom line, and further reduced the impact of pollutant emissions on the environment, while safeguarding ecological value through resource conservation, biodiversity protection, etc.



Tackling Climate Change >>>

On the basis of ensuring compliance in environmental management, Zhonggu Logistics actively explores the possibility of alleviating pressure from climate change and environmental pollution in a scientific and forward-looking manner. We well-established the climate change governance structure, according to the disclosure suggestions of the Task Force on Climate-related Financial Disclosures (TCFD), we have comprehensively identified climate change risks and opportunities, and made clear the management strategy and action path for tackling climate change. In addition, we have set multiple indicators for tackling climate change, to achieve quantitative analysis and precise review through monitoring indicator changes.

Climate Change Governance

We have incorporated climate change related management functions into our three-tiered ESG management structure, established a transparent communication mechanism, efficiently integrated various management departments, and enhanced the effectiveness of climate change governance.



Strategy of Climate Change Governance

Zhonggu Logistics has developed the scientific climate change management strategy. Through analyzing climate scenarios, identifying and evaluating climate change risks and opportunities, we have identified short-term, medium-term and long-term physical risks and transition risks, as well as opportunities related to energy, products and services. Specially, physical risks include acute and chronic risks, while transition risks include the risks related to policies, laws, technologies, markets, and reputations. Additionally, we have developed management strategies and implementation plans, including the short-term, medium-term and long-term strategies for addressing climate change (based on the identified risk exposure and the existing risk management plan). Furthermore, we have prioritized each management initiative to ensure effective implementation.

Risk category	Risk name	Risk description	Potential financial impacts
Physical risks	Acute risks	Tsunami, rainstorm and other natural disasters	It is likely to cause damage to shipping infrastructure, ships, and cargoes, and interrupt the transport process. The ships, crew and cargoes are exposed to risks, which might result in delayed shipment and claims for damage to the cargo.
	Chronic risks	Extreme weather conditions such as typhoons and cyclones	Typhoons or cyclones will affect the navigation speed and direction of ships, which might further result in deviation/ rerouting or delay, or hinder berthing of ships. As a result, the ships will fail to arrive and berth at ports and deliver goods to downstream firms in a timely manner, indicating a higher risk of contract breach.
		Global average temperature rise	Long-term climate changes such as average temperature rise and extreme wind speed change easily affect shipping time, channel selection and transport efficiency, which might also affect the site selection and future construction of port facilities.
			Increase in the operating cost: write-off and early scrapping of existing assets; and more difficulty in transport.
			Increase in the operating cost: write-off and early scrapping of existing assets; and more difficulty in transport.
			Increase in the operating cost: changes in the navigation channel result in an increase in fuel consumption and time costs

Risk category		Risk name	Risk description	Potential financial impacts
Physical risks	Chronic risks	Sea level rise	If the sea level rises, some ports located below the sea level may sink and become unusable. In this case, we have to change the navigation route, which will increase operating costs. In addition, tidal changes affect the sedimentation and trafficability of navigation channels.	Increase in the operating cost: changes in the navigation channel result in an increase in fuel consumption and time costs, and write-off and early scrapping of existing assets.
		Ocean acidification and damage to marine biodiversity	Ocean acidification accelerates the corrosion of ships, port infrastructure and related infrastructure and facilities, thus needing high maintenance costs.	Increase in the operating cost: higher maintenance cost
Transition risks	Policies and legal risks	Changes in requirements and regulation	Various countries are successively formulating relevant laws and regulations on tackling climate change. The Chinese government never stops the pace of promoting green shipping and supporting the low-carbon transformation of the shipping industry, having raised more stringent requirements for energy use by enterprises. In addition, the IMO has envisaged a reduction in carbon intensity of international shipping in its Initial Strategy on Reduction of GHG Emissions from Ships. Furthermore, China has promulgated some laws, regulations or restrictive clauses on climate change and ecological protection, which causes certain restriction or impact on our ocean freight forwarding business and may bring some legal litigation risks.	Increase in the operating cost: more penalties caused by higher compliance risks.
		Carbon market and trading	After the opening of the national carbon market, carbon trading prices may rise, which in turn will affect the Company's internal environmental management, operating decisions, and operating costs.	Increase in the operating cost: higher cost of carbon reduction.
		Control over atmospheric pollution from vessels	In 2018, the Ministry of Transport of China issued the Implementation Plan for Ship Air Pollutant Emission Control Area .. From January 1, 2020, new Guidelines for Supervision and Management of Atmospheric Pollutant Emissions from Vessels was implemented, which puts forward new requirements for the sorting and supervision of atmospheric pollution from vessels.	Increase in the operating cost: more penalties caused by higher compliance risks.

Risk category		Risk name	Risk description	Potential financial impacts	
Market Risk	Market Risk	Rise in energy prices	The rising carbon tax cost of crude oil and the application of fuel cleaning technology make fuel oil prices rise.	Increase in the operating cost: rise in fuel prices	
		Changes in client behaviors	Our clients have proposed requirements for reducing carbon emissions in container transport or prefer energy transport services without or with less carbon emissions.	Income decline: decrease in demand for services.	
Transition risks	Technical risks	Research and development of energy-saving and emission reduction technologies	If there is no system or new technology for replacing traditional fuels, we may be affected by rising fossil fuel prices and regulatory regulations.	Increase in the operating cost: more investment in research and development, and an increase in research and development costs.	
		Reputation risk	Disclosure of information related to environmental performance	Investors, regulatory agencies, clients, and other stakeholders have raised higher information disclosure requirements for the shipping industry in tackling climate change. Non-compliant management or incomplete environmental performance disclosure will undermine our reputation and image.	Income decline: decrease in demand for services.
			Intense competition in environmental performance among enterprises	Investors and clients may choose competitors with better environmental performance, possibly resulting in a decrease in the Company's revenue.	Income decline: decrease in demand for services.

Zhonggu Logistics proactively identifies the opportunities from climate change, aiming to convert challenges into a new driving force for development. We are fully aware that the ongoing global climate change is not only a test, but also an opportunity for transformation. Therefore, by identifying and analyzing climate change conditions, we strive to accurately grasp the market opportunities from climate change, optimize our strategic layout and seize market opportunities first.

Opportunity type	Climate-related opportunities	Response strategy	Time dimension
Energy sources	Rise of new technologies	To cope with adverse factors such as possible unavailability of traditional energy, Zhonggu Logistics will increase the proportion of renewable energy to ensure business continuity.	Mid-term
Market	Climate change affects clients' choice of transport means	Compare with other transportation, such as air transport, road transport and rail transport, shipping is superior in terms of reducing CO ₂ emissions per ton-kilometer. In addition, shipping is highly adaptable to certain extreme weather conditions such as heavy snow. Therefore, more and more clients, to meet their needs for better development, may prefer to choose shipping, changing their transport means.	Long-term

Risk Management

To improve the efficiency of controlling climate change risks, Zhonggu Logistics integrates the climate change risk control process and the overall risk control process, and actively evaluates and deals with the identified climate change risks, to ensure they are controllable. Taking physical risks as an example, we carry out risk management work from both institutional and technical perspectives to ensure the business stability and continuity. Actively seizing opportunities related to climate change and relying on our own technological advantages, we have incorporated the low-carbon concept into our products and services to promote the development of green shipping (see the "Low-carbon Sailing" section for details).

Institutional guarantee

- In order to effectively deal with the physical climate risks caused by extreme weather and natural disasters, Zhonggu Logistics has developed emergency manuals and extreme weather prevention instructions related to climate change, including the Ship/Shore Emergency Manual and the Instructions on Typhoon Prevention and Resistance. By implementing relevant regulations, Zhonggu Logistics can effectively minimize physical climate risks, ensure the safety of personnel, ships and cargoes, and guarantee the stability and safety of business operations.

Technical guarantee

- The Company has launched meteorological navigation services for ocean routes, and achieved precise navigation through the route design by specialized meteorological navigation companies, thus effectively avoiding the impact of extreme weather on ship safety and effectively ensuring the safety production. During the reporting period, all ships of ours were not disturbed or damaged by extreme weather events such as typhoons and rainstorms.

Indicators and Objectives

Zhonggu Logistics, having incorporated climate change indicators into the scope of data collection and management, regularly discloses relevant data to enhance information transparency. Climate change indicators during the reporting period are shown in the table below:

Indicator	Unit	2023	2022	Changes
Category 1 Total GHG emissions	Ton of CO ₂ equivalent	1,005,206.41	885,729.93	13.49% ↑
Category 2 Total GHG emissions ⁵	Ton of CO ₂ equivalent	1,765.64	579.34	204.77% ↑
Total GHG emissions	Ton of CO ₂ equivalent	1,006,972.05	886,309.28	13.61% ↑
GHG emissions intensity	Ton of CO ₂ equivalent/ million Chinese Yuan	80.95	62.38	29.77% ↑
Total direct energy consumption ⁶	kWh	3,745,413,597.62	3,308,066,144.56	13.22% ↑
Gasoline	kWh	1,622,251.42	1,431,532.12	13.32% ↑
Diesel	kWh	310,356,964.81	288,077,799.10	7.73% ↑
Low sulfur fuel oil	kWh	3,409,340,532.30	2,989,788,958.83	14.03% ↑
Lubricating oil	kWh	24,093,849.09	27,153,755.46	-11.27% ↓
Total indirect energy consumption ⁷	kWh	1,678,000.00	1,614,100.04	3.96% ↑
Purchased electricity	kWh	1,678,000.00	1,614,100.04	3.96% ↑

⁵ To control fuel consumption and reduce carbon emissions, our shore power usage after ship docking increased in 2023.

⁶ Direct energy consumption includes gasoline, diesel, low sulfur fuel oil and lubricating oil.

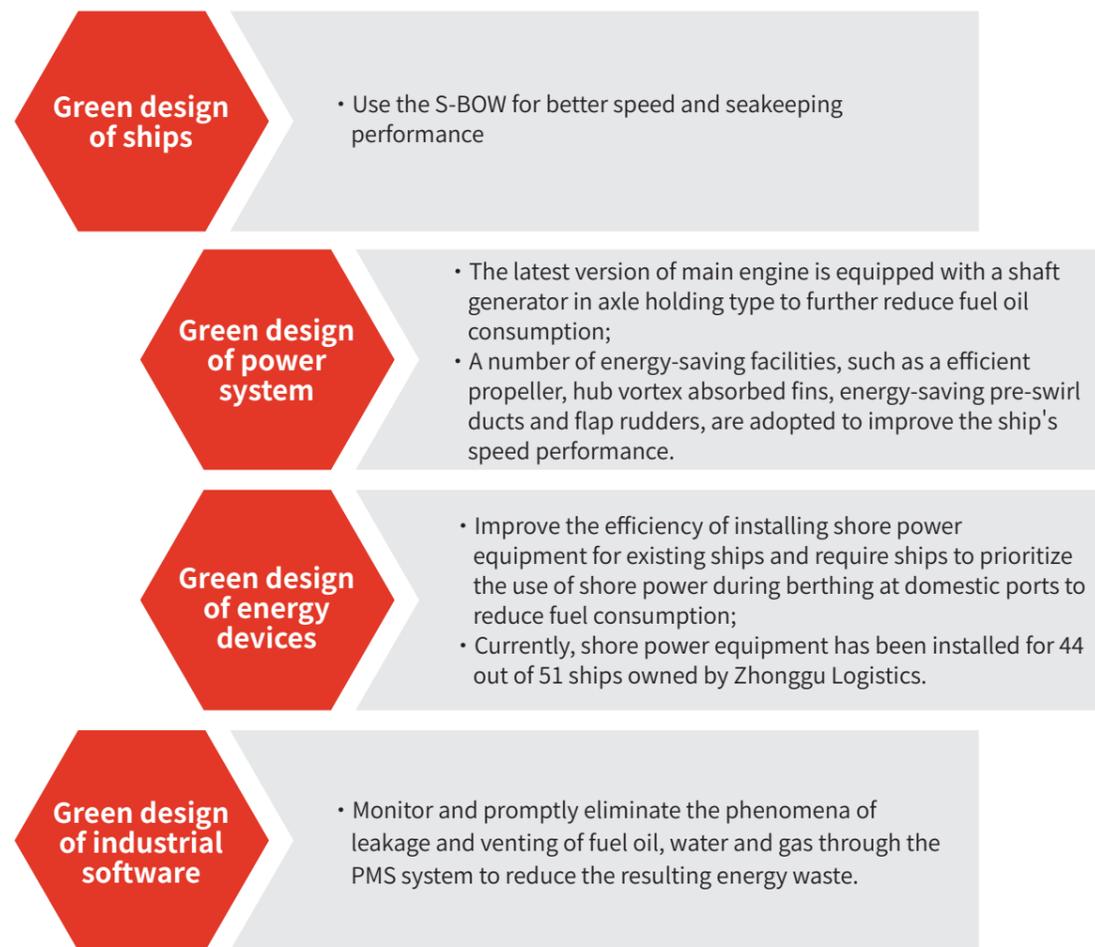
⁷ Indirect energy consumption comes from purchase of electricity.

