

Stock Abbreviation: XIANGYU

Stock Code: 600057



Feedback Form

Dear readers:

We appreciate your time and attention in reviewing our inaugural ESG report presented by Xiamen Xiangyu. We truly appreciate your attention and would be grateful if you could share your insights with us, enabling us to enhance the report even further.

If you have any comments or suggestions regarding our Company's sustainable development, please feel free to scan the QR code provided below or email us at stock@xiangyu.cn.



Environmental, Social and Governance (ESG) Report 2022

Xiamen Xiangyu Co., Ltd.



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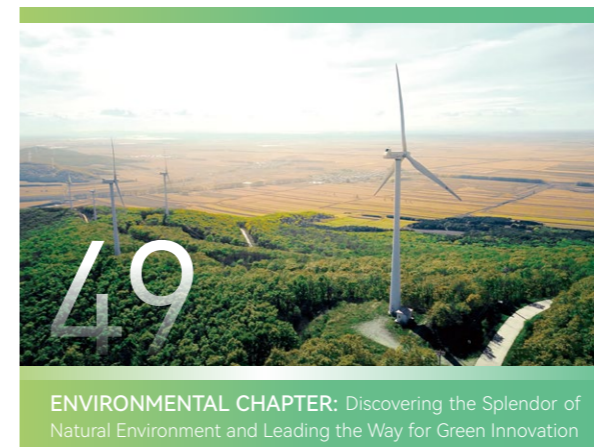


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MESSAGE FROM THE CHAIRMAN



As we release our inaugural ESG report, our aim is to enhance the comprehension of ESG principles across the entire organization, improve our ESG governance framework, and promote a coexistent and mutually beneficial value ecosystem through the development of sustainable supply chains.

The industrial and supply chains is the "backbone and lifeline" of the national economy, providing critical reinforcement for the pursuit of high-quality development, and more importantly, acting as the vital force propelling the epochal waves of advancement. Standing by the company mission of "Benefit the World, Achieve Success Together", we have consistently adhered to the development philosophy of "Risk First, Profit Second, Service Scale Third" since our IPO in 2011. In the ever-changing marketplace, we firmly grasp the sustainable development direction, contributing to the construction of a safe, stable, smooth, efficient, open, inclusive, mutually beneficial and win-win global industrial and supply chain ecosystem.

In the past three years, the international situation has been turbulent, the economic landscape has changed, grey rhinos and black swans have occurred frequently, and companies must look for certainty amidst uncertainty. We know that we must make the "ESG gene" rooted in Xiangyu's culture clearer and make the invisible gene explicit in order to stimulate long-term value. We are upgrading the ESG concept into ESG strategy, comprehensively examining the impact of business decisions and daily operations on society and the environment, consciously enhancing stakeholder participation and guarantee their right to know, and actively creating comprehensive social and environmental values and sharing values with the society.

Where all things flow freely, prosperity ensues. We invigorate growth with logistics and add vibrancy to lucid waters and lush mountains through circulation. Harnessing our pioneering "Road Transport, Rail Transport, Water Transport, and Warehousing" networked logistics system, we achieve seamless coordination among multi-model transport modes, such as "Switching from Road to Rail Transport", "Consolidating Loose Cargo into Containers", "Port-to-Port Cooperation". We actively assimilate societal transport capabilities and strategic resources from port and aviation junctions, thereby bolstering critical aspects of the industrial chain. Our bespoke supply chain services offer our clients "one-stop service, green supply chain, end-to-end supply chain" solutions, aiding manufacturing enterprises

in enhancing their fulfillment capabilities, building momentum for transformation and upgrading, and leading the charge in developing a green, efficient, and innovative bulk supply chain paradigm.

By encouraging innovation with a practical mindset and unleashing the future with intelligence. We embrace cutting-edge technology to unleash our core strength with the power of digital intelligence, further enhancing the efficiency of our refined management and forging a "smart engine" for collaborative development within the industry. Our comprehensive suite of industry-standard digital programmes, including "YuLianTong" digital supply chain service platform, and industrial-level internet platform for agriculture, and smart logistics platforms, have successfully transitioned from "zero" to "one". We provide viable, accessible, and usable instances for the application of digital intelligence in the bulk supply chain field.

With a commitment to neighborly kindness and a mission of global harmony, we embarked on a journey of cross-border trade in bulk commodities, fueled by an innate understanding of the international marketplace. Currently, following our vision of connecting the world, we capitalize on our forward-thinking international brand strategy, constructing a truly global bulk supply chain service system and extending our business relations to over 120 countries and regions. We actively work together with the international "circle of friends" to create more practical collaboration results, so that the new opportunities for development of the industrial chain to benefit the world, and to add momentum to achieve a greener, more inclusive and sustainable growth of the global economy.

Deng Qidong, Chairman of the Board

ABOUT XIAMEN XIANGYU

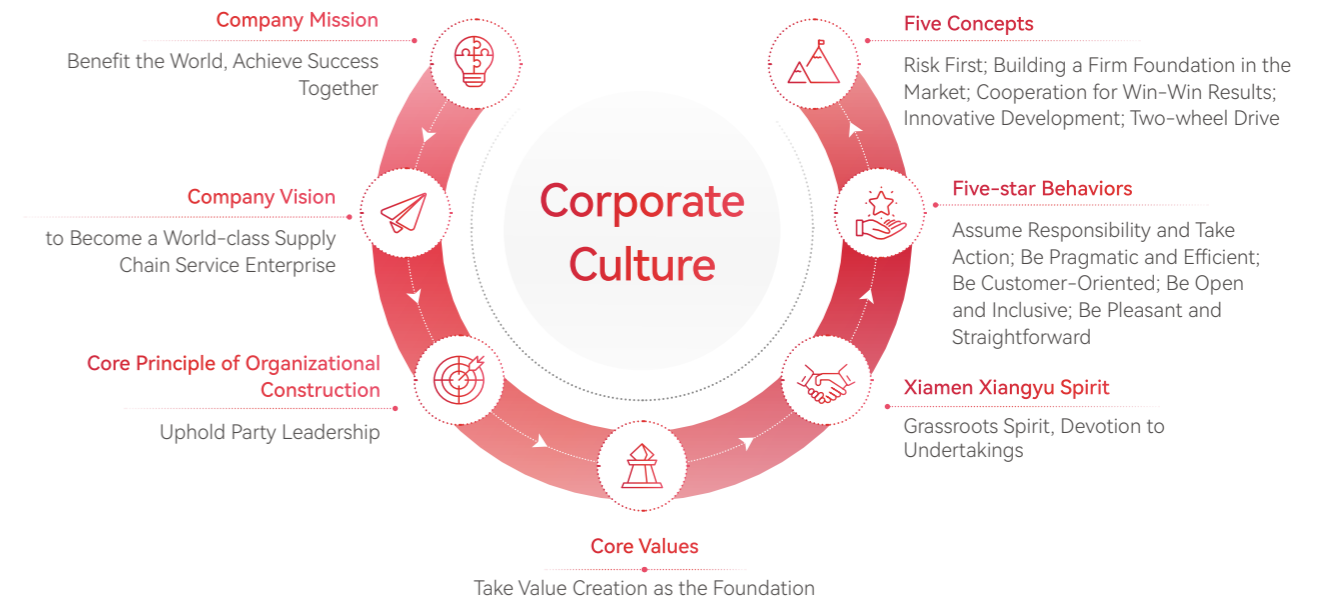
Company Profile

Xiamen Xiangyu is primarily engaged in the provision of bulk supply chain services. By integrating logistics, trade, capital flow, and information flow through a unified circulation service platform, we offers customers a full value chain circulation service, ranging from the procurement and supply of raw materials and semi-finished products to the distribution and delivery of finished products. This has resulted in a comprehensive supply chain service system for agricultural products, energy and chemical products, metal and mineral resources, and new energy commodities. Xiamen Xiangyu collaborates with partners from more than 120 countries, and its investments span across 27 provinces, municipalities, and special administrative regions in China. The Company also establishes subsidiaries in the United States, New Zealand, Singapore, Indonesia, Vietnam and other countries, to contribute to the construction of a mutually beneficial, diversified, balanced, safe, and efficient open economic system.