Low-carbon Sailing >>>

Zhonggu Logistics has incorporated the low-carbon concept into the whole process of preliminary planning, business operation and daily work. We have formed a business philosophy of green ships and rooted low-carbon genes from the source. Meanwhile, through effective fuel management, we have reduced carbon emissions in the shipping process. Besides, we have fully implemented the green office concept and established the green and low-carbon corporate culture where everyone participates.

Green Ships

Upholding the business philosophy of green ships, Zhonggu Logistics, on the basis of comprehensively taking into account the resources, energy, environments and attributes of ships, has further optimized the ship types, power systems, energy devices, etc., improved the capability of the ship industry in software innovation and application, and enhanced the green level of ship operation from the source.



Fuel Management

Effective management of fuel oil as a key energy source for shipping is crucial for the low-carbon development of the shipping industry. Zhonggu Logistics has established the Energy Management System for all management departments and unveiled the Fuel Management Measures, to strictly regulate the fuel procurement, bunkering, storage and use, achieving closed-loop management in fuel efficiency improvement. The above measures not only apply to all our self-owned vessels, but also extend to chartered vessels, which has comprehensively improved the fuel efficiency.

During the reporting period, on the basis of achieving acceleration of ships, Zhonggu Logistics set clear quantitative targets for the fuel consumption per hundred nautical miles for each ship and designed the implementation path. As a result, we reduced average fuel consumption of self-owned ships by more than 5% on a YoY basis, with a total fuel saving of over 20,000 tons throughout the year.



Green Office

Actively implementing the concept of green office, Zhonggu Logistics not only has achieved green renovation of office facilities, but also has developed multiple regulations and initiatives on energy saving and environmental protection applicable to all employees. In addition, we carried out many environmental activities during the environmental theme day and public welfare volunteer activities to guide people to establish green environmental awareness and green culture where everyone participates.

During the reporting period, Zhonggu Logistics further promoted green office measures, striving to make the low-carbon and environmental protection concept rooted in the daily work of every employee.

Saving domestic water

- We installed sensor faucets that can be automatically turned off after a fixed time, to effectively avoid water waste.

Promoting paperless office

- We've improved office efficiency and saved resources through online approval process.
- During the reporting period, we reduced the use of 160 kilograms of paper on a YoY basis.

Reducing electricity usage

- We installed voice-activated lights to avoid unnecessary electricity consumption caused by forgetting to turn off the lights.

Green business travel

- We encourage employees to prioritize public transport means such as high-speed trains, buses and subways to reduce the impact of business travel on the environment.

Ecological Co-construction

Regarding environmental compliance as the bottom line and principle of business operations, Zhonggu Logistics strictly abides by relevant laws, regulations, and industry standards of business locations, and minimizes the impact on the environment while ensuring compliant emissions. In addition, we strive to achieve harmonious coexistence between economy and ecology by enhancing resource conservation and biodiversity protection.

Emission Management

Always following the principle of compliant emission, we have optimized internal management systems and measures according to external regulatory requirements, to ensure compliant discharge of wastewater, waste gas and waste. Meanwhile, we have comprehensively strengthened environmental education of crew members to enhance their compliance awareness from the source, which lays a foundation for emission management.

Wastewater Management

The wastewater that causes pollution to the ocean during shipping is mainly composed of oily sewage, ballast water and domestic sewage. In strict accordance with laws and regulations such as Water Pollution Prevention Law of the People's Republic of China, Marine Environmental Protection Law of the People's Republic of China, Regulations on the Prevention of Marine Environmental Pollution by Ships, Emission Standards of Pollutants from Ships, and International Convention for the Prevention of Pollution from Ships, Zhonggu Logistics has followed the requirements for compliant discharge and disposal of ship wastewater, and established a targeted management mechanism for different types of wastewater, to ensure comprehensive compliance.



Oily sewage management

- **Refined management:** through process analysis, review and summary, we have reduced the slag yield of residues after cooking oily sewage, implementing the system of accountability for ships that exceed the standards.
- **Emission supervision:** For the discharge of oily wastewater, each vessel for foreign trade is equipped with an oil-water separator and a 15 PPM monitor. For the purpose of traceability, the fleet timely records the discharge of oily wastewater in the Oily Wastewater Logbook, and the maintenance department regularly inspects the ship's wastewater control facilities onboard.
- **Optimization and rectification:** The Company actively seeks problems through interviews on all our self-owned vessels to check the generation, management and discharge of oily wastewater from ships, and propose rectification measures for the problems found.

Ballast water management

- **Reasonable planning:** In accordance with the International Convention on the Control and Management of Ships' Ballast Water and Sediments issued by the IMO, Zhonggu Logistics has developed ballast water-related management plans to ensure compliance in terms of ballast water.
- **Technical upgrade:** All of the Company's current ballast water treatment systems adopt the technical means of mechanical treatment (filtration) and physical treatment (nitrogen asphyxiation method) to continuously improve the efficiency of ballast water treatment.
- **Certification guarantee:** All ships of the Company have complied with the D-2 standard (Biological and Hygienic Standards for Ship Ballast Water Treatment) since 2017, and all ship ballast water treatment systems are in compliance with USCG certification.

Domestic sewage management

- **Storage compliance:** Our vessels are equipped with domestic wastewater storage tanks and the off-board direct sea valve is cut off to eliminate non-compliant storage.
- **Efficient disposal:** All domestic wastewater must be treated by domestic wastewater treatment devices. We regularly cultivate microorganisms and apply disinfectant tablets to reduce the pollutants in domestic sewage.
- **Emission control:** The domestic wastewater is discharged into the sea 12 nautical miles away after being pulverized in strict accordance with the discharge rate requirements. The qualified domestic wastewater after biochemical treatment may be pulverized and discharged to places 3 nautical miles offshore according to the discharge rate. In waters where discharge is not allowed, such as the inland sea of China, any wastewater is taken back to shore for disposal.

Wastewater discharge conditions during the reporting period are as follows:

Category	Subcategory	Unit	2023	2022	Changes	
Wastewater	Production wastewater	Ton	2,296.54	2,453.62	-6.40%	↓
	Domestic wastewater	Ton	11,858.20	13,960.00	-15.06%	↓
	Total amount of wastewater discharge ⁸	Ton	14,154.74	16,413.62	-13.76%	↓
	Wastewater discharge intensity by revenue	Ton/million Chinese Yuan	1.14	1.16	-1.49%	↓

Waste Gas Management

Zhonggu Logistics has formulated the Implementation Instructions for Ship Air Pollution Emission Control Areas in China's Sea Areas in strict accordance with Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Implementation Plan for Ship Air Pollutant Emission Control Area and other laws, regulations and rules to reduce the impact and pollution of waste gas pollutants (such as sulfur dioxides, nitrogen oxides and particulate matters) generated by fuel combustion on port cities, coastal and riverside areas when ships are sailing or docking at ports.

We continuously improve the effect of waste gas management through fuel substitution and process optimization, and regularly review and supervise waste gas emissions from ships. On the basis of ensuring compliant waste gas emissions, we actively evaluate the effectiveness of waste gas emission reduction measures.

Fuel substitution

We use low sulfur fuel oil to reduce emissions of atmospheric pollutants such as sulfur dioxide.

Process optimization

We regularly maintain the oil separators and oil head exhaust valves to ensure their full combustion and reduce harmful waste gas emissions.

⁸ The total wastewater discharge includes production wastewater and domestic wastewater. The production wastewater only refers to the wastewater generated during the ship transport that does not meet the discharge regulations. Any other production wastewater is discharged into the ocean after being disposed of and meeting the discharge conditions in strict accordance with the relevant national laws and regulations. The reason for the substantial increase in the amount of domestic wastewater in 2022 is that the statistical caliber has been adjusted: the statistical caliber for 2021 was the domestic wastewater that was withdrawn from the shore, while the statistical caliber for 2022 was the sum of freshwater installed and freshwater generated onboard.

Our waste gas emissions during the reporting period are as follows:

Category	Subcategory	Unit	2023	2022	Changes
Waste gas	Nitrogen oxide	Ton	25,517.07	17,678.50	44.34% ↑
	Sulfur oxides	Ton	3,690	2,466	49.64% ↑
	Particulate matter	Ton	631.26	422.00	49.59% ↑
	Total waste gas emissions	Ton	43,115.06	20,567.04	109.63% ↑
	Waste gas emission intensity by revenue	Ton/million Chinese Yuan	3.47	1.45	139.31% ↑

Waste Management

Zhonggu Logistics has formulated the Instructions for Ship Pollution Prevention and Management, the Pollution Prevention Code, the Pollutant Identification Regulations and other systems in strict accordance with the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Marine Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes and other laws and regulations, to improve the effectiveness of management and minimize the pollution of wastes to the marine environment.

For all our ships, we have formulated the Ship Garbage Management Plan in accordance with the International Convention for the Prevention of Pollution from Ships, which provides strict regulations on the disposal and discharge of all wastes generated, thereby standardizing the waste classification, storage, and disposal after berthing. In addition, we have established the waste tracking and management mechanism, which clarifies the waste management measures of relevant personnel in the forms of lists and archives, to facilitate any form of supervision and traceability.

Domestic waste, cargo related waste and maintenance waste

- Sorted and stored centrally, and those meeting the specified conditions may be burned in an incinerator during voyages or discharged after processing and treatment in accordance with regulations.

Waste containing hazardous or dangerous substances (electronic waste, expired medicines, etc.) & plastic waste including waste mixed with plastic

- Apply in advance and submit it to the health and quarantine department for processing after approval.

Waste Disposal Measures of Zhonggu Logistics

Our waste emissions during the reporting period are as follows:

Category	Subcategory	Unit	2023	2022	Changes
Waste	Total amount of harmless waste ⁹	Ton	675.20	706.40	-4.42% ↓
	Harmless waste emission intensity	Ton/million Chinese Yuan	0.05	0.05	8.56% ↑
	Total amount of hazardous waste ¹⁰	Ton	1,551.00	1,359.00	14.13% ↑
	Hazardous waste emission intensity	Ton/million Chinese Yuan	0.12	0.10	24.69% ↑

Resource Management

Zhonggu Logistics achieves ecological co-construction mainly through resource conservation, and water resources are particularly important for our business operations. In order to realize efficient water resource utilization, we have formulated multiple institutional documents including the Plan for Water Resource Management of Ships and the Implementation Plan for Reducing Freshwater Consumption of Domestic Trade Ships, to control the use of water resources for ships. Meanwhile, we strictly prevent and control the waste of water resources caused by equipment leakage and venting.

During the reporting period, the total amount of freshwater filled for 16 domestic trade ships subject to water resource management assessment was reduced by 3,709 tons or 11% on a YoY basis.

Less freshwater consumption

- Implementing a cross-sectional comparison among ships in the water consumption, we've identified the measures for reducing freshwater use and taken such measures in the fleet. During the reporting period, we usually used river water to clean the decks of our ships to reduce the freshwater consumption.

Seawater desalination

- Each vessel of Zhonggu Logistics is equipped with a freshwater generator during international voyages, the distilled water is stored in a freshwater tank for daily life, engine-room equipment and cooking. During the reporting period, the seawater desalination amount of our international vessels was 39,037.2 tons.

⁹ Harmless waste includes ship solid waste returned to the shore and domestic waste in offices.

¹⁰ Hazardous waste includes oily sludge and batteries, and the batteries were counted for the first time in 2023.



Deeply Exploring Customer Value

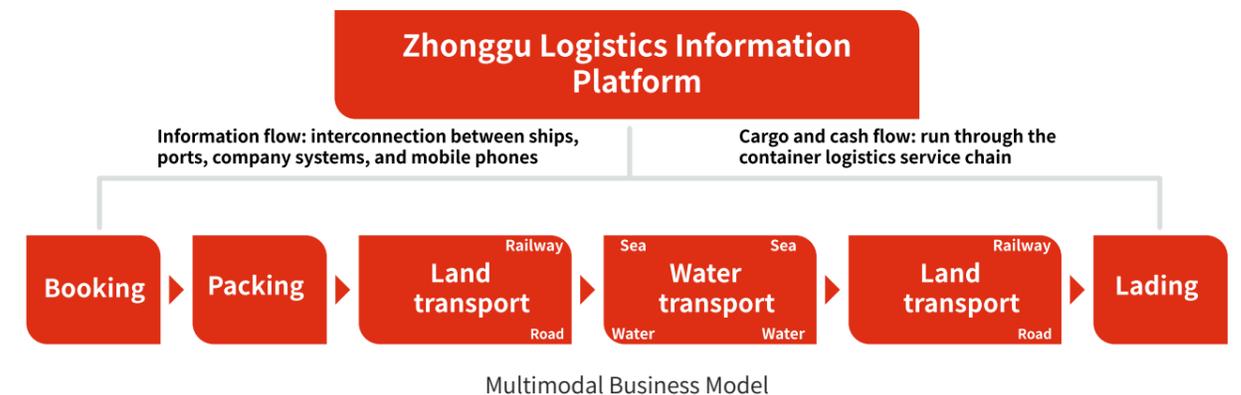
The Company has been offering clients from industrial and agricultural commerce safe, efficient, green and convenient whole-process multimodal transport services, powered by standard containers and big data. We have maintained rapid and healthy development over the years, championing the corporate mission of "Changing China's Logistics with Containers", the core values of "Loyalty, Sincerity, Diligence" and the corporate vision of "Leading the development of China's logistics, serving the society, and empowering employees". Continuously improving service quality, we always empower business development with technological innovation, and create long-term value for our clients.

Multiple Routes

Zhonggu Logistics has been able to provide multimodal logistics services by water and land transport. Our business covers more than 100 ports in dozens of provinces and cities in China. We have more than 200 offices and branches in China, operate more than 100 container ships, and enjoy dozens of domestic trade routes including boutique routes and self-operated international routes.

Creating Excellent Services >>>

Shouldering the corporate mission of "Changing China's Logistics with Containers", Zhonggu Logistics actively responds to market changes and new situations through the standardized operational management mechanism, actively launch diversified routes, continuously improve service quality, and optimize customer experience to provide green, efficient, safe, and convenient logistics services to clients.





Domestic Trade Routes

The domestic trade route network of Zhonggu Logistics has covered China's coastal areas and river basins. At present, we have opened more than 60 Chinese coastal routes, more than 30 Yangtze River routes and more than 160 Pearl River routes. The Company's shipping network covers 25 major coastal ports and more than 50 inland ports in China. Through the organic combination of ports, routes, and intermodal routes, we have established a comprehensive and multi-level multimodal integrated logistics system, focusing on building the sea transport and logistics mega-system formed by connecting the Yangtze River routes, Pearl River routes and China's coastal routes. To meet customers' needs for timeliness and stability of logistics, the Company has opened high-quality routes connecting major coastal ports.

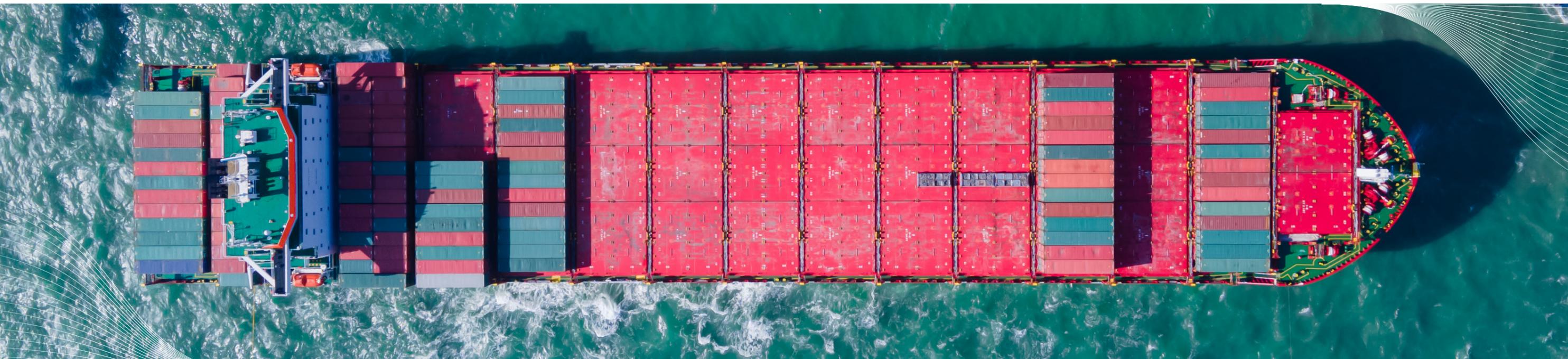
As of the end of the reporting period, Zhonggu Logistics had more than 105 ships with a load capacity of approximately 3.51 million tons and an annual container freight volume of Approx.15 million tons.

International Routes

In active response to the national call of "take the domestic cycle as the mainstay and let the domestic and international cycles promote each other", Zhonggu Logistics takes advantage of the existing domestic trade network to continuously deepen and expand near-ocean routes, with a focus on dual circulation. During the reporting period, Zhonggu Logistics rented out some ships in the form of time charter, involving five overseas countries and 12 domestic and international ports. We have achieved integrated the industry chains of transport for domestic and foreign trade and consolidated our competitive advantages in the field of foreign trade.

<p>Create competitive advantages, provide sincere services</p> <ul style="list-style-type: none"> Compared with the original CCA model for foreign trade barge, the WGO (water gate) model has lower cost and faster timeliness, gets rid of the shackles of CCA on customers, reduces the timeliness and cost of the whole process, and provides customers with more choices. In this way, it forms the core of competition for the foreign trade routes of Zhonggu Logistics. 	<p>Promote international routes with domestic trade routes based on the platform</p> <ul style="list-style-type: none"> We mobilize domestic trade barge resources, integrate and optimize the loading of Wuzhou-Nansha barge route, form a win-win situation of timeliness and benefit, and create high quality services for Zhonggu's foreign trade. 	<p>Provide a guarantee with the supporting service system</p> <ul style="list-style-type: none"> The whole process is closely connected, and we provide customers with one-to-one guide, allowing them to have time-saving, trouble-free and worry-free experience, to comprehensively improve their service experience. 	<p>Build an excellent reputation and strive for excellence</p> <ul style="list-style-type: none"> Jumping out of the geographical limitations of Nansha, we extend and expand the radiation range of foreign trade, and create a good reputation and brand reputation for Zhonggu by integrating domestic trade port, container, and barge resources, combined with domestic trade experience.
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New Mode of Internal and External Cycles

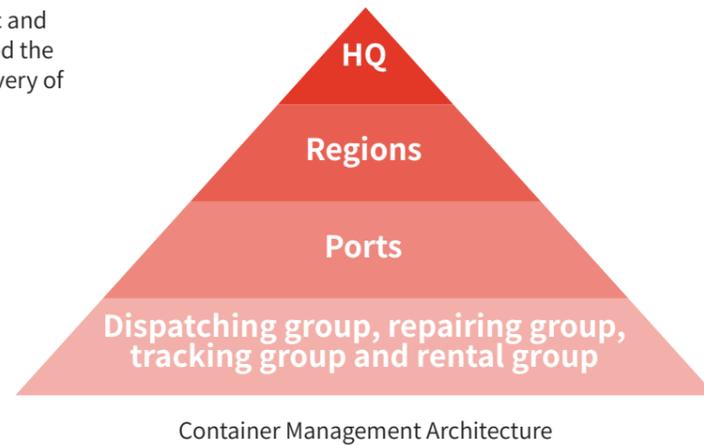


Quality Assurance

Zhonggu Logistics, always being customer-centric and valuing service quality, has continuously optimized the container management system to ensure the delivery of shipping services beyond expectations to clients.

Container Management Architecture

We have established a container management architecture with clear responsibilities, built a two-level flat management system within the container management department, and ensured the adaptation of containers and cargo through precise classification and management of containers.



Container Management System

Zhonggu Logistics has established a sound container management system, improved quality through both container management and path management, and ensured the safety and effectiveness of all transport links.

Container Management System Management

- On the basis of examining the whole life cycle of customer service, analyzing each scenario of transportation, and relying on platform technology, Zhonggu Logistics has established the container management system and a full-process management system from order placement to tracking, query, modification and statement, which further improves the service quality.

Route Management

- To improve the timeliness of transportation, we continue to strengthen the management of transportation routes, save the Company's operating costs while improving the service quality, and form a good momentum of sustainable development. In terms of transportation route construction, we conduct targeted management of conventional and changed routes. In terms of transit route construction, we aim to guide ship stowage and transit flow to speed up transit, achieve the balance of import and export, and increase the benefits of route operation.

Customer Experience

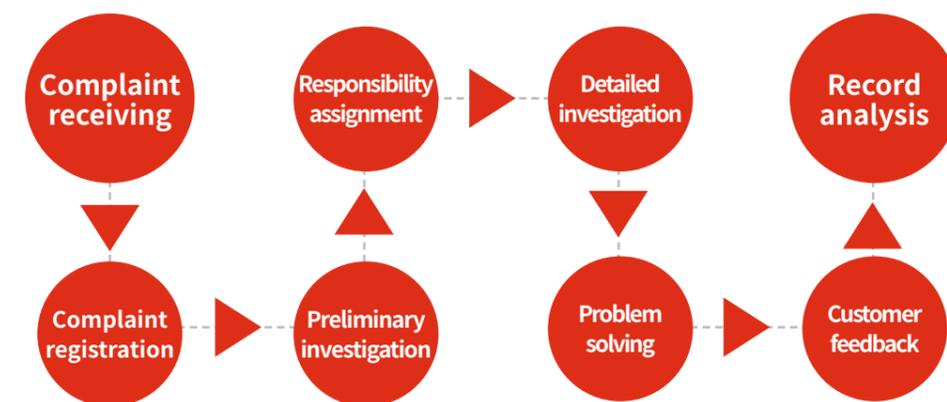
Zhonggu Logistics always pursuing customer satisfaction, continuously optimizes services for clients. We have established and improved the customer satisfaction survey mechanism, inviting customers to participate in customer satisfaction surveys through channels such as the Zhonggu e-commerce platform, WeChat official account, and circle of friends. In addition, we continuously increase the coverage of customer satisfaction surveys and encourage customers to share their true feedback through measures such as issuing coupons with the face value of RMB 100, to improve the service level. Moreover, we pay attention to customer privacy, and do not claim customers' personal information in the questionnaire survey process. According to the survey results, we will follow up customers with low satisfaction at us one by one, while optimizing and tracking customer feedback based on recording and reviewing the reasons in detail.

During the reporting period, the overall customer satisfaction rate was 97%, a year-on-year increase of 5%.

Reviewing and Optimizing Customer Feedback

Attaching great importance to customer feedback and opinions, Zhonggu Logistics has organized special optimization according to customer needs. During the reporting period, we helped an aluminum product customer always plagued by serious cargo damage in the transport process. Specifically, referring to existing steel coil packaging solutions, we customized new pallets for the customer after rounds of communication with the pallet manufacturers. Finally, we achieved stable transport of the customer's goods with the pallets produced, helping the customer reduce the cargo damage by 60%.

To improve the agility and pertinence of communication with customers, we have established an open and transparent complaint reporting mechanism and formulated the Operation Manual for Customer Complaint Handling Process and Management Measures to help customers solve problems efficiently through the standardized complaint handling process. During the reporting period, the Company received a total of 170 complaints about products and services, a YoY increase of 16.44%, and the complaint handling rate was 100%.



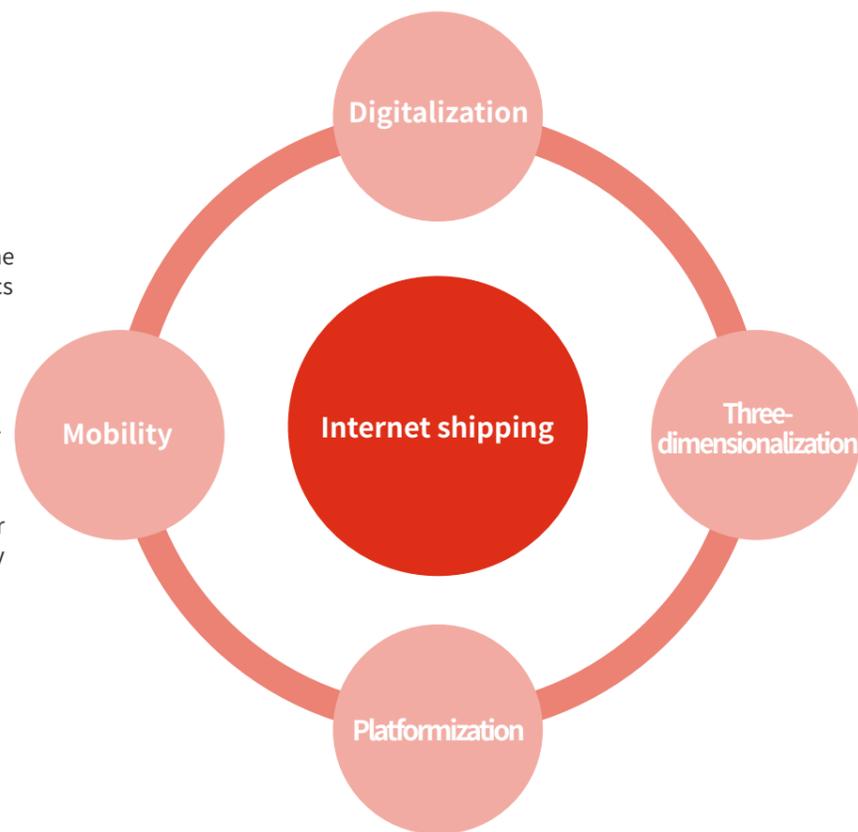
Complaint Handling Process

Digital Shipping Transformation

Digitization is vital for the shipping industry to achieve high-quality development, enhance the resource allocation capability, seize the important strategic opportunity period of accelerated changes unseen in a century, and achieve new momentum of business development. Zhonggu Logistics always pursuing "first-class company, first-class talent, first-class performance, and first-class return", we committed to promoting the digital transformation of the shipping industry and serving the national strategy of becoming a maritime power, and promoting the development of the Maritime Silk Road.