Global Presence of Xiamen Xiangyu

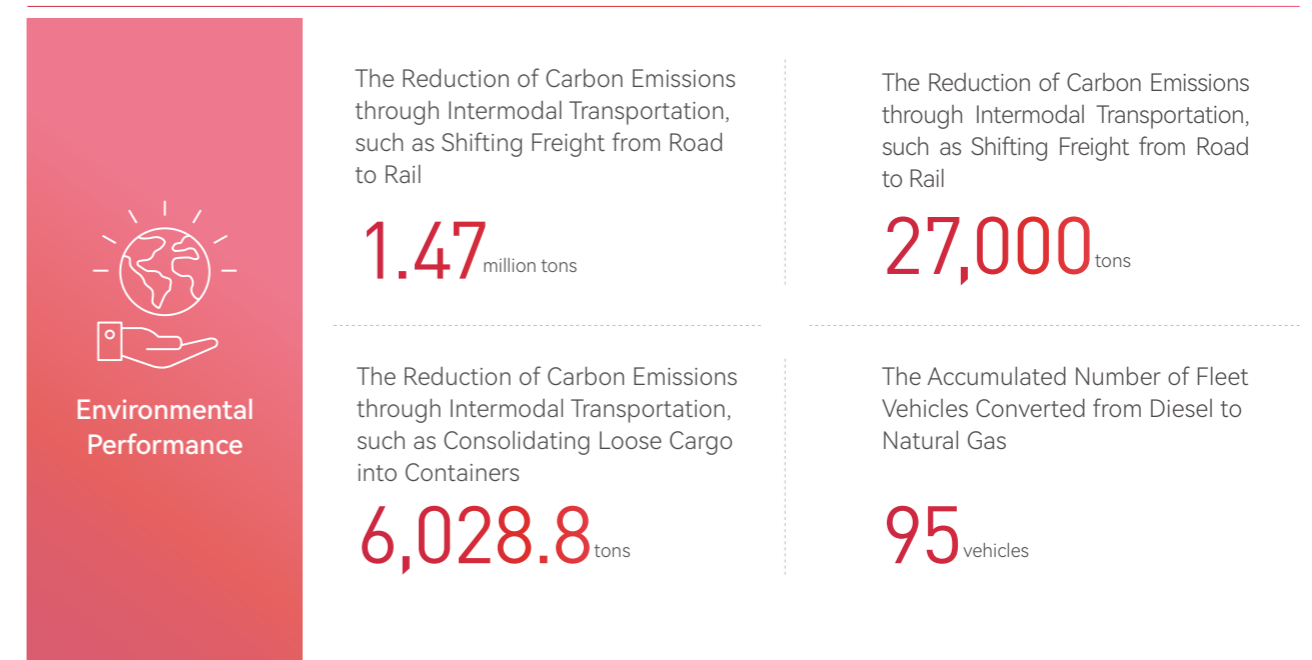
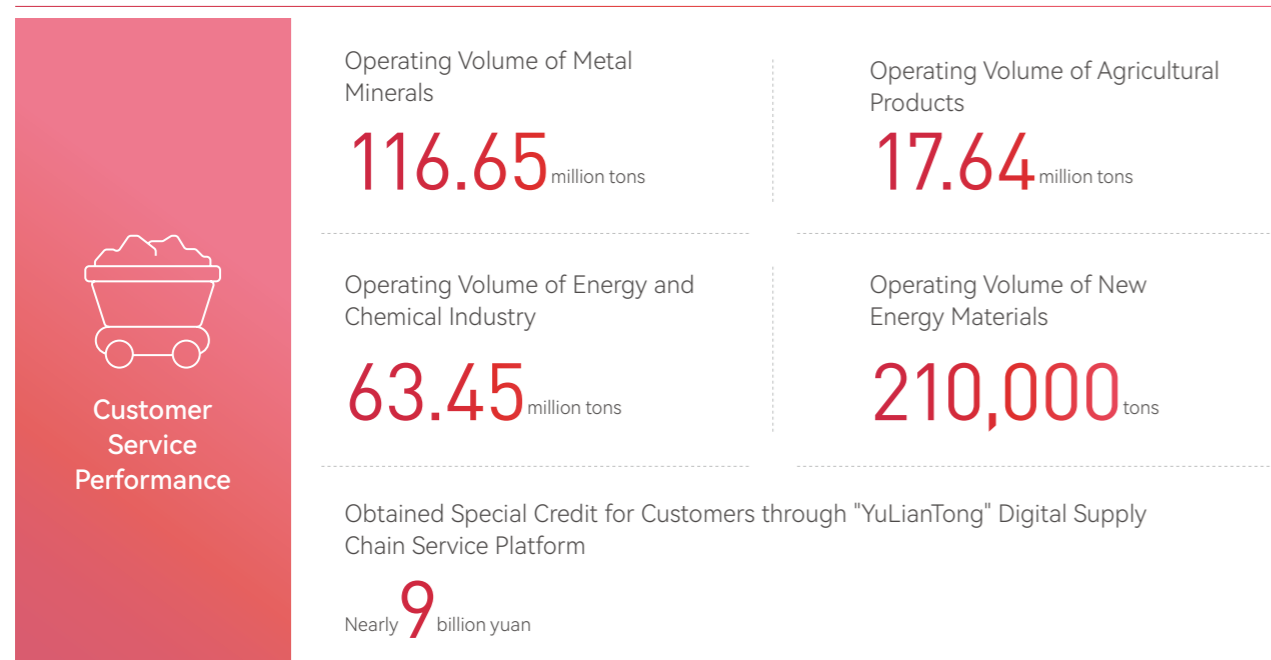
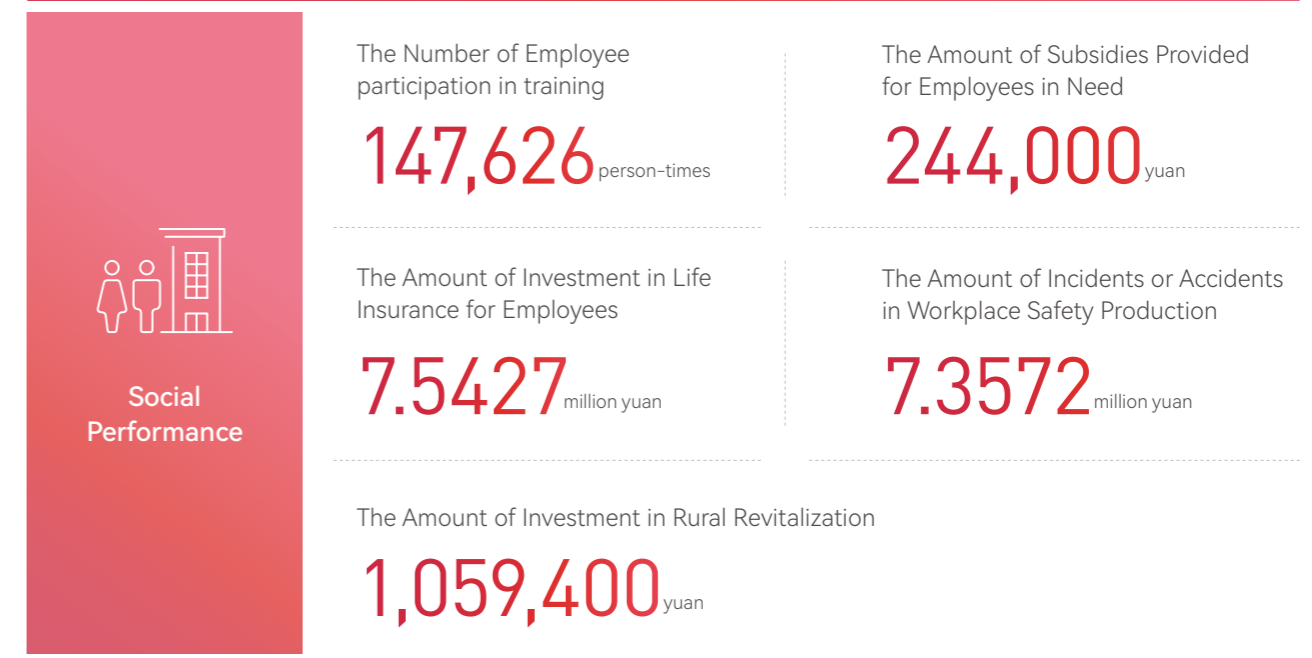
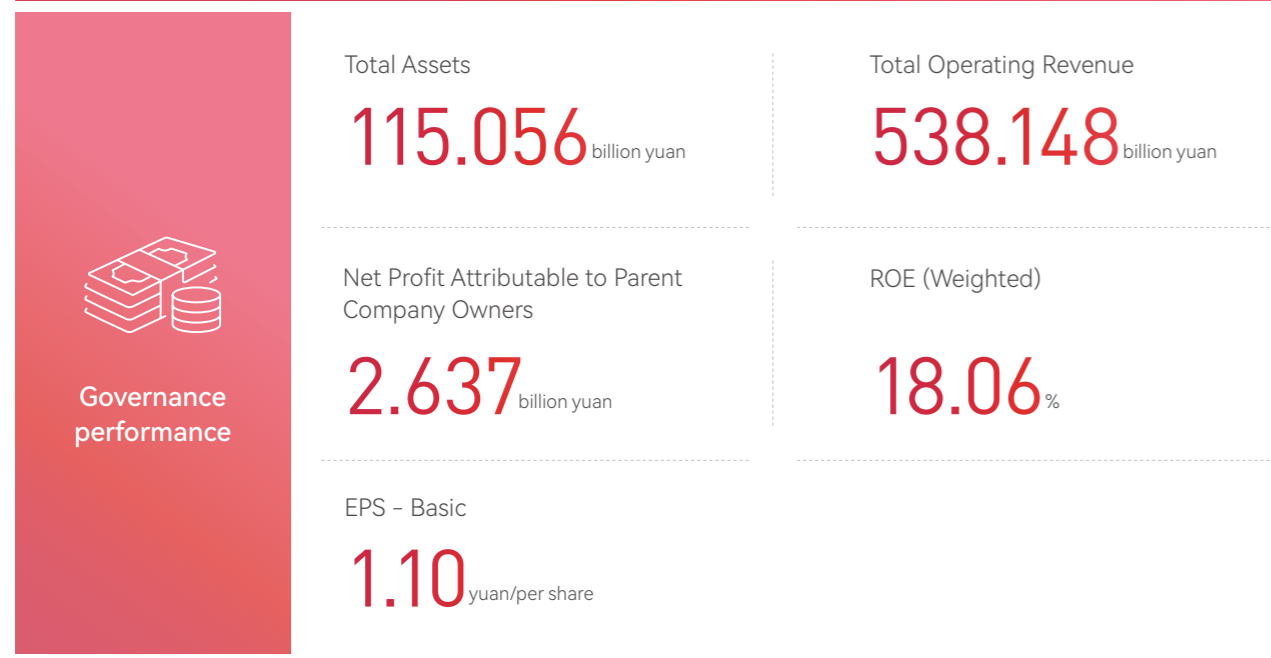
Company name: Xiamen Xiangyu Co., Ltd.	Stock code: 600057.SH
Abbreviation: Xiamen Xiangyu	Stock Abbreviation: XIANGYU
	Head office: Xiamen, Fujian Province, China