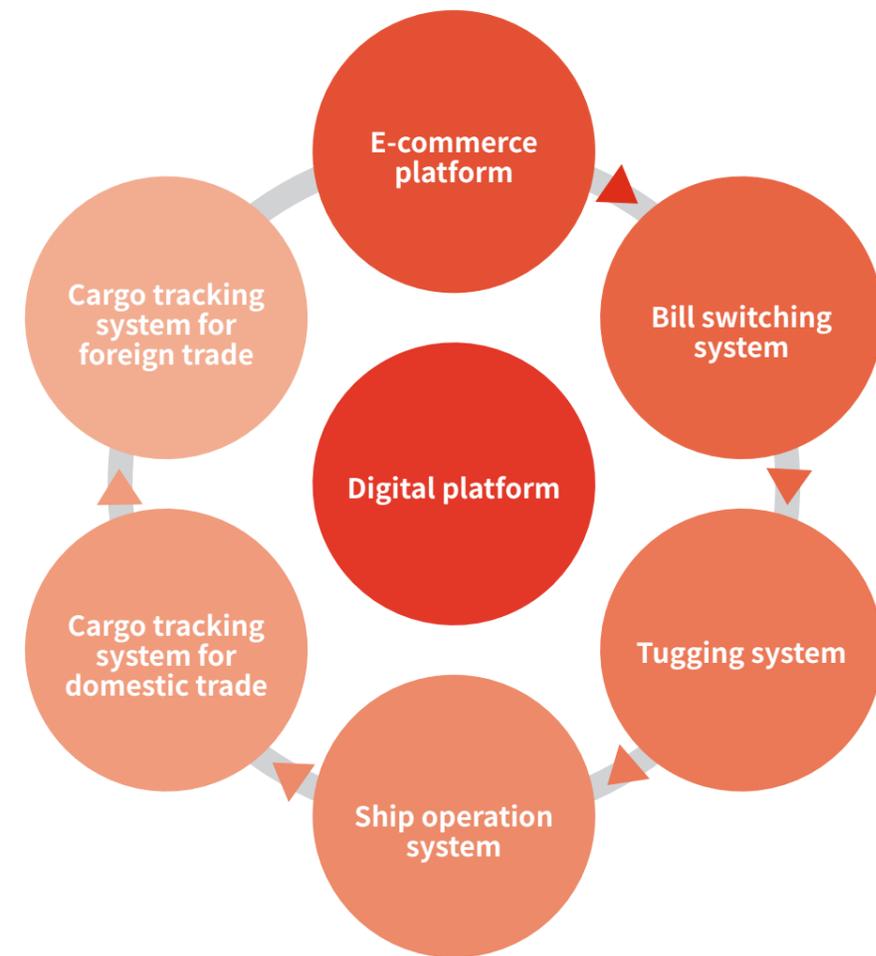
Digital Strategic Goals

In order to further enhance the internal resource allocation capability to achieve more transparent, efficient, green and safe business development, Zhonggu Logistics has clarified the development goals of the logistics system, namely "digitalization, three-dimensionalization, platformization, and mobility", and we are focusing on technological innovation, further strengthened research and development and achievement transformation. We adhere to our development goals, continuously optimize the management of digital platforms, actively carry out technological innovation, and provide solid guarantees for customers through excellent safety management.



Digital Platform Management

Zhonggu Logistics aiming to enhance the capability of business collaboration and service, actively promotes digital business and demand-driven digital practices, and exploring the intelligent and efficient digital shipping system. To improve customer experience, we have established a complete digital platform management system, and independently developed six major systems: Zhonggu e-commerce platform, bill switching system, tugging system, ship operation system, cargo tracking system for domestic trade, and cargo tracking system for foreign trade. Together, they provide customers with logistics information services throughout the process.



Digital Technology Innovation

As one of the first Chinese enterprises that have introduced the Internet into shipping, Zhongguo Logistics insists on the research, development and application of technology while making full use of technological advantages. Relying on existing technologies, we have enhanced research and development of electronic data software, RPA technology, AI recognition and other intelligent innovation technologies to enhance our business management capability.

Electronic data software

- We have achieved electronic data interchange (EDI) integration through the EDI software for the ports and yards.
- The Company has comprehensively realized e-commerce booking without written authorization. The electronic booking rate reaches up to 100%.

Robotic process automation (RPA)

- The B2B automatic data docking empowers the production of enterprises greatly.
- Through faster and more accurate processing of customers' business documents, we provide customers with more efficient and reliable services.

AI recognition

- AI photo recognition technology is used to realize the fast approval of container repair quotation, repair review, automatic account reconciliation, etc., which ensures data accuracy while improving efficiency.

We continue to accelerate the information construction, optimize passenger and cargo docking and terminal yard services through the ERP system (through which, customers can independently obtain the needed information and query the information of placing orders and releasing goods at any time), and comprehensively improve the service quality.

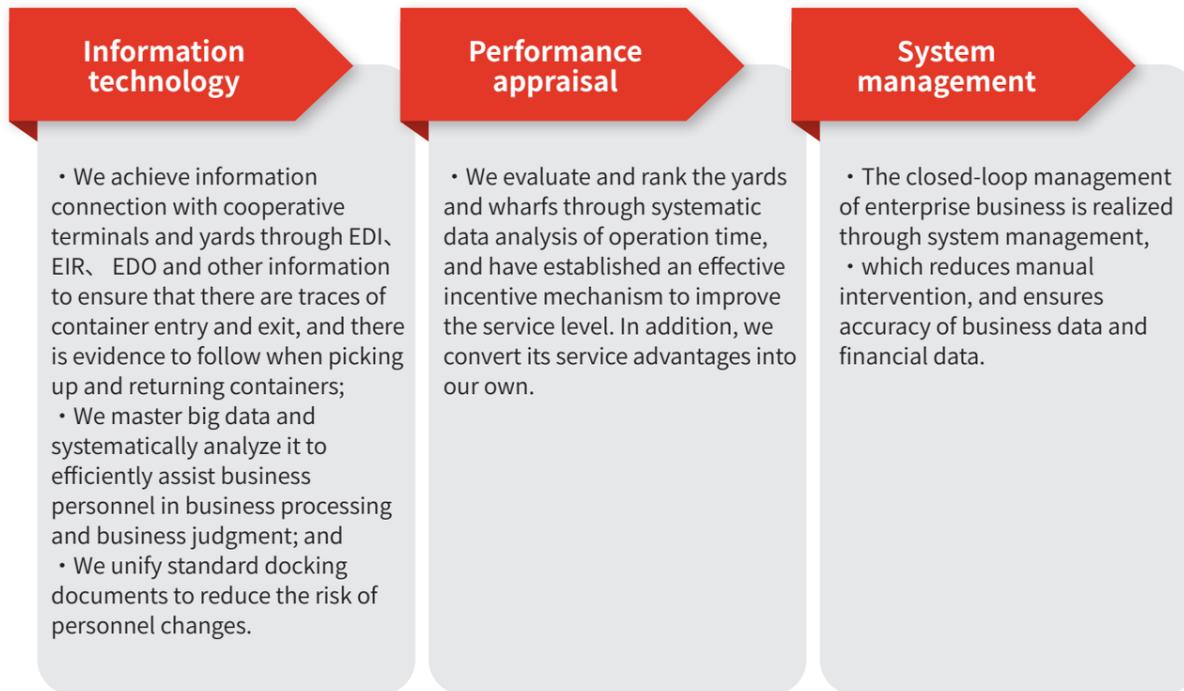
Optimization of Cargo-passenger Connection Mode

Personalized system development

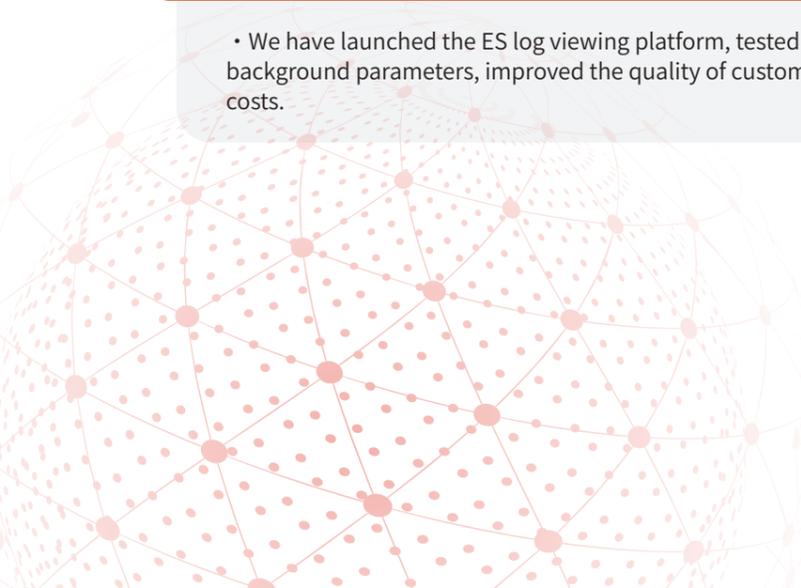
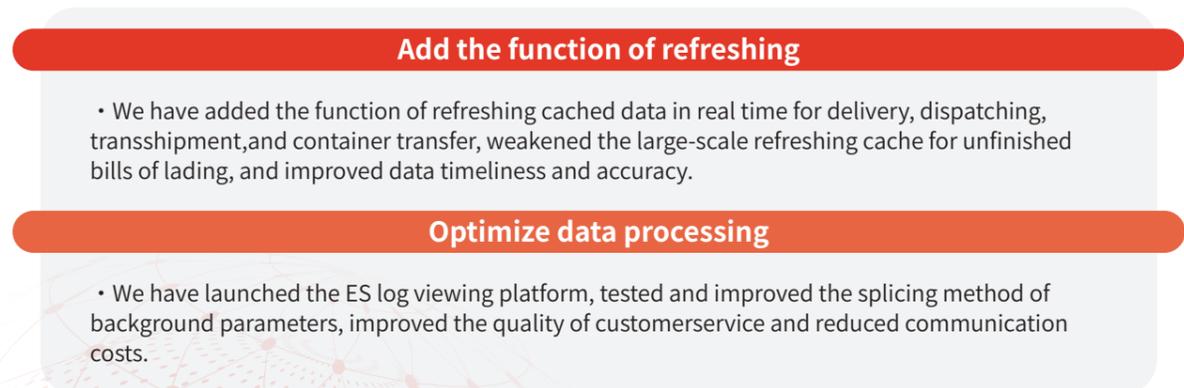
Zhongguo Logistics has developed a personalized direct customer service system called "Youke System" for major customers, to optimize the booking and transport process through high-quality online service support, management, and data support. Through the Youke System providing complete online transport service support, we can complete the tasks of accepting orders, booking services of sea transport and land transport, timely tracking and viewing the transport progress, and making statistical analysis of maintenance and transport data. The Youke System integrates third-party systems such as WeChat and DingTalk, thus facilitating mobile office.

As of the end of the reporting period, more than 360,000 waybills were cumulatively completed through the Youke System.





Optimization of the terminal yard service system and cargo tracking technology



Data Security Management

Zhongguo Logistics strictly complying with the relevant laws and regulations of business locations, and established the Information Security Management System of Shanghai Zhongguo Logistics Co., Ltd. to ensure data security. During the reporting period, Zhongguo Logistics deepened cooperation with third-party service providers, and ensured data security through security information disclosure, regular case analysis, regular business asset sorting and vulnerability scanning, ensuring the security and controllability of online external services.



Data Security Guarantee Mechanism

Strengthening Supply Chain Management

A stable and high-quality partnership is an important cornerstone for steady operation of a company. Carrying out supply chain management work in accordance with relevant laws and regulations, Zhonggu Logistics has incorporated compliance and sustainability requirements into the entire process of bidding, project approval, supplier admission and cooperation.

Bidding and project approval

- We ensure that both parties to commercial contracts carry out their work in a compliant, upright and honest manner by constantly improving the procurement system, formulating and implementing the Zhonggu Logistics Supplier Management Measures, the Basic Rules for Bidding and Procurement, the Anti-Commercial Bribery Agreement and other rules and regulations, and standardizing the bidding process.

Supplier admission

- Continuously improving the supplier credit management measures, we review the supplier's credit information in advance before cooperation, to reduce the risk of selecting improper suppliers, so as to further strengthen the ex-ante risk control of business.

Supplier cooperation

- We comprehensively evaluate supplier performance through various methods, and tailor relevant training courses for suppliers according to monthly evaluation results and current operational conditions, to further standardize the business behaviors of suppliers.

In addition, we actively empower our suppliers, helping them to improve delivery quality and sustainability performance.

Supplier Delivery Capability Trainings and Symposiums

During the reporting period, Zhonggu Logistics opened various training courses and held region-level offline symposiums for more than 1,000 suppliers to solve specific difficulties encountered by suppliers in the cooperation process so as to enhance their delivery capability. On the basis of gaining an in-depth understanding of the transport capacity planning of each supplier, we provided specific solutions to the transport related problems of suppliers, to better respond to the business surge from "shipping loose cargo via containers" and small high containers promotion and meet the further requirements for suppliers.



Site of Regional Symposium for Suppliers

Low-carbon Fulfillment Capability Planning of Suppliers

During the reporting period, Zhonggu Logistics launched the trailer supplier management system, and further implemented the full-in and full-out supplier fleet strategy through integration and deployment of information resources, to maximize the overall vehicle transport efficiency. While improving operational efficiency, we helped our suppliers to improve low-carbon performance. In active response to the national electronic invoice policy, we promote the electronic invoices among our suppliers during cooperation.

As of the end of the reporting period, our terminal suppliers and barge trailer suppliers used electronic invoices by 40% and 70% respectively.



Creating a Harmonious Community

We continuously improving the recruitment and human resource management system, enhancing quality training of employees, and optimizing the employee compensation mechanisms and career development paths, strive to promote employees' specialized growth, create an equal, respectful, diverse, and inclusive work environment for every employee, and ultimately achieve growth of both employees and the Company.



Diversity and Equality

We strictly follow the employment related laws and regulations applicable to business locations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, and the Provisions on the Prohibition of Using Child Labor, etc. We uphold the fair, impartial and non-discriminatory employment policies, and legal employment principles, and strictly prohibit the employment of child labor or forced labor. During the reporting period, there were no violations of laws and regulations related to child labor and forced labor.

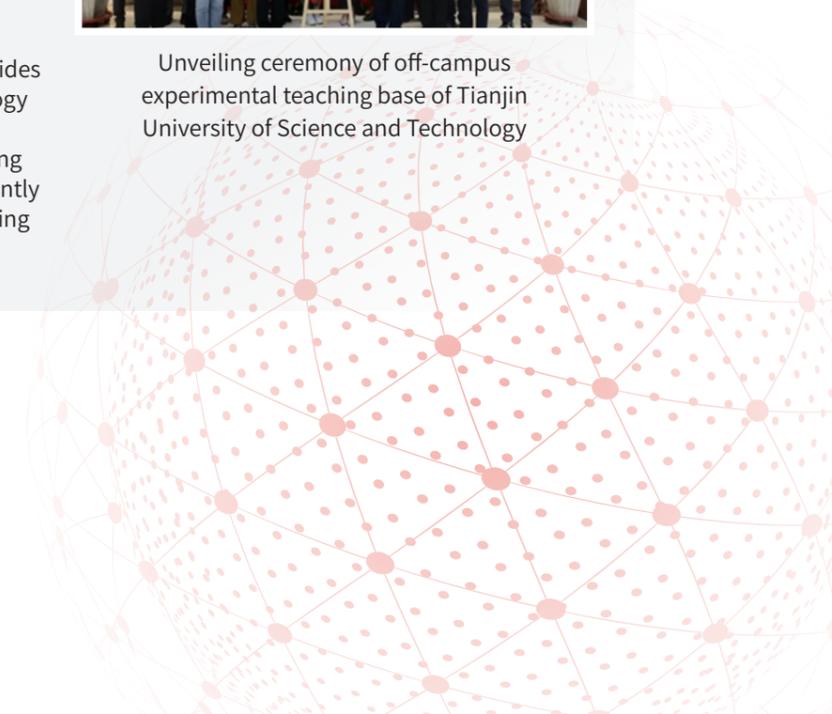
Zhongguo Logistics has formulated the Employee Handbook and the Recruitment Policy to ensure standardization and transparency of the recruitment process. We have opened various channels of recruitment on site, online, and by mailbox and WeChat official account to attract and select outstanding talents. Following the principle of diversity and fairness in recruitment, we make constant innovation in recruitment means, including off-campus experimental teaching bases, two-way campus recruitment, and school-enterprise cooperation.

Off-campus Experimental Teaching Base

In 2023, Zhongguo Logistics and Tianjin University of Science and Technology entered into a contract on jointly building an industry-university research cooperation base as the off-campus experimental teaching base. Specifically, Tianjin University of Science and Technology utilizes its advantageous resources to support Zhongguo Logistics in scientific research, technology development and training. In return, Zhongguo Logistics provides Tianjin University of Science and Technology with opportunities, resources and venues for student training and internship, teaching innovation and research. The two sides jointly cultivate high-quality talents for the shipping industry.



Unveiling ceremony of off-campus experimental teaching base of Tianjin University of Science and Technology



Two-way Campus Recruitment



Site of Campus Presentation

In 2023, Zhonggu Logistics organized campus presentations and other activities in major coastal universities and organized various regions to carry out a series of recruitment activities for western universities, including campus recruitment presentations, offline two-way recruitment, and symposiums. We actively cooperated with multiple universities such as Chang'an University, Shaanxi University of Science and Technology, and Xi'an Shiyou University.

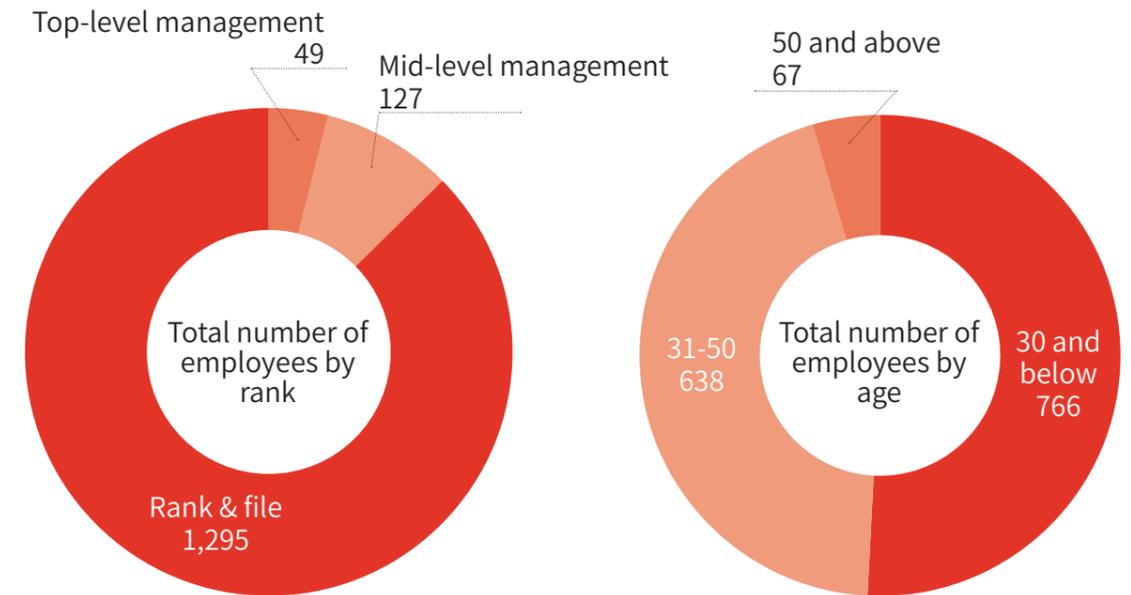
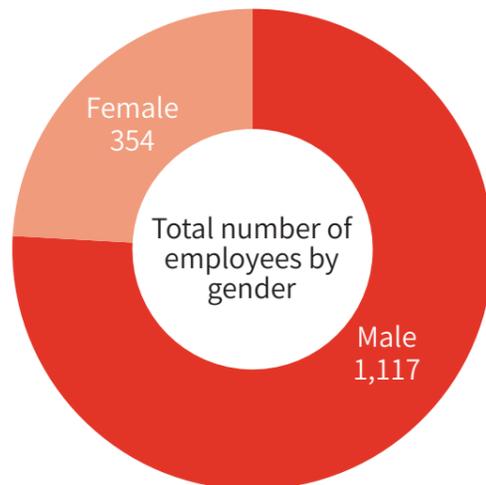
School-enterprise Cooperation

Valuing the school-enterprise cooperation, Zhonggu Logistics warmly welcomed visiting teams from multiple universities, held symposiums, and organized multiple visiting activities. Through these activities, we have established a close partnership with some universities, promoting communication and interaction between both parties. Through school-enterprise cooperation, we can attract more outstanding talents and cultivate more talents, so as to promote the development of the shipping industry.



Visit and Exchange at Dalian Maritime University

As of the end of the reporting period, Zhonggu Logistics had a total of 1,471 employees, all of whom were fulltime employees. Our staff composition is as follows:



We value the rights and benefits of every employee, making efforts to provide them with favorable working conditions and development opportunities to reduce employee turnover rate. During the reporting period, the overall turnover rate of employees was 15.52%. We fully respect the personal choices of employees and will handle the resignation procedures for them in accordance with the law when they apply for resignation.

Indicator		2023	2022	Changes
Total employee turnover rate		15.52%	13.61%	1.91% ↑
Employee turnover rate by gender	Male	14.20%	11.45%	2.75% ↑
	Female	19.11%	19.45%	-0.34% ↓
Employee turnover rate by age	30 and below	16.72%	14.45%	2.27% ↑
	31-50	13.43%	9.42%	4.01% ↑
	Above 50	18.75%	6.76%	11.99% ↑

Talent Development

Zhongguo Logistics always sticking to the people-oriented concept, has and continuously improved the system of new employee induction training and in-service employee promotion training. We valuing employee training and development, actively promote employee growth, to lay a solid talent foundation for sustainable development.

During the reporting period, Zhongguo Logistics further improved the Training Management Measures, and organized more standardized and systematic training, improving the quality and effect of training. We Continuously optimizing the new employee induction training system, formulated and released new employee training regulations to facilitate unified and standardized guidance of various departments. Meanwhile, we require a greater emphasis on the combination of theory and practice. Also, Zhongguo Logistics developed corresponding training assessment plans for various departments and organized assessment work. We mainly assessed the performance of departments in internal training, new employee training and external training. We motivate all departments to pay more attention to employee training and improve the quality and effect of training.

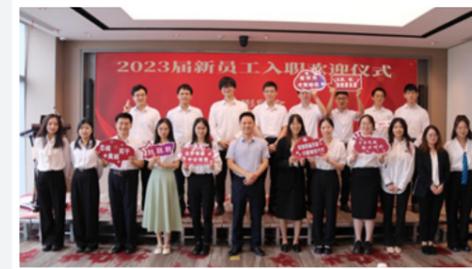


Talent Management and Cultivation System

We attaching great importance to employee training and development, and tailored training programs and plans for employees at different levels. We organize such trainings to enhance the professional skills, management abilities and teamwork awareness of employees, to reinforce our overall competitiveness. Through the induction training, we hope to help new employees to be quickly integrated into the corporate culture and become familiar with the work environment. We train the employees who are in-service and aims to help them continuously improve themselves and achieve career growth. In addition, a combination of offline training and online training enables employees to flexibly choose according to their own needs and schedules, thus maximizing the effect of training.

In addition to the sound training system, training assessment plans have been made for various departments. According to results of training assessment and appraisal through comparison, we commend and reward outstanding training departments and excellent internal training courses. We mainly evaluate the performance of relevant departments in internal training, new employee training and external training. During the reporting period, we screened out a total of six excellent internal training courses across the Group in 2023, which improved training quality and stimulated the development of internal training resources. We continuously optimize training input and resource allocation, to vigorously support the company development and employee growth.