Company Honors

Honours	Awarded by
Ranked 1323 th among the Top 2000 global listed companies by Forbes	Forbes Magazine
Ranked 28 th in the Fortune China 500 and 1 st in the Transportation, logistics and warehousing industry	Fortune China
No.2 among the Top 50 Logistics Enterprises in China	China Federation of Logistics & Purchasing
Outstanding Logistics Enterprises in China	China Logistics and Purchasing Magazine
Innovative Logistics Demonstration Enterprise in China	China Logistics and Purchasing Magazine
AAAAA Logistics Enterprise	China Federation of Logistics & Purchasing
5A-level Supply Chain Service Enterprises	China Federation of Logistics & Purchasing
ESG Competitiveness - Responsible Sourcing	Golden Bee Intelligence
Subject's AAA Credit Rating Maintained	United Credit Rating Co., Ltd
Fujian Province Integrity-oriented Contract-abiding Enterprise	Fujian Province Market Supervision Administration
National Supply Chain Innovation and Application Demonstration Enterprise	Ministry of Commerce People's
Green Channel Enterprise of Customs Price Evaluation	Xiamen Customs
National Demonstration Enterprise for Transformation and Upgrading of Warehousing Industry	China Association of Warehousing and Distribution
A-class Enterprise of Xiamen Customs	Xiamen Customs
Top 30 Employers in China with the Most Development Potential of the Year	Zhaopin
Five-star Certified Trade Union	Xiamen Federation of Trade Unions

2022 Annual Performance



SUSTAINABILITY MANAGEMENT

With the strategic vision of "becoming a world-class supply chain service enterprise", Xiamen Xiangyu actively responds to the Sustainable Development Goals (SDGs). We are committed to leveraging innovative technologies such as digitization and the Internet of Things (IoT) to improve our environmental, resource utilization, and social performance. We regularly disclose information on our directions and progresses with stakeholders.

Stakeholder Communications

Xiamen Xiangyu actively engages in communication with stakeholders to identify and assess key materialities that may impact the Company's reputation, business performance, and sustainable development. This approach aims to enhance the transparency and trustworthiness of our reporting.

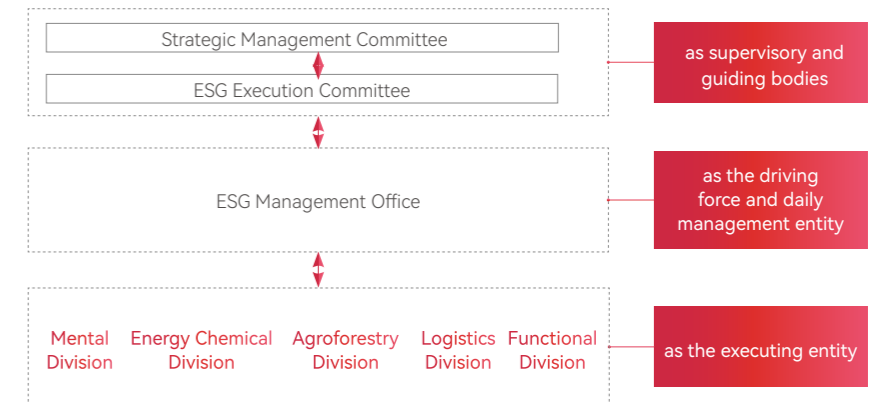


Stakeholders	Investors	Customers	Employees	Suppliers	Government and Regulatory Bodies	Partners	Community	Public and Media
Expectations and Demands	<ul style="list-style-type: none"> Business Growth Financial Returns Effective Governance Sustainable Development 	<ul style="list-style-type: none"> Stable Supply of Goods Expanding Sales Channels 	<ul style="list-style-type: none"> Protection of Rights Occupational Health and Safety Training and Promotion Compensation and Benefits 	<ul style="list-style-type: none"> Fulfilling Contracts with Integrity Open, Fair, and Impartial Procurement Mechanism 	<ul style="list-style-type: none"> Compliance Operations Tax Compliance Observing Business Ethics Stimulating for Local Economic Development Stimulating Employment 	<ul style="list-style-type: none"> Fulfilling Contracts with Integrity Commercial Ethics and Transparency 	<ul style="list-style-type: none"> Fostering Community Growth Safeguarding the Environment Contributing to Society 	<ul style="list-style-type: none"> Disclosing of Business Progress of the Company Assuming Environmental and Social Responsibility

Responses	<ul style="list-style-type: none"> Growing Business in a Sustainable Way Increasing the Amount of Dividend Payouts Improving Corporate Governance Ensuring Timely Information Disclosure Organizing Company Open House Events Developing Sustainable Business Strategies 	<ul style="list-style-type: none"> Optimizing Customer Service Signing Long-term Agreements 	<ul style="list-style-type: none"> Signing Employment Contract Ensuring Workplace Safety Improving the Training System and Career Advancement System Improving the Salary and Benefits Incentive System Implementing Equity Incentive Plan 	<ul style="list-style-type: none"> Fulfilling Contracts in Accordance with the Law Standardize Procurement Systems 	<ul style="list-style-type: none"> Observing Law and Discipline Integrity in Tax Payment Prudent Management Local Employment 	<ul style="list-style-type: none"> Integrity in Project Cooperation Emphasizing Business Ethics Construction 	<ul style="list-style-type: none"> Fostering Community Interaction Implementing Eco-friendly Operations Supporting Social Welfare Initiatives Contributing through Charitable Giving 	<ul style="list-style-type: none"> Press Releases Accommodating Media Interviews Safeguarding the Environment Upholding Social Responsibilities
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ESG Governance Structure

Xiamen Xiangyu has established a comprehensive ESG management framework, with the Strategic Management Committee and its ESG Execution Committee as overseeing and guiding authorities, and the ESG Management Office serving as the coordinating entity for routine ESG-related work. Each subsidiary acts as the executing entity, with designated ESG coordinators within each subsidiary and functional department serving as the foundational units for ESG management. This ensures that ESG considerations are effectively integrated into the Company's regular operational activities.



SUSTAINABILITY MANAGEMENT

Xiamen Xiangyu is committed to establishing and improving the smooth communication channels with its stakeholders, and continuously improving the effectiveness and timeliness of the dialogue with a continuously improved communication mechanism. During the reporting period, we maintained regular communication with our stakeholders and conducted in-depth communication with stakeholder groups such as industry associations, shareholders, merchants and employees respectively, in order to better understand and respond to their expectations and demands for the Company and to insist on promoting sustainable development of the enterprise together with each stakeholder.

Industry Association Representative

"Xiamen Xiangyu's shift from relying on price differentials in commodity trading to providing reliable and efficient supply chain services has set a remarkable example for the development of China's supply chain industry."

Shareholder Representative

"We highly recognize the prospects of China's bulk supply chain industry, as well as Xiamen Xiangyu's business philosophy, operational layout, and development strategies. We have confidence in Xiamen Xiangyu's forward-looking positioning in various fields, and we look forward to growing together with such an outstanding company."

Customer Representative

"We are deeply impressed by Xiamen Xiangyu's commitment to mutual assistance and their pragmatic and professional services. By incorporating ESG principles into our collaboration, we can jointly establish a harmonious and positive ESG ecosystem."

"We have been partnering with Xiamen Xiangyu for over a decade. As a leading player in the bulk supply chain industry, Xiamen Xiangyu has demonstrated strong capabilities in both channels and logistics, providing us with customized solutions that address our specific supply chain service needs. We are also willing to work closely with Xiamen Xiangyu in ESG communication, building a mutually beneficial and trusting relationship where we can collaborate and share together."

Employee Representative

"Xiamen Xiangyu's rapid development has provided us, the younger generation, with numerous opportunities. The Company's systematic and standardized training and development mechanisms give us a strong sense of belonging and achievement."

"Since the Company went public in 2011, I have witnessed every critical moment of its growth, and I feel immensely proud and honored. Xiamen Xiangyu's sunny and uncomplicated work atmosphere allows me to wholeheartedly dedicate myself to my work, pursuing our shared goals and ideals."