New Employee Induction Training



New Employee Induction Training and Welcome Ceremony

Zhongguo Logistics has innovatively optimized the 2023 campus recruitment training plan and extended the training duration for new employees to three months, where the training duration covers the entire probation period of new employees. Through post guidance, post practice and outdoor experiential learning, we aim to enhance the adaptability and teamwork ability of new employees, improve their skills and knowledge level, and enhance their sense of belonging, so that they can take the initiative to integrate into the company culture.

Concentrated EMBA Training for Cadre Representatives

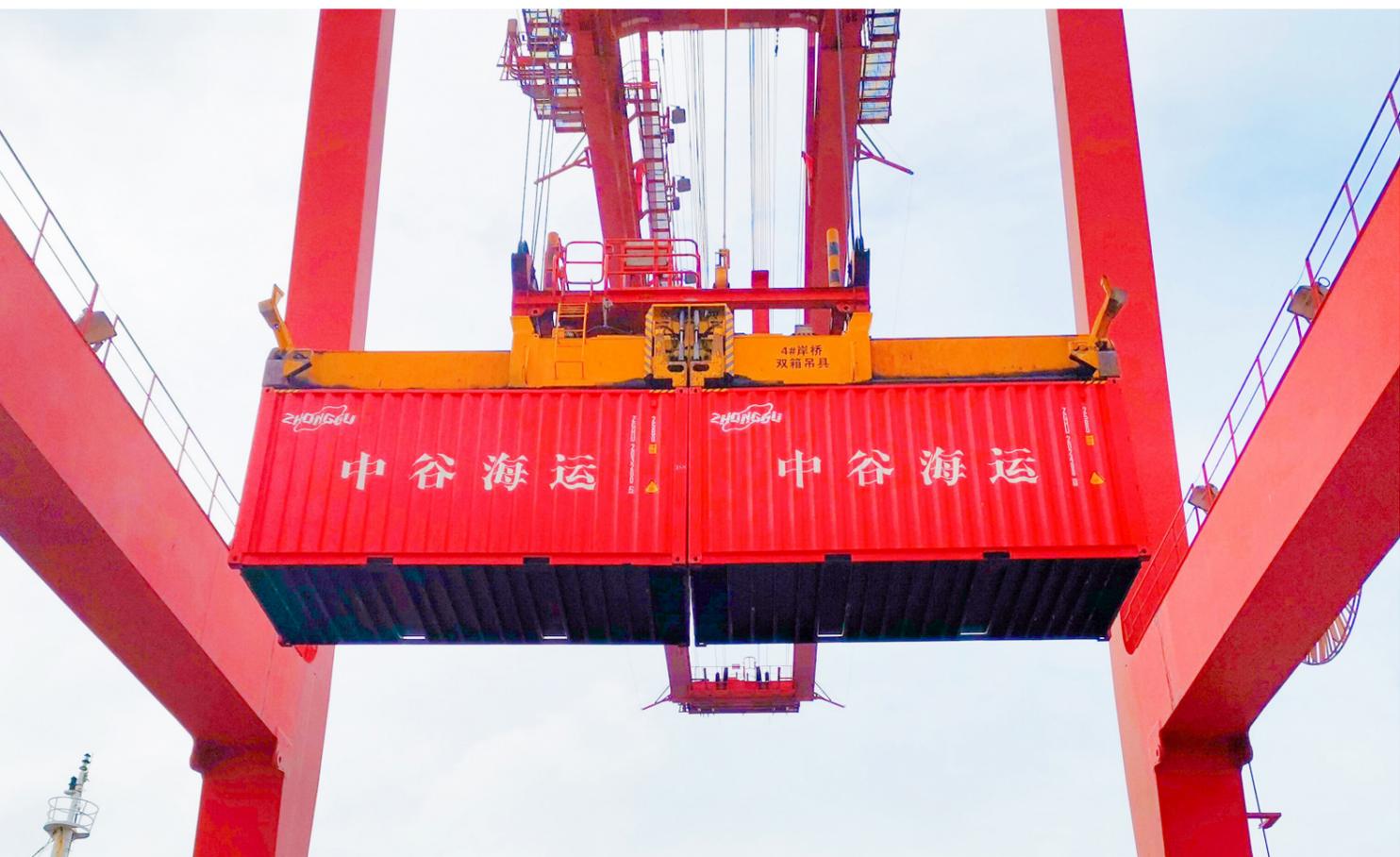
During the reporting period, Zhongguo Logistics further organized the specialized classroom training for senior executives, promoted the development, sharing, learning and exchange of excellent internal courses, and contributed to employees' career development by utilizing the high-quality platform resources of the Talent Development Institute. In November 2023, a total of 12 cadre representatives received a 3-day external training of "Concentrated EMBA". This training covered key links of enterprise management such as strategic design, value creation and product strategy, which effectively enhanced the managers' business thinking, comprehensive quality, and cognitive competence, and broadened their horizon. In this way, more profound and broad support is available for our development and decision-making.



Concentrated EMBA Learning Team

The situation of training for employees during the reporting period is as follows:

Indicator		Unit	2023	2022	Changes
Total training input		RMB10,000	290	268	8% ↑
Total number of trainees		Person times	22,328	18,545	17% ↑
Average number of hours of training per employee		Hour	44.28	40.28	10% ↑
Average training hours completed per employee by gender	Male	Hour	44.50	40.00	11% ↑
	Female	Hour	43.62	40.98	6% ↑
Average training hours completed per employee by rank	Top-level management	Hour	48.00	46.00	4% ↑
	Mid-level management	Hour	46.00	45.00	2% ↑
	Rank & file	Hour	43.96	39.67	11% ↑



Caring for Employees

Zhonggu Logistics actively caring for employees, and committed to increasing employees' welfare benefits, enhancing interaction and communication between employees and the Company, establishing, and improving the security mechanism to enhance employees' sense of belonging and happiness, and satisfaction through a series of diverse recreational and sports activities.

Improving Compensation Mechanism

We always committed to optimizing the internal salary and welfare system, to ensure that employees enjoy fair and competitive treatment. In light of the market salary level, Zhonggu Logistics has established the compensation system mainly based on employees' competence and performance, which not only stimulates employee'enthusiasm and creativity, but also attracts and retains a large number of outstanding talents. Specifically, we have taken the following measures:

Linking performance with salary

Linking performance evaluation results with salary incentives, Zhonggu Logistics actively explores and improves the market-oriented salary incentive mechanism, to stimulate employees' initiative and enthusiasm and unleash their potential.

Multi-dimensional performance evaluation system

For different types of employees in different positions, Zhonggu Logistics adopts a flexible salary system based on the performance of employees in multiple aspects. The employee's salary is variable, depending on his/her post value, personal performance and also completion of performance goals of business in charge.

Long-term incentive plan

Through the long-term incentive plan,Zhonggu Shipping Group Co., Ltd. rewards the employees having made contributions to corporate development. In late October 2023, a dividend of RMB 1.42/ share was issued to all partners for the third time according to the first long-term incentive plan.

Emphasize Communication with Employees

Zhonggu Logistics has established a two-way feedback mechanism to facilitate communication with employees. During the reporting period, we established an employee performance feedback system. Through the system, the Company can disclose work goals and evaluation criteria to employees, while employees can learn about their work performance and receive guidance for improvement and growth, according to results of regular performance evaluation and feedback by their line managers. This bidirectional performance feedback system enhances communication between employees and the management and helps employees to improve work efficiency and achieve long-term personal development.

Zhonggu Logistics regularly organizes employee satisfaction surveys. During the reporting period, we organized employee satisfaction surveys in the HQ and various regions. Survey items covered the salary, performance, training, development, and promotion of employees. A total of 991 employees participated in the survey, with a participation rate of more than 83%. The survey results show that the overall employee satisfaction score exceeds 80 points, which is significantly higher than that last year, which is attributed to the continuous improvement of the Company's management level, thus enhancing employees' satisfaction and happiness year by year.

A Home Letter from Zhonggu Shipping Group in 2023

During the reporting period, Zhonggu Logistics continued to promote the brand of home letters. We are committed to establishing a model of normalized communication between top-level management and employees, and a platform of one-on-one emotional exchange between employees and the Chairman. We actively convey and carry forward the Company's cultural concepts, having made a collection of excellent home letters.



Mutual Assistance Between Employees

Zhonggu Logistics is always ready to help employees to resolve their difficulties in production and life. In addition, we have set up the Zhonggu Care Fund to help the employees and their families in need. Adhering to the tenet that the Care Fund is "from the people and for the people", we aim to pass on the love to every employee and their families in need of help. As of the reporting period, we, through the Zhonggu Care Fund, donated a total of RMB 53,000 to 46 employees. The establishment and improvement of the Zhonggu Care Fund have enhanced the cohesion and centripetal force of the Company, laying a solid foundation for creating a sound corporate culture and enhancing employee loyalty.

27 subsidies
for marriage

10 subsidies
for maternity

Five subsidies
for illness

Four subsidies
for the death of
relatives

Donation Through the Zhonggu Care Fund in 2023

Enriching Recreational and Sports Activities

We always put the protection of employees' rights and interests at the core and are committed to enhancing team cohesion and employee happiness through a series of diverse recreational and sports activities.

During the reporting period, Zhonggu Logistics held singing competitions and value story collection activities to celebrate the Company's 20th anniversary of founding and carried out a variety of activities around major festivals such as Spring Festival, Women's Day and Thanksgiving Day, reflecting the Company's deep care for employees. We regularly organize sports activities such as football matches, basketball matches and public hiking, to help our employees to relax and exercise and get closer to each other in the daily work process.

Role Models and Typical Stories of Cultural Values for the 20th Anniversary of Founding

To celebrate the 20th anniversary of the founding of Zhonggu Logistics, we specially held an event of selecting role models and collecting typical stories of cultural values. This initiative aims to deeply explore and inherit the essence of Zhonggu's corporate culture, vividly showing the core values by sharing true touching stories of employees. More than 130 stories of values were collected, among which nearly 40 were included in the manual of values stories, thus greatly enriching the connotation and significance of the manual. Behind these stories are both memories and expectations, which will inspire generations of Zhonggu people to forge ahead to jointly create a more brilliant future.



A Thanksgiving Event Themed by "Inheriting for 20 Years, Striving for Better Future"

To celebrate the 20th anniversary of the founding of Zhonggu Logistics, to carry forward corporate culture, and to enhance the cohesion and centripetal force of all employees, the HQ held a Thanksgiving event themed by "Inheriting for 20 Years, Striving for Better Future". By extending gratitude to the Company, customers and themselves, all participants gained a deeper understanding of the difficulties and hardships Zhonggu encountered in the development process and understood the expectations of the older generation of Zhonggu people for new employees.



Site of the Thanksgiving Event Themed by "Inheriting for 20 Years, Striving for Better Future"



Event of 2023 Women's Day



New Year's Eve Dinner



CICC Wealth Management- Zhonggu Logistics Basketball Friendship Match



Public Hiking themed by "Keeping Original Intention for a Better Future" to celebrate the 20th anniversary of founding

Health and Safety

We attach great importance to the health and safety of employees, strictly following laws and regulations such as the Safety Production Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases. By improving internal safety management rules and occupational health protection mechanism, we hope to ensure all employees can work in a safe and healthy environment. In order to comprehensively consolidate the defense line of health and safety, we successfully completed the annual review and certification of the occupational safety and health management system during the reporting period.

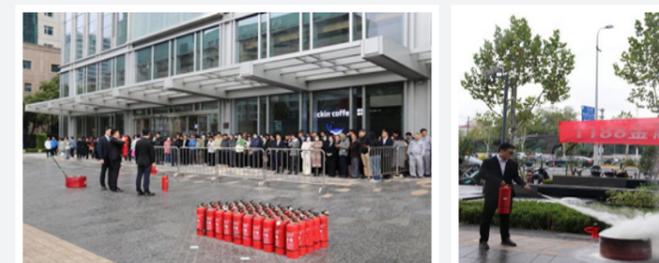
Zhonggu Logistics always puts the safety and health of employees in the first place. We actively provide diversified safety and health trainings, to enhance the awareness and ability of employees in safety prevention, and to ensure that they can proficiently master safety operating procedures and emergency response skills. In addition, we actively carry out emergency drills to prevent and control potential occupational health and safety risks.



Occupational Safety and Health Management System Certificate

Emergency Fire Drill in Winter

In November 2023, all members of Zhonggu Logistics HQ actively participated in the emergency fire drill in winter. This drill aimed to raise the fire safety awareness of all employees and improve their ability to deal with sudden fires, to ensure the safety of their lives and property. Through the drill, the employees became familiar with the use of fire extinguishers, mastered the skills of emergency response and evacuation in the event of any fire, and learned to evacuate personnel and handle property in an orderly manner. This not only enhanced the self-protection ability of employees, but also improved the overall fire safety level of the Company.



Fire Drill of Zhonggu Logistics

Since the occupational health and safety mechanism for employees was improved continuously, there was no work-related death in Zhonggu Logistics during the reporting period.

	Unit	2023	2022	2021	Changes
Number of work-related deaths in the past three years	Person	0	0	0	↓
Days of work lost due to occupational injuries	Day	0	12	102	↓
Days of work lost due to occupational injuries per million Chinese Yuan	Hour	0	0.0008	0.08	↓
Work injury rate	%	0	0.07	0.14	↓
Number of work-related injuries	Person	0	1	2	↓
Number of work-related accidents	No.	0	1	2	↓

Public Welfare Undertakings >>>

While pursuing self-development, Zhonggu Logistics extensively participates in public welfare undertakings, and actively feeds back the society in a responsible manner. The Company continues to fully exert its strength as a leading enterprise in the container logistics services for domestic trade, playing a leading role in public welfare undertakings.

During the reporting period, Zhonggu Logistics donated a total of 0.2 million Yuan, while our employees provided voluntary services for about 12,000 hours. Each employee contributed about 8 hours of voluntary services. This initiative not only reflects Zhonggu Logistics' concern for society, but also demonstrates the Company's positive contributions in fulfilling social responsibilities.

Looking back at the path of public welfare that Zhonggu Logistics has taken, let goodwill return to its essence of expression, and convey meager warmth through actions.

Originating from Kindness

In 2023, Zhonggu Logistics carried out a public welfare activity themed by "Learning from Lei Feng", and expressed public welfare condolences to nearby nursing homes, welfare homes and other places many times. All these are aiming to bring warmth to society while enabling employees to realize their own value.



Learning from Lei Feng

To celebrate the 20th World Blood Donor Day, various regions of Zhonggu Logistics organized blood donation activities in 2023, bringing love and blessing to society. Furthermore, public welfare volunteers of Zhonggu Logistics distributed promotional materials to passersby, to mobilize more people to donate blood.



Donating Blood

Motivated by Kind Intentions

In May 2023, Zhonggu Logistics, together with New Binhai Volunteer Association, donated extracurricular books to primary school students in mountainous areas and won the honorary title of "Caring Enterprises".



Warmth in Good Words

In October 2023, the Company, in conjunction with Sunshinetre, held a public lecture on oral health. In November, the Company, in cooperation with the Institute of Traditional Chinese Medicine Health Industry, carried out an activity of free consultation by traditional Chinese medicine doctors, bring health to thousands of families.



Promoting Beneficence

In June 2023, Zhonggu Logistics, together with the public welfare platform of Alipay, participated in the team building activity of hiking (23.66 km), donating energy generated therefrom. In July, we organized an internal charity sale of idle office supplies to maximize their use value.





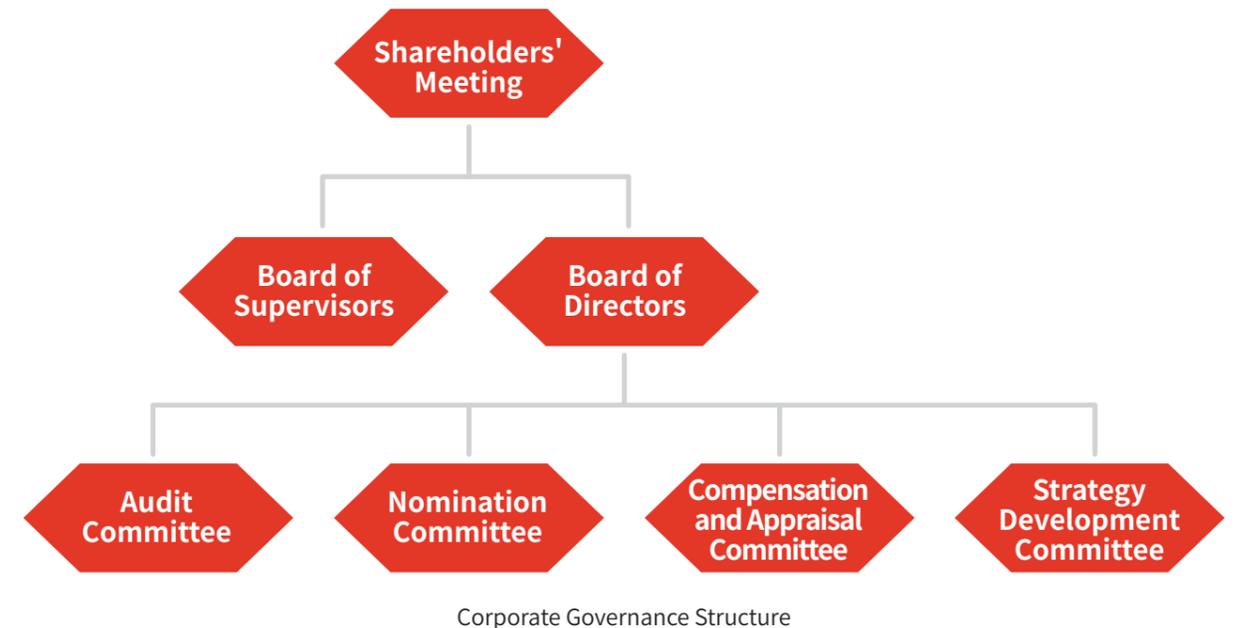
Compliance in Operation

Zhonggu Logistics always pursuing "safe, efficient and green" development, and established a characteristic governance structure that is in line with the characteristics of the logistics industry, supports the Company's strategic development, and contributes to the Company's production and operation. We are strictly following relevant laws and regulations and listing management provisions, improved the quality of corporate governance and operation and achieved steady improvement in business quality and operational efficiency by continuously optimizing the internal control system and comprehensive risk management system, continuously deepening standardized operations, and enhancing scientific governance.



Corporate Governance

Zhonggu Logistics continues to improve corporate governance and enhance standardized operation in strict accordance with the requirements of such laws and regulations as the Company Law of the People's Republic of China, the Code of Corporate Governance of Listed Companies, the Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies, the Rules for the Shareholders' Meetings of Listed Companies and the Guidelines for Articles of Association of Listed Companies. In light of the actual conditions, we have given full play to the role of our Board of Directors and specialized committees to ensure that the functions and responsibilities of the Shareholders' Meetings, the Board of Directors, the Board of Supervisors and the managers can be fully performed, so as to safeguard the common interests of our shareholders and the Company. Zhonggu Logistics attaches great importance to the diversity and professionalism of board members. The board of directors has nine members, including three independent non-executive directors, and independent directors account for 33%, Female directors, supervisors and senior executives account for 29%.



Zhonggu Logistics has taken multiple measures to strengthen internal governance. First, we created a long-term mechanism for compliance management and boosted the efficiency of functioning by building a sound corporate governance structure. Second, we established a collaborative workflow and operation mechanism to ensure that we plan all work with foresight by setting up a communication platform. Third, we refined our internal control system and risk management process with clearly defined responsibilities and methods by establishing a system for managing internal control.

Compliance in Operation

Zhonggu Logistics strictly abides by the Company Law of the People's Republic of China and other state laws and regulations, industry standards and relevant rules within the group for internal governance in our day-to-day operations to sustain the solid growth of the Company. During the reporting period, we developed a series of indicators for cost control, asset management and other aspects, such as a ship's loading rate, port stay duration and direct docking rate, to monitor and manage the operational conditions of the Company.

Based on a complete compliance system, Zhonggu Logistics provided compliance training to key directors, supervisors, and senior managers, to ensure that relevant personnel understand and comply with relevant regulations and policies. In addition, the Company also organized staff to study any changes in regulatory policy while notifying and training all departments involved, to ensure that the Company's business activities are carried out in accordance with the latest regulatory requirements.

Business Ethics

In recent years, Zhonggu Logistics has stayed committed to strengthening a mechanism of "creating a deterrent against corruption, preventing corruption and building moral defenses against corruption", to maintain integrity and efficiency at work. We have formulated anti-corruption rules such as the Management Measures for Combating Corruption and Upholding Integrity, and the Management Measures for Accountability for Dereliction of Duty and Violation of Regulations to improve the anti-corruption system through institutional improvement. Meanwhile, we set up a steering group that aims to address corruption and enhance integrity. The chairman of the Company serves as the chair, with directors as deputy chairs. The group members consist of heads of various departments, regions and wholly-owned subsidiaries. Furthermore, the Company has set up internal and external reporting mechanisms, encouraging internal and external personnel to actively give feedback on issues, in order to establish a more rigorous anti-corruption system.

To help employees establish the awareness of integrity, Zhonggu Logistics has organized anti-corruption training for new employees and middle and senior leaders respectively, which has enhanced the anti-corruption awareness of all employees and promoted the formation of a clean and honest atmosphere.

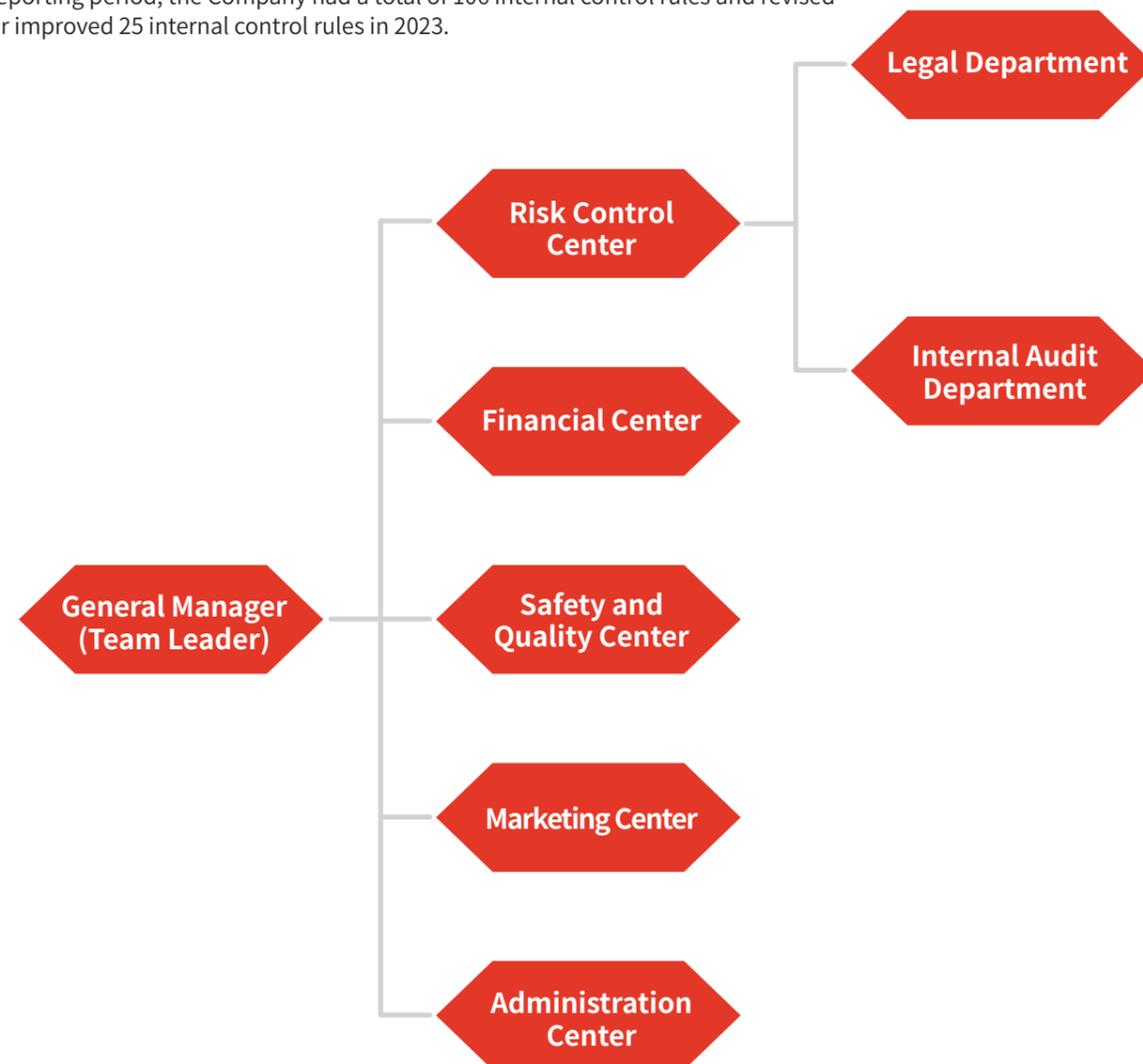
Anti-corruption Training Activities for Employees in 2023

In 2023, the Risk Control Center organized the company-wide Integrity Publicity Month activity, the post integrity pledge activity, the activity of investigating the employment of relevant employees and their relatives in associated departments, the activity of studying anti-corruption cases, and the anti-corruption and integrity knowledge competition.