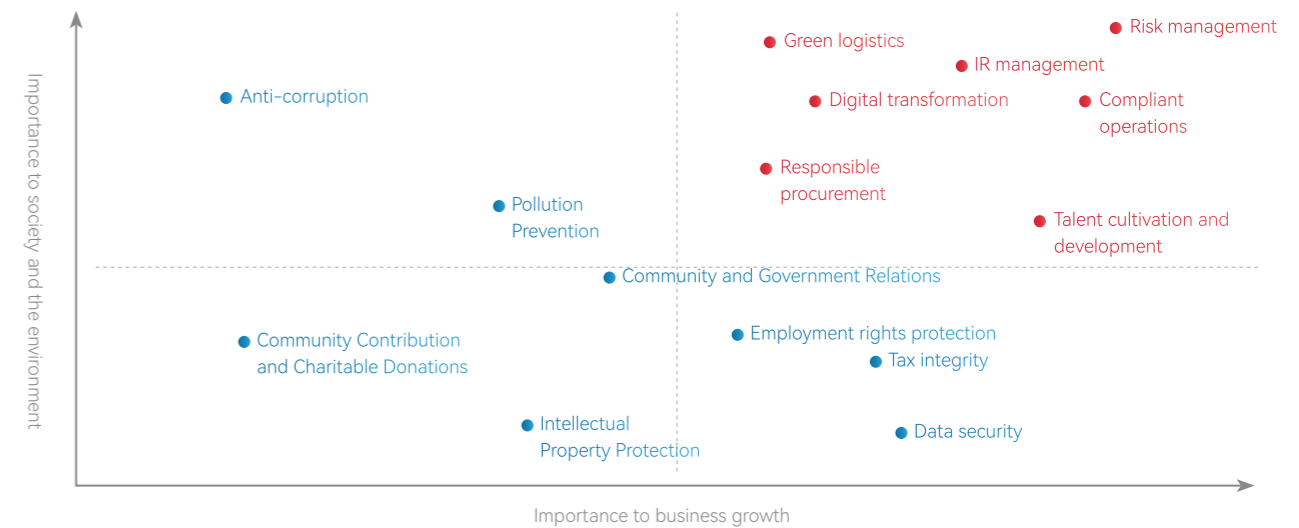
"With the support of Xiamen Xiangyu, I have grown from a fresh-faced to a middle-level executive. Being able to grow alongside a forward-thinking company makes me feel that my youth and time are well spent."

Materiality Assessment

Xiamen Xiangyu consistently monitors and assesses material issues in the realm of sustainability, tailoring them to the Company's real-world business conditions. The Company periodically assesses the significance of these issues and prioritizes them accordingly, integrating the findings into its strategic planning and decision-making processes. This approach ensures the implementation of sustainability principles throughout the Company's operations.

We refer to international standards such as the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB), as well as the criteria from international rating agencies such as MSCI and S&P. In accordance with our Company's actual business operations, we have identified 15 material issues that have a significant impact on our business. Taking into account the expectations of internal and external stakeholders, we assess and prioritize these issues based on two dimensions: "importance to business growth" and "importance to society and the environment." By doing so, we can allocate resources effectively to address the most pressing sustainability challenges we currently face.

Over the course of the reporting period, the Company identified a total of 7 high-priority material issues. All departments have conducted systematic and extensive management and practices around these topics. Detailed descriptions of the related information can be found in the subsequent main chapters of the report.





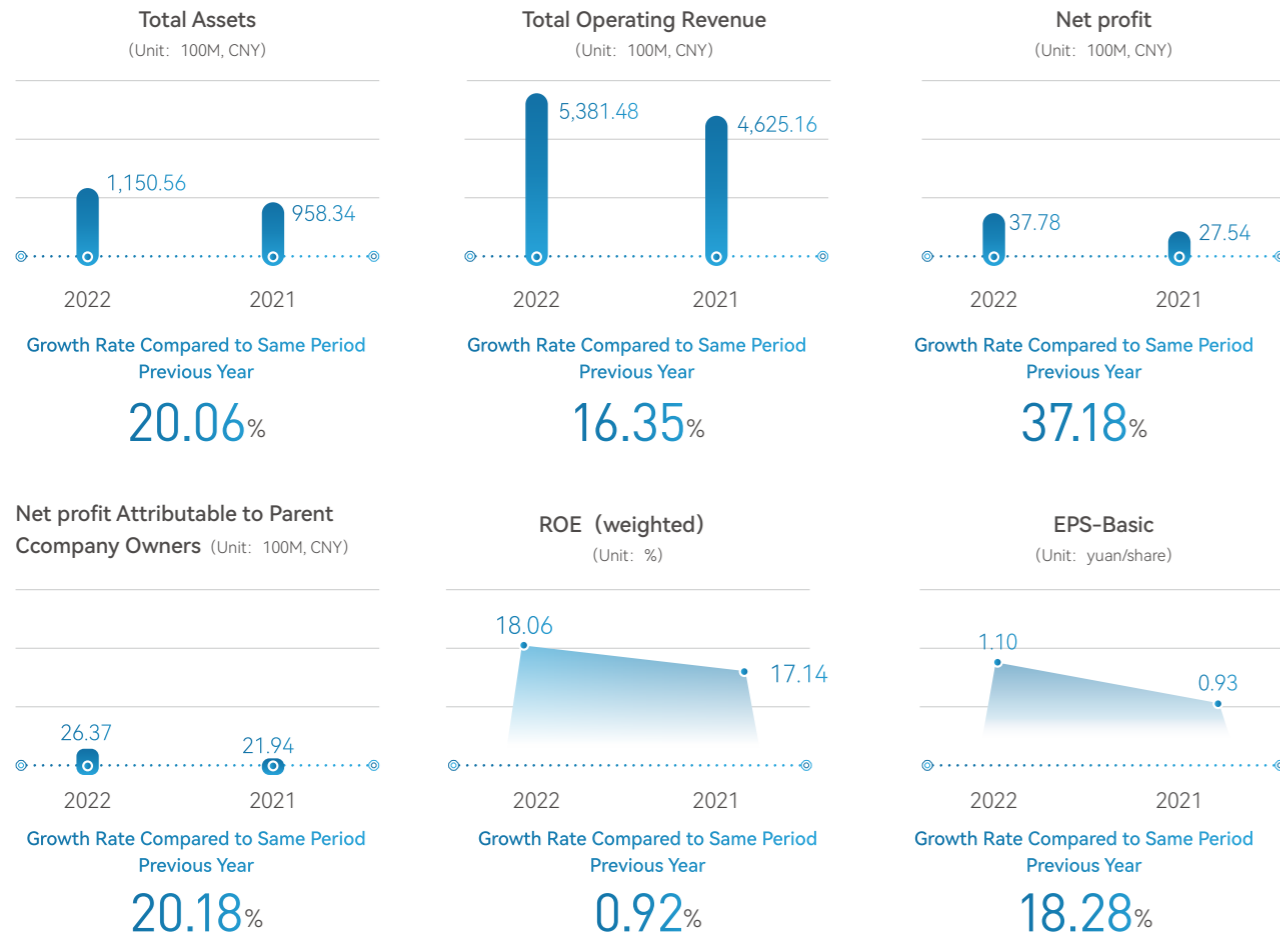
Xiamen Xiangyu promotes corporate governance systematization, standardization, and transparency, promotes law-abiding and compliant enterprise operation, increases investor confidence and trust, ensures the Company's sustained and healthy development, and safeguards the legitimate rights and interests of investors, and actively wins recognition and support from all walks of life.



GOVERNANCE CHARTER

Keep Pace with the Times and Strengthening the Foundation of the Enterprise

2022 Business Performance



CORPORATE GOVERNANCE

The Board of Directors of the Company comprises three distinct committees - the Audit Committee, the Compensation and Evaluation Committee, and the Investment Development (Strategic) Committee. The primary responsibility of the Audit Committee is to ensure the accuracy and transparency of the Company's financial reports. The Compensation and Evaluation Committee sets performance benchmarks for our directors and senior management and is entrusted with the task of designing and reviewing policies and plans related to their compensation. Meanwhile, the Investment Development (Strategic) Committee evaluates the Company's strategic direction, taking into account factors such as investment and business development plans, market dynamics, competition, and emerging trends. They provide valuable insights and recommendations to the Board of Directors, aiding in informed decision-making.

Xiamen Xiangyu established the Data Application Department in 2021 to provide strong support for the transformation of digital intelligence in terms of data strategy development, data governance, platform data application and analysis, and talent training. Over the course of the reporting period, several master data such as customer, warehouse, port, country, administrative division and management organization have been implemented online, and over 100 data execution standards and over 200,000 business standard data have been sorted out.

Over the course of the reporting period, it is planned by the Company to introduce two strategic investors, China Merchants and Shandong Port Group, in order to further optimize the ownership structure and board of directors composition, which is conducive to the continuous improvement of corporate governance.

Diversity and Independence of the Board of Directors

The professional background of board members cover various fields such as Logistics, Trade, Finance and Law, etc.

The Board of Directors has 9 members, including 3 independent directors.

Key Performance

Corporate Governance Indicators

Indicators	Number (As of the end of December 2022)	Unit
Board of Directors Meetings	16	times
Board of Supervisors Meetings	11	times
General Meeting of Shareholders	7	times
Audit Committee Meetings	11	times
Remuneration and Assessment Committee Meetings	2	times
Investment Development (Strategy) Committee Meetings	1	times
Release of Periodic Reports to the Public	4	pieces
Release of Interim Announcements	108	pieces
Replying to SSE E-interactive online Platform	26	times
Answering investors' inquiries	300+	calls
Handling IR mailbox mail	100+	seals

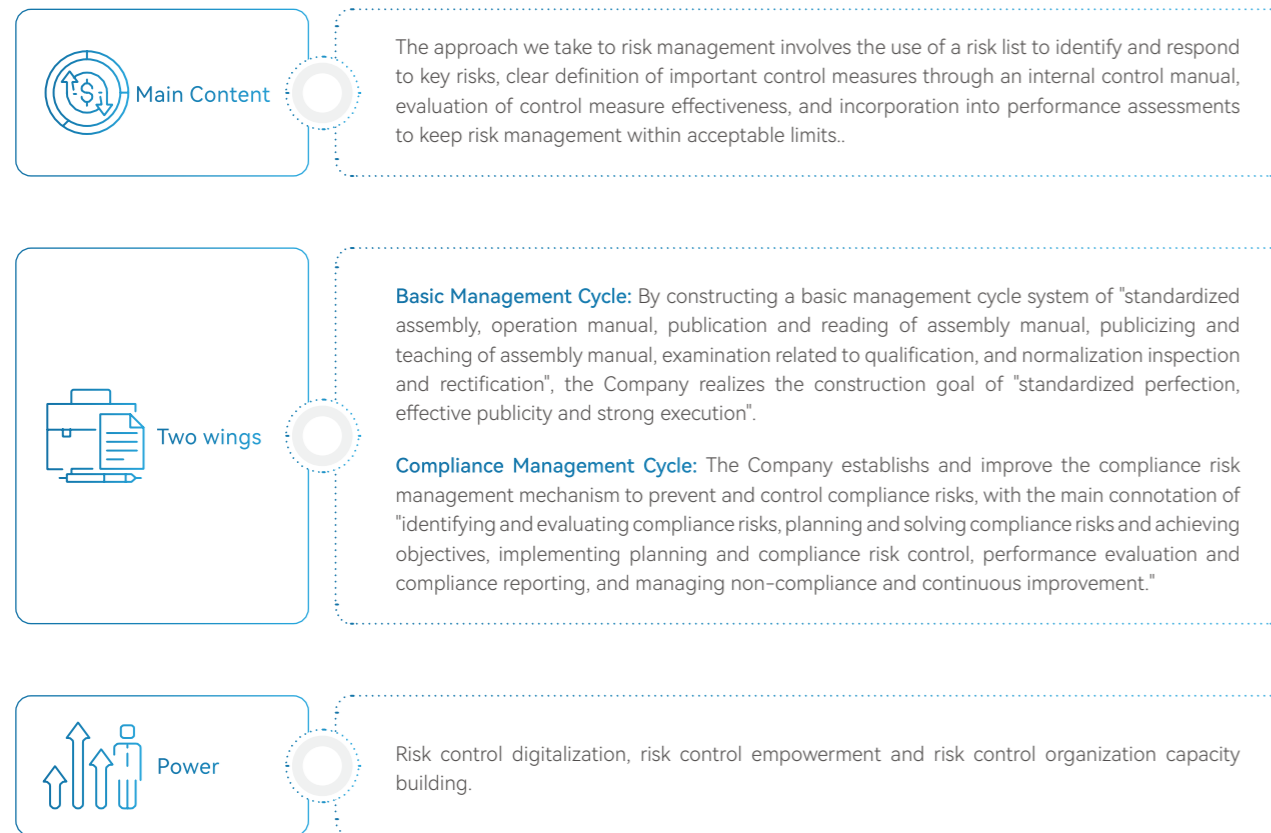
RISK CONTROL MANAGEMENT

Xiamen Xiangyu follows the business philosophy of "Risk First, Profit Second, and Service Scale Third", establishing a comprehensive risk management system and formulating the Management of Risk management, forming a comprehensive and coordinated risk management organization system from the board of directors to the front-line business units, effectively strengthening the Company's internal control and achieve sustainable, stable and healthy development of the Company's various businesses and overall operations.

Risk Management Approaches

Focusing on the overall risk management goal of "controllable" and "manageable", the Company takes the internal control construction cycle as the main body, the basic management cycle and compliance management cycle as the "two wings", and uses digitalization of risk control, risk control empowerment and capacity building of risk control organizations as the driving force, and grasps the three lines of defense, to form a joint prevention and control, collective prevention, and effective mechanism of risk management.

Risk Management System



Risk Management Framework

In terms of risk control structure, the Company has established "three lines of defense" for risks, consisting of first-line business departments, headquarters risk control department, and headquarters audit department, and audit committee.

"Three Lines of Defense" of Risk Management

The First Line of Defense / Frontline Operating Units

The general manager of each frontline operating unit is primarily responsible for this department's risk management and is fully responsible for this department's risk management. The general manager may designate and specify the members of the management team who are in charge of risk management (hereinafter referred to as "risk control leaders"). Risk control leaders should transform the Company's risk management system in their own business units while accepting the guidance and supervision of the Company's vertical risk management functional departments and audit departments.

The Second Line of Defense / Headquarters Risk Management Department

Regularly assess and manage the risks for which the department is responsible, improve the corresponding internal control system, guide the risk management of vertical departments within various business units, and perform risk management functions.

The Third Line of Defense / Audit Department and Board Audit Committee

The audit department is in charge of identifying the Company's and each business unit's major risks. The audit department organizes the revision of the internal control manual based on the evaluation results, encourages the effective implementation of risk response measures, and organizes the internal control effectiveness evaluation and internal control assessment to promote the realization of the risk management system, according to the risk.

The board is in charge of determining the Company's overall risk preference, comprehensively controlling the major risks in the operation process, supervising the cultivation of enterprise risk management culture.

Proactive Risk Control

On the basis of controlling traditional risks such as financial risks, operational risks, legal risks and market risks, the Company also pays attention to strategic risks, human resource risks, business structural risks and institutional risks.

Strategic Risk

The Company emphasizes that "recognizing the general trend is the greatest strategy", discuss the national principles and policies and the domestic and international situation through institutionalized study, and make scientific decisions in line with the general trend.

Human Resource Risk

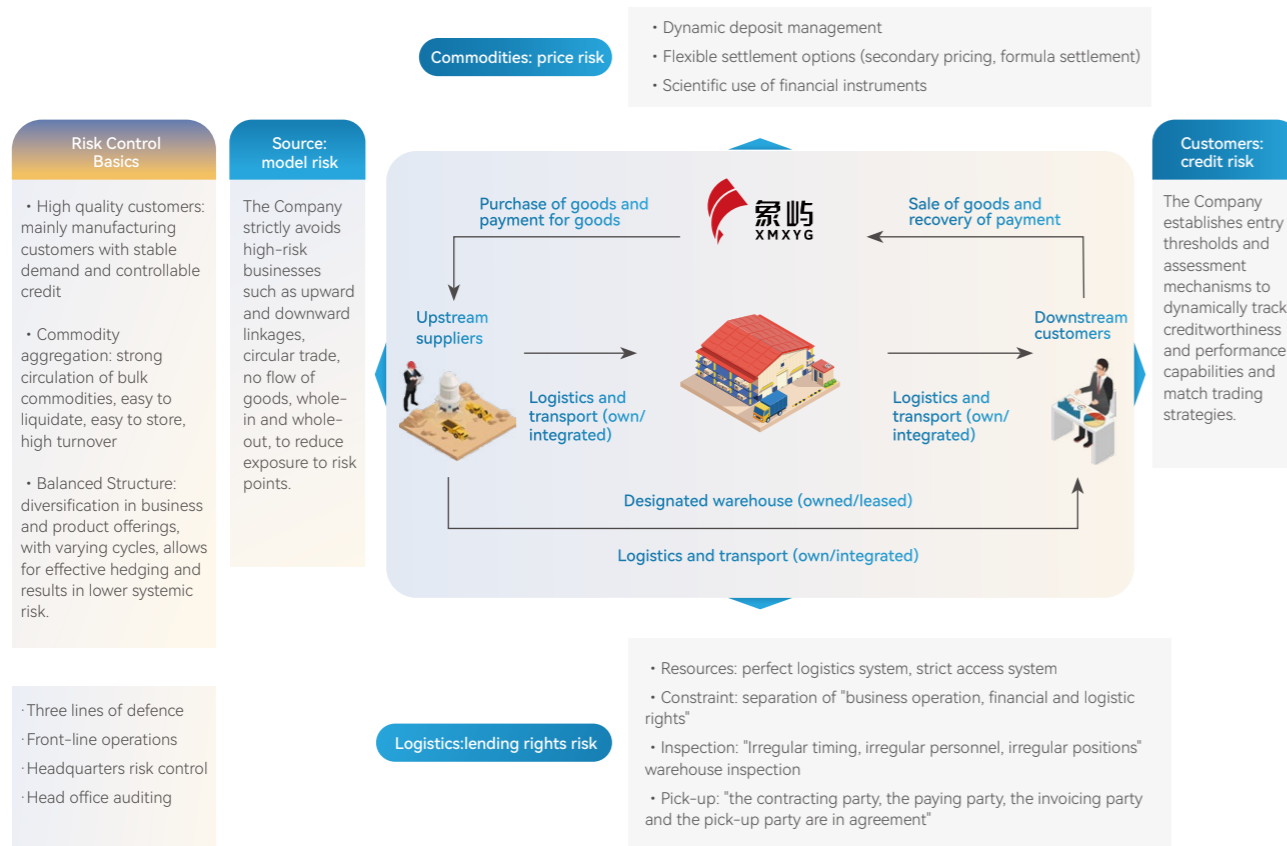
The Company pays attention to the reasonable collocation and complementarity of age, education, and ability structure of leading bodies and cadres, strengthen senior managers' moral cultivation and ability construction, and implement "information moving up, power decentralization, and responsibility to people" in mechanism.