Risk Management

Zhonggu Logistics has firmly grasped the risk control mechanism, strengthened the risk assessment and early warning mechanism, achieved new breakthroughs in governance capabilities, and promoted the comprehensive development of the risk governance system. The Company has established a risk control and prevention working group led by the General Manager, with the heads of the Risk Control Center and other centers as members, to advance the internal control work in an institutional and systematic manner. The Company organizes to assess and check internal control situations of each department. As of the end of the reporting period, the Company had a total of 106 internal control rules and revised or improved 25 internal control rules in 2023.



Organizational Structure of Risk Management and Control

During the reporting period, the Company set the goals of diversified risk management in risk prevention and control, and the goals involved the Group and various subsidiaries.



In addition, we have improved the rate of implementing the internal control system and strengthened the internal control by tracking and correcting the defects in domestic trade business management, recruitment approval, etc.



In order to further avoid the occurrence of risk events and reduce the potential damage to the Company's property and personnel, we have organized risk control training many times, thus enhancing the risk prevention awareness and professional competence of our management team and employees. In addition, we also release relevant training videos through the online training platform "E-School", so that all employees can learn the knowledge of risk management at any time, thus enhancing their risk prevention awareness.



Training on Legal Knowledge and Risk Management



Appendix

GRI Index

Instructions for use	From January 1 to December 31, 2023, Shanghai Zhongguo Logistics Co., Ltd. reported the information cited in this GRI index with reference to the GRI standard.
GRI 1	GRI 1: Basics 2021

Disclosure issue/item	Title of disclosure	Chapter
GRI 1: Basics 2021		
GRI 2: General Disclosures 2021		
Organization and Reporting Practices		
2-1	Organization details	Zhongguo Logistics at a Glance
2-2	Entities included in the organization's sustainability reporting	About the Report
2-3	Reporting period, frequency, and contact point	About the Report
2-5	External guarantee	About the Report
Employees and Activities		
2-6	Activities, value chains and other business relationships	Issues of major concern
2-7	Employees	Talent development
Governance		
2-9	Governance structure and composition	Corporate governance
2-12	Supervisory role of the supreme governing body in management impact	ESG governance structure
2-13	Delegation of responsibility for managing impacts	ESG governance structure
2-14	Role of the highest governance body in sustainability reporting	ESG governance structure
2-15	Conflicts of interest	Analysis of issues of major concern
2-16	Communication of critical concerns	Analysis of issues of major concern
2-17	Collective knowledge of the highest governing body	ESG governance structure
Strategies, Policies and Practices		
2-22	Statement on sustainable development strategy	Message from the Chairman
Stakeholder Engagement		
2-29	Stakeholder engagement approach	Stakeholder communication
GRI 3: General Disclosures 2021		
3-1	Process for identifying substantive issues	Analysis of issues of major concern
3-2	List of substantive issues	Analysis of issues of major concern
3-3	Management of substantive issues	Analysis of issues of major concern
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Key performance
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Business ethics
205-2	Communication and training about anti-corruption policies and procedures	Business ethics
205-3	Confirmed incidents of corruption and actions taken	Business ethics

Environment		
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Tackling climate change
302-3	Energy intensity	Tackling climate change
302-4	Reduction of energy consumption	Low-carbon sailing
GRI 303: Water Resources and Wastewater 2018		
303-1	Interaction with water as a shared resource	Resource management
303-2	Management of water discharge-related impacts	Resource management
303-3	Water withdrawal	Resource management
303-4	Water discharge	Resource management
303-5	Water consumption	Resource management
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Tackling climate change
305-2	Energy indirect (Scope 2) GHG emissions	Tackling climate change
305-4	GHG emissions intensity	Tackling climate change
305-5	Reduction of GHG emissions	Tackling climate change
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Emission management
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Emission management
306-2	Management of significant waste-related impacts	Emission management
306-3	Waste generated	Emission management
306-5	Waste directed to disposal	Emission management
Society		
GRI 401: Recruitment and Employment 2016		
401-1	New hires and employee turnover	Promote diversity and equality
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Care for our employees
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Care for our employees
403-2	Hazard identification, risk assessment and incident investigation	Care for our employees
403-3	Occupational health service	Care for our employees
403-5	Worker training on occupational health and safety	Care for our employees
403-6	Promotion of worker health	Care for our employees
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Care for our employees
403-8	Workers covered by an occupational health and safety management system	Care for our employees
403-9	Work-related injuries	Care for our employees
403-10	Work-related health issues	Care for our employees
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Talent development
404-2	Programs for upgrading employee skills and transition assistance programs	Talent development
GRI 405: Diversity and Equal Access 2016		
405-1	Diversity of governing bodies and employees	Promote diversity and equality
GRI 406: Anti-Discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Promote diversity and equality
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Promote diversity and equality
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Promote diversity and equality
GRI 414: Social Assessment of Suppliers 2016		
414-1	New suppliers that were screened using social criteria	Strengthen supply chain management
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Digital Shipping Transformation

Performance Summary

Environment			
Issue	Indicator	Unit	2023
Energy consumption	Gasoline	kWh	1,622,251.42
	Diesel	kWh	310,356,964.81
	Low sulfur fuel oil	kWh	3,409,340,532.30
	Lubricating oil	kWh	24,093,849.09
	Total direct energy consumption	kWh	3,542,779,630
	Electricity	kWh	1,678,000.00
	Total indirect energy consumption	kWh	1,678,000.00
	Total energy consumption	kWh	3,308,066,145
	Total energy intensity	kWh/(1 million Chinese Yuan)	301,242.42
GHG Emissions	Scope 1 GHG emissions	Ton of CO ₂ equivalent	1,005,206.41
	Scope 2 GHG emissions	Ton of CO ₂ equivalent	1,765.64
	Total GHG emissions	Ton of CO ₂ equivalent	1,006,972.05
	GHG emissions intensity	Ton of CO ₂ equivalent/(1 million Chinese Yuan)	80.95
Water resources	Total water consumption	Ton	101,562.70
	Water consumption intensity	Ton/million Chinese Yuan	8.16
	Freshwater consumption	Ton	97,843.00
	Total water recycling and reuse	Ton	662.00
	Water cycle and reuse rate	%	0.34
Wastewater	Total wastewater discharge	Ton	14,154.74
	Wastewater discharge intensity	Ton/million Chinese Yuan	1.14
Waste gas	Nitrogen oxides	Ton	25,517.07
	Sulfur oxides	Ton	83,690
	Suspended particles and particulate matters	Ton	631.26
	Total waste gas emissions	Ton	43,115.06
	Waste gas emission intensity	Ton/million Chinese Yuan	3.47
Wastes	Total amount of hazardous waste	Ton	1,551.00
	Intensity of hazardous waste	Ton/million Chinese Yuan	0.12
	Total amount of harmless waste	Ton	675.20
	Intensity of harmless waste	Ton/million Chinese Yuan	0.05
Consumables	Amount of paper used	Ton	12.10
Investment in environmental protection	Total investment in environmental protection	Ten thousand Chinese Yuan	922
	Proportion of total investment in environmental protection to operating income	%	0.07

Society			
Issue	Indicator	Unit	2023
Number of employees			
Total number of employees	Number of employees	Person	1,471
By type of employment	Permanent employees	Person	1,471
	Dispatched labor	Person	0
	Part-time employees	Person	0
By gender	Male	Person	1,117
	Female	Person	354
By rank	Top-level management	Person	49
	Mid-level management	Person	127
	Rank & file	Person	1,295

By age	30 and below	Person	766
	31-50	Person	638
	50 and above	Person	67
	Chinese mainland	Person	1,471
By region	Hong Kong, Macao and Taiwan	Person	0
	Overseas	Person	0
Employee Turnover Rate			
Overall turnover rate	Turnover rate	%	15.52
By gender	Male	%	14.20
	Female	%	19.11
By age	30 and below	%	16.72
	31-50	%	13.43
	50 and above	%	18.75
By region	Chinese mainland	%	15.52
	Hong Kong, Macao and Taiwan	%	0
	Overseas	%	0
Occupational Health and Safety			
Death	Number of work-related deaths	Person	0
Work-related injuries	Number of work-related deaths per million Chinese Yuan	Person/million Chinese Yuan	0
	Days of work lost due to occupational injuries	Day	0
	Days of work lost due to occupational injuries per million Chinese Yuan	Day/million Chinese Yuan	0
	Work injury rate	%	0
	Number of work-related injuries	Person	0
	Number of work-related accidents	No.	0
Number of safety trainees	Number of trainees participating in safety training	Person	50
Total hours of employees participating in safety production training	Total hours of employees participating in safety production training	Hour	1,920.00
Number of safety drills	Number of safety drills	No.	8
Development and Training			
Total number of trainees	Total number of trainees	Person times	22,328
Total number of trainees	Total number of trainees	Person	1,471
Investment in employee training	Total investment in employee training	Ten thousand Chinese Yuan	290.00
	Employee training investment per million Chinese Yuan	Ten thousand Chinese Yuan	0.02
	Average employee training and development investment	Ten thousand Chinese Yuan/person	0.19
Employee training coverage	Total coverage	%	100
Number of trainees by gender	Male	Person	1,117
	Female	Person	354
Percentage of training by gender	Male	%	76
	Female	%	24
Number of trainees by rank	Top-level management	Person	49
	Mid-level management	Person	127
	Rank & file	Person	1,295
Percentage of training by rank	Top-level management	%	3
	Mid-level management	%	9
	Rank & file	%	88
Average number of hours of training per employee	Average number of hours of training per employee	Hour	44.28

Total training hours of employees	Male	Hour	49,706.50
	Female	Hour	15,441.48
	Top-level management	Hour	2,352.00
	Mid-level management	Hour	5,842.00
Average number of hours of training by gender	Rank & file	Hour	56,928.20
	Male	Hour	44.50
	Female	Hour	43.62
	Top-level management	Hour	48.00
Average number of hours of training by rank	Mid-level management	Hour	46.00
	Rank & file	Hour	43.96
	Compensation and Revenue		
Compensation and revenue	Salary per capita	Ten thousand Chinese Yuan	27.48
	Income per capita	Ten thousand Chinese Yuan	845.60
Supply Chain			
Supplier	Total number of suppliers	No.	3,238
By region	China Mainland	No.	3,115
	Hong Kong, Macao and Taiwan	No.	16
	Overseas	No.	107
Products and Services			
Recall	Number of incidents recalled for safety and health reasons	No.	0
Complaint	Number of complaints received about products and services	No.	170
	Handling rate of complaints received about products and services	%	100
	Number of customer complaints per million Chinese Yuan	No./million Chinese Yuan	0.0137
	Customer satisfaction	%	97
Intellectual Property			
Patent	Number of patent applications held	No.	0
Trademark	Number of trademarks held	No.	3
	Number of software copyright held	No.	12
Copyright	Number of software titles per million Chinese Yuan	No./million Chinese Yuan	0.0117
R&D and Innovation			
Research and development	Number of R&D employees	Person	63
	R&D staff ratio	%	4.19
	R&D investment	Ten thousand Chinese Yuan	2,068.81
	R&D investment as a percentage of revenue	%	0.17
Community Charity			
Public welfare	Donations outside the community	Yuan	200,000
	Investment in community activities for public good	Chinese Yuan	200,000
	Community public welfare investment per million Chinese Yuan	Yuan/million Chinese Yuan	16.08
	Employee volunteer hours	Hour	12,000
	Employee volunteer hours per employee	Hour	8
	Social contribution per share	Chinese Yuan	1.65



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You can provide your feedback by contacting:

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* Which stakeholder do you belong to?

- Government and supervisory authority Shareholders and investors Employees
 Customer Contractor / Supplier Community / Environmental representative
 Other _____

Your feedback:

* Your overall evaluation of the Report:

- Very good Good General Poor

* Your feedback on the environmental responsibility performance of Zhongguo Logistics disclosed in the Report:

- Very good Good General Poor

* Your feedback on the social responsibility performance of Zhongguo Logistics disclosed in the Report:

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- Very good Good General Poor

* Did you get the information you want to know from the Report:

- Yes No

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*Change the logistics pattern
in China by containers*



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