Business Structural Risk

To ensure the right to speak in the industry, the Company strictly implements capital management, emphasizes the "iron discipline" of capital planning, and pays attention to selecting business varieties that are in line with the nature and strategy of the enterprise, maintains the balance among business varieties, and requires both controlling concentration and ranking high in the segmentation field.

Specific Business Risk Management and Control

In the specific business, Xiamen Xiangyu focuses on the risk of our business model, the risk of customer credit, the risk if commodity prices, and risk of cargo right.



COMPLIANCE MANAGEMENT

Compliance management is the foundation of long-term enterprise development. Xiamen Xiangyu has established a comprehensive and systematic compliance management system and developed the *Xiamen Xiangyu Compliance and Governance Policy* to ensure that the Company's development stays within the bottom line and does not cross the red line, ensuring the Company's steady development.

Compliance Management Framework

The Company has established four organizational levels for compliance management: compliance committee, compliance manager, headquarters compliance management department, and subordinate enterprises, as well as three lines of defense for compliance committee decision-making, joint-stock company management, and subordinate enterprise implementation.

Compliance Risk Management

The Company identifies and evaluates the compliance risks associated with all of its business activities. On this basis, it pays special attention to key areas such as trade control, antimonopoly, unfair competition, and anti-commercial bribery, accurately identifies and responds to the aforementioned risks in key links such as system formulation, business decision-making, and production and operation, and strengthens compliance awareness of key personnel such as managers, personnel in high-risk positions, and overseas personnel to effectively prevent compliance rogue behavior.

Enhance Compliance Awareness

The Company establishes an institutionalized and normalized compliance training mechanism, organizes front-line employees and key employees to participate in compliance training on a regular basis, ensures that employees understand and follow corporate compliance objectives and requirements, and effectively grasps post-related compliance management knowledge and compliance risk management capabilities.

Over the course of the reporting period, the Company organized special trainings such as "Enterprise Compliance under Anti-monopoly Compliance", "Interpretation of *Futures and Derivatives Law*" and "Enhancing Compliance Awareness under Anglo-American Legal System" to help employees improve their compliance awareness, enhance their personal legal literacy, and prevent and reduce enterprise legal risks.

Typical Case: Strengthening the management for contracts and building a solid risk defense line

Over the course of the reporting period, in order to further strengthen the contract management capability of frontline operating units and grasp specific business risks, we conducted legal knowledge training to provide better support for contract risk management and protect the legitimate interests of the Company.



Special Training Site for Contract Management Personnel

Typical Case: Conduct Anti-monopoly Training



Anti-monopoly Training Site

The Corporate Risk Governance Center's Legal Affairs Department presented a lecture on *Corporate Compliance and Centralized Declaration of Operators under the New Anti-monopoly Regulations* and invited experts on this subject to interpret the new regulations. Invited experts systematically interpreted the key points and highlights of the Amendment to the *Anti-Monopoly Law* in the context of the basic rules and compliance points in three key areas: monopoly agreement, abuse of market dominance, and centralized declaration by operators, using typical law enforcement and judicial cases.

The lectures were rich and in-depth in professional content and lively in atmosphere, which effectively enhances the understanding of the *Anti-Monopoly Law* of relevant functional departments and business units of the Company and strengthens the compliance awareness of relevant personnel.

Key Performance

Compliance

Indicators	Number <small>(As of the end of December 2022)</small>	Unit
The Number of Organizational Compliance Trainings	42	sessions
The Number of Organizational Board Members, Executives, and Senior Managers Participating in Compliance-related Training.	1	sessions
The Number of Compliance-related Complaints Received	0	cases
The Number of Compliance-related Complaints Handled	0	cases
The Number of Regulatory Documents Related to Risk Management, Commodity Trading, and Compliance	3	items

MERCHANT MANAGEMENT

Through internal management improvement and external resource empowerment, Xiamen Xiangyu is collaborating with its partners to contribute to the upgrading of the industry, and continuously create sustainable social value and maximizing corporate value.

Customer Relationship Management

Customer satisfaction is the important foundation for sustainable business development. Xiamen Xiangyu adheres to the strategic mindset of "basing on the supply chain, serving the industrial chain and creating the value chain", and takes advantage of its own strengths to continuously provide customers with quality and diverse products and services, and grow together with them.

Delivering High-quality Products

- For standardized industrial products such as ferrous metals, aluminum, stainless steel, new energy and coal, the quality requirements for the products are included in the purchase agreements with suppliers to ensure that the products delivered to customers meet the common quality standards of the industry.
- Our subsidiaries have successfully implemented ISO 9001 quality management systems and HACCP food safety management systems, demonstrating effective operational practices and ensuring high standards of quality and food safety.

Comprehensive Quality Management System

All Hands on Deck

The Company establishes a system of responsibility for food quality and safety from the general manager to the grassroots staff, strengthens quality communication and collaboration between all departments and levels within the enterprise, and organizes regular training and education on quality management for all staff to ensure that every employee grasps the basic knowledge and requirements of quality.

End-to-end Control

The Company establishes quality inspection and monitoring mechanisms for each process of purchasing, storage, production, inspection, sales and service, conducts regular checks on the quality of each process, and collects, analyses and reports on quality data with the support of information systems, provides timely feedback and takes corrective measures when necessary.

Multiple Approaches

The Company conducts strict screening and evaluation of suppliers, selects suppliers with sound quality control systems and performance capabilities, conducts regular quality audits and evaluations of suppliers; benchmarks advanced enterprises in the industry to reduce waste and variation and ensure stable product quality; establishes incentive mechanisms for quality management, including but not limited to setting up quality rewards and quality assessment, to encourage employees to actively participate in quality risk management.

Empowering Customer Development

- Xiamen Xiangyu is committed to helping customers reduce costs and increase efficiency, promoting industrial transformation and upgrading, and improving market efficiency through the "four-in-one" supply chain integrated service platform. Through scale empowerment, management empowerment, financial empowerment and logistics empowerment, the Company provides services such as raw material procurement and supply, finished product distribution, logistics and transportation for small and medium-sized manufacturing enterprises.

Typical Case

Multi-model transport provides relief to downstream customers, stabilizes production in the aluminum industry chain

Based on the pain points of the industry, such as the large number of production links, the large physical span and inconvenient circulation of each production link, Xiamen Xiangyu relies on its large span and multi-link multi-model logistics service capability to link up the whole industry chain, such as bauxite ore from overseas, alumina from Henan and Shandong, electrolytic aluminum from Xinjiang and Inner Mongolia, and aluminum products from the eastern coast, and provide guarantee for the supply of raw and auxiliary materials for each manufacturing link. At the beginning of 2022, when the central region was blocked due to the epidemic, an electrolytic aluminum company in northwest China faced the risk of "chain breakage" due to the lack of upstream materials, Xiamen Xiangyu integrated its logistics resources, optimized its transport routes and gave full play to its own multi-model transport advantages to protect the company's production "lifeline".

Supplier Management

Xiamen Xiangyu prioritizes the sustainable development of the industrial and supply chains, performs life cycle management for suppliers, and prioritizes environmental and social responsibility in all aspects such as access and evaluation. The Company establishes the Supply Chain Development Department, establishes and improves the cooperation mechanism with partners, continuously improved the ability to connect upstream and downstream customers in the industrial chain, and contributes to the development of a sustainable supply chain.

Responsible Value Chain Initiative



DATA SECURITY MANAGEMENT

A large number of important data assets are generated and stored in the daily operation process, as a result of the planning and promotion of the Company's digital construction and the office, business processes turning to online, paperless and intelligent. Thus, data security has evolved into an essential component of the Company's smooth operation. Xiamen Xiangyu places a high value on data security management and developed the *Xiamen Xiangyu Information Security Management Policy* with the policy of "prevention first, keeping the bottom line in mind, and continuous improvement" to continuously improve the information security management system, ensure the confidentiality, integrity, and availability of information, and ensure the Company's business sustainability. The Company established an information security management framework with the Information Security Management Committee as the highest deliberation and decision-making body, the Information Security Working Group as the executive body, and the information security leaders of subordinate enterprises as the final implementation in terms of information security management organization construction. Members of the Information Security Management Committee collaborate with members of the Digital Transformation Committee to ensure information security during the Company's digital transformation.

Focusing on the risk of data leakage and destruction that may occur in all aspects of the data life cycle, the Company has adopted systematic technology and management schemes to ensure the safety and reliability of the data life cycle. Over the course of the reporting period, the Company found no business data security risk events.

Stage	Risk	Countermeasure
Data acquisition		<ul style="list-style-type: none"> ⊙ Data classification
Data storage		<ul style="list-style-type: none"> ⊙ Data encryption storage ⊙ Data backup recovery ⊙ Anti-blackmailing
Data transmission	<ul style="list-style-type: none"> ◆ Client leakage: the end user sends out important documents with sensitive information. ◆ Internal personnel factors: internal personnel maliciously modify data, query sensitive data in batches, maliciously destroy the database or query sensitive information. 	<ul style="list-style-type: none"> ⊙ Data transmission encryption ⊙ Data leakage prevention ⊙ Identification ⊙ Network isolation <p>Full-cycle user rights management:</p> <ul style="list-style-type: none"> ◆ User authentication ◆ Personnel audit
Data usage	<ul style="list-style-type: none"> ◆ Business code factor: data leakage caused by business code defects. ◆ Third-party factors: the development partner leaked the test data; basic service provider leaks managed data. 	<ul style="list-style-type: none"> ⊙ ID authentication ⊙ Access control ⊙ Database operation and maintenance control ⊙ Static desensitization ⊙ Data encryption ⊙ Data leakage prevention <p>◆ Isolation of Data Access Permission</p> <p>◆ Isolation of Application Permission</p> <p>◆ Isolation of Storage Permission</p> <p>◆ Isolation of Data Manipulation Permission</p>
Data exchange		<ul style="list-style-type: none"> ⊙ Data encryption ⊙ Digital watermark
Data destruction		<ul style="list-style-type: none"> ⊙ Prevention of recovery ⊙ Process audit



Xiamen Xiangyu is committed to integrating resources including distribution channels, logistics, transaction data, etc. It provides comprehensive supply chain solutions for customers, aiming to facilitate the high-quality transformation of the bulk supply chain industry.



SERVICE CHAPTER

Pursuing Profit for the World's Well-being, Servicing for High-quality Development of the Nation

BUSINESS MODEL

Xiamen Xiangyu continues to provide "all-around, multi-level, and wide-ranging" services while focusing on the core demands of manufacturing enterprises' customers. Xiamen Xiangyu strives to be at the forefront of the industry in terms of business model leadership by enriching the commodity mix, optimizing the customer structure, iterating the business strategy, and improving the profit structure, etc.

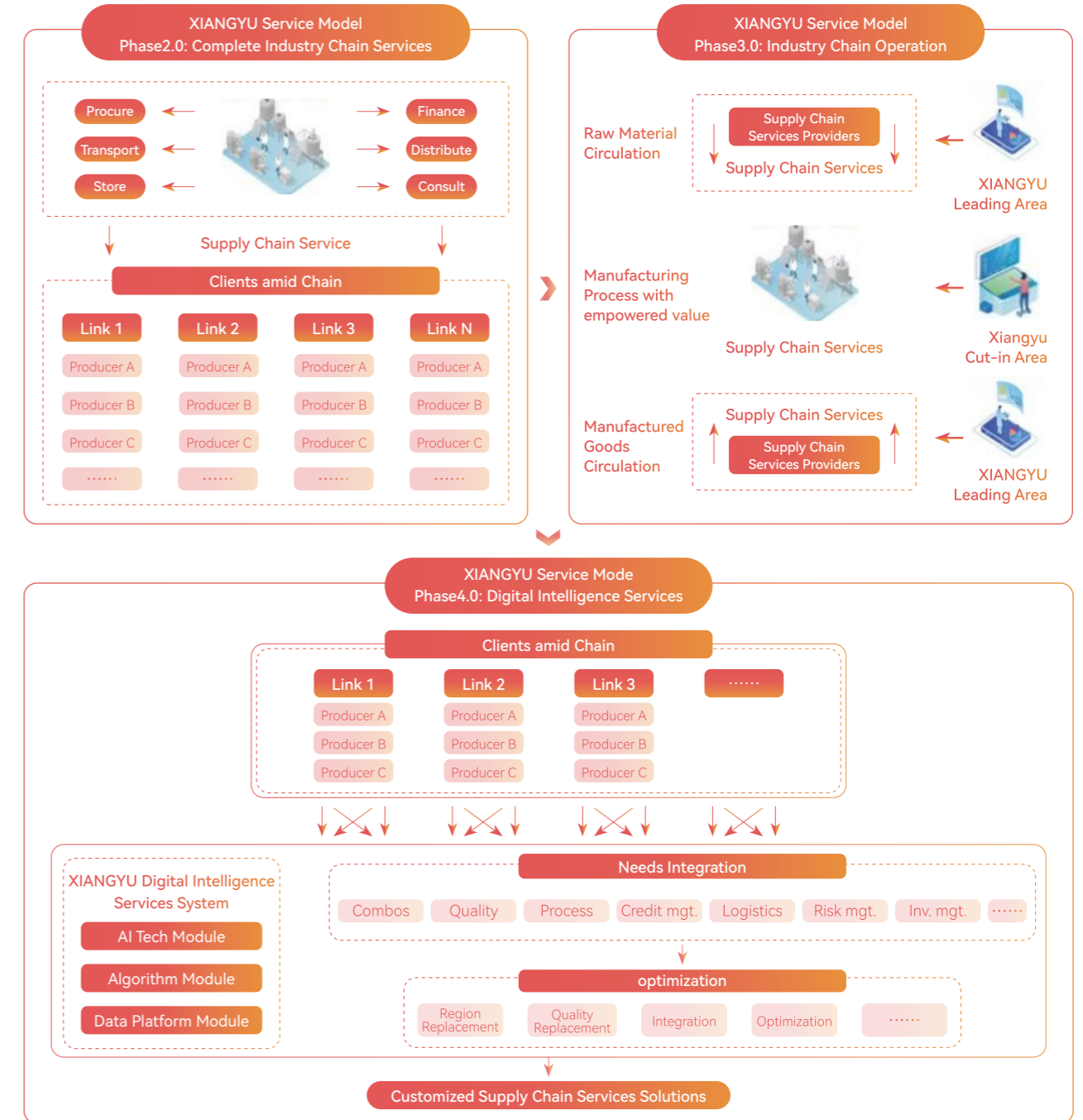
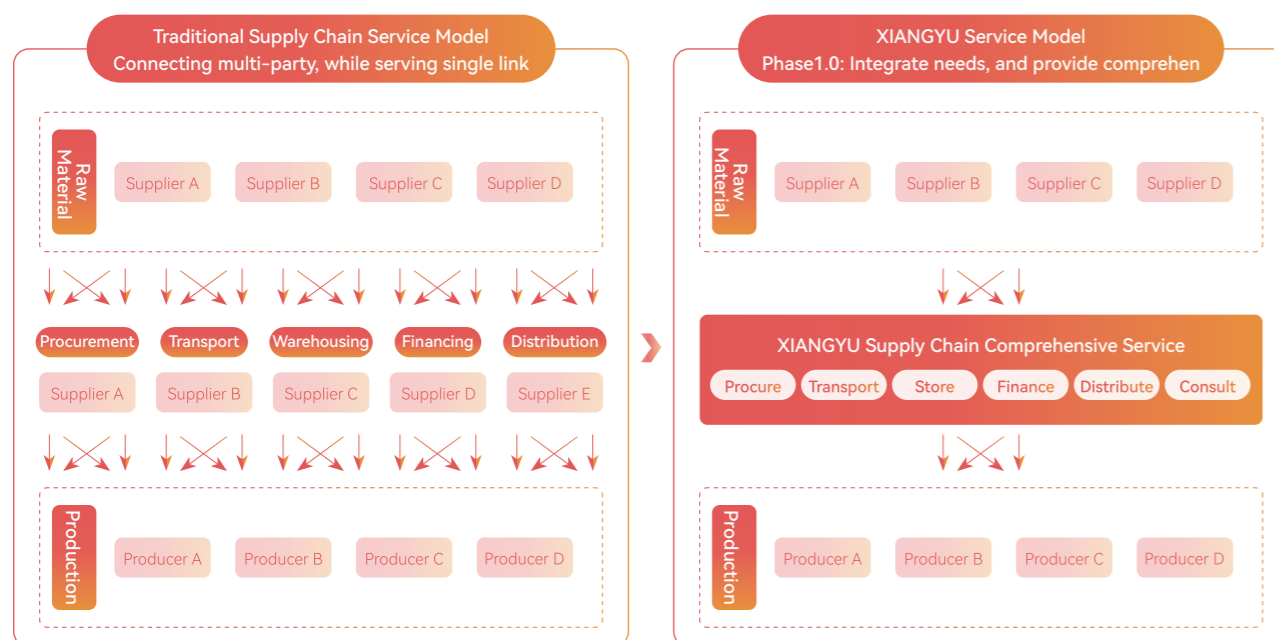
Commodity Mix

To meet market demand and align with the Company's business philosophy, the product must possess high liquidity, be highly standardized for easy storage, and experience high demand with a long supply chain within the industry, allowing for comprehensive services across multiple levels. The Company's primary focus is on the bulk commodities market, where it operates in four main categories: metallic minerals, agricultural products, energy and chemicals, and new energy. Its diversified business scope is reflected in its six core products: ferrous metals, aluminum, stainless steel, grains, coal, and new energy.

Customer Structure

The Company has consistently improved our customer structure by prioritizing manufacturing enterprise customers and investing in service offerings. As of 2022, manufacturing enterprise customers represent over 50% of our customer base and contribute 60% of our commodity business. Particularly noteworthy is the fact that they make up over 90% of our customer base in the new energy supply chain, and more than 60% in the black metal, stainless steel, aluminum, and coal supply chains. Additionally, we provide services to more than 50% of customers in the grain and raw materials supply chain.

Business Strategy



Profit Model

The Company's profit model is built around generating revenue from services and leveraging economies of scale. This strategy provides a robust foundation for stable profitability. By expanding our presence in new regions, customer segments, and commodity categories, as well as offering a wide range of services, we are able to consistently improve our business performance. We also take advantage of price differences to maximize profitability during commodity price fluctuations.

The Company sources goods directly from upstream suppliers in order to optimize our supply chain and reduce costs, while simultaneously increasing service revenue. By collaborating with other industries, we are able to achieve steady growth in scale and expand our revenue potential. Our extensive customer and logistics network, combined with in-depth research on industries and commodities, enables us to manage positions in a scientific manner, resulting in increased revenue from price differentials.

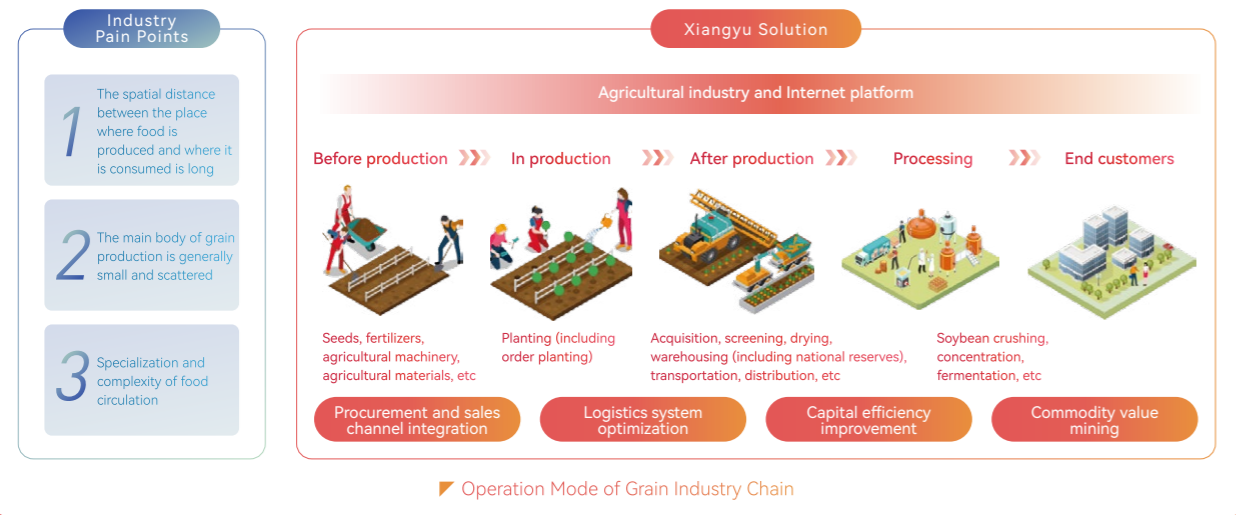
Typical Case: Operation Mode of Grain Industry Chain

The Company has established a full-service layout that covers all aspects of the production process, from pre-production to post-production, including seed and fertilizer services, agricultural planting, grain storage, logistics transportation, raw material supply, and grain processing.

In the production process, with the support of seven major grain procurement, warehousing, logistics platforms, and a comprehensive North-South transportation logistics service system, the Company leverages its professional operational advantages to reduce operating costs and increase efficiency. In terms of distribution, the Company is dependent on seven key platforms for grain purchase, storage, and logistics, alongside a logistics service system for transporting grain from the north to the south. By leveraging its operational specialization and scale benefits across all segments, it significantly reduces marginal operating costs, and enhances operational efficiency and profit levels.

In the distribution process, the Company has established soybean pressing plants and provides comprehensive supply chain services, including soybean procurement, sales of soybean oil and meal, and logistics transportation, to enhance its bargaining power and optimize its capital turnover rate.

Over the course of the reporting period, the Company supplied over 10 million tons of raw materials annually to large-scale breeding, feed, and deep processing enterprises, such as Wen's Foodstuff Group Co., Ltd., Shuangbaotai Group Co., Ltd., Haida Group Co., Ltd., and Yihaikerry Group Co., Ltd., making it the largest corn industry chain service provider in the A-share market.



THE TRANSFORMATION OF THE COMPANY'S DIGITAL INTELLIGENCE

From a strategic perspective, the Company places a high value on digitalization construction, leveraging its massive transaction data, extensive customer resources, and rich application scenarios to actively transform towards digitization. Guided by the digitalization and intelligence strategy, the Company promotes the implementation of innovative projects such as smart logistics platforms, "YuLianTong" digital supply chain service platform, and an industrial-level internet platform for agriculture. Through technological innovation, we aim to achieve higher levels of economic productivity.

Smart logistics platform

By utilizing technologies such as the Internet of Things (IoT), big data, and artificial intelligence (AI), the Company has accelerated the real-time monitoring and optimization of the entire logistics process, including transport and warehousing management, and promotes real-time data sharing across all segments of the supply chain. This improves data accuracy and transparency, enabling customers to predict demand, control inventory, reduce out-of-stock risk, quickly respond to market changes, and enhance competitive advantages.

Smart Logistics Service Platform

Process Automation

- Paperless operation in the warehousing process has been realized with the help of mobile scanning devices, and intelligent management of the entire process of "storage, inventory, and delivery" has been realized.

Online Service

- The electronic signature platform has been introduced to realize the digitalization and traceability of the whole document circulation.
- Using blockchain electronic warehouse receipts to ensure the authenticity of warehouse receipts and signing intentions, and improve credibility and circulation efficiency.



Visual Representation of Property in Goods

- **Full-process management of goods:** The Company employs technologies such as blockchain and AI-driven Internet of Things to construct a digital warehouse. Moreover, it establishes an intelligently networked platform, built on a 'cloud, edge, and endpoint' framework, that amalgamates Internet of Things, edge computing, and sensory equipment. This setup enables the comprehensive management of goods throughout all stages including storage, delivery, and stocking.
- **Monitoring of weighhouses:** The unattended weighhouses are monitored in real time by using 3D digital twin technology, so as to realize the dynamic tracking of grain harvest in each grain base.
- **Cargo rights control:** The warehouse inspection process and data are stored through cloud technology by using unmanned aerial vehicle (UAV) warehouse inspection, video surveillance and identification, infrared grating and other technologies, so as to realize real-time and previous inquiry and fully guarantee the safety of cargo rights.

Typical Case: Xiamen Xiangyu Express is closely related to the pulse of the times and builds a digital warehouse

Xiamen Xiangyu Express is a Xiamen Xiangyu-owned integrated logistics company. Xiamen Xiangyu Express has consistently invested resources to build a smart logistics platform, solve industry pain points, and improve service experience, with the goal of addressing the problems of complex and time-consuming traditional warehousing management processes, inefficient traditional service, and difficult control of goods rights.

- Intelligent Process**
 - The application rate of electronic signature platform reaches 95%.
 - The construction of automatic weighhouse can shorten the weighing time of vehicles entering and leaving the site by 50% and 75% respectively, and realize information synchronization.
- Online Service**
 - Build an internal and external interconnection platform.
 - Customers can view the warehouse goods and inventory data through multiple ways such as on PC side, WeChat official account and APP.
- Visualization of Cargo Rights**
 - Build an Internet of Things (IoT) platform to realize a "visible, manageable and in-time warning" cargo rights control mechanism.
 - It is equipped with all-weather uninterrupted real-time monitoring service and electronic fence function to provide customers with all-round control and protection of cargo rights.



Intelligent Storage, Delivery and Freight Forwarding



Internet of Things Unified Monitoring Platform

"YuLianTong" Digital Supply Chain Service Platform

Small and medium-sized businesses have long faced the problem of "difficult financing, expensive financing, and complicated financing" due to a lack of effective collateral. It is difficult for financial institutions to assess the creditworthiness of small and medium-sized businesses, and the transaction targets are "incomprehensible, uncontrollable, and difficult to handle" making it extremely difficult to control the risks for banks.

Xiamen Xiangyu is leveraging our comprehensive resource integration capabilities, multi-dimensional logistics resource layout, and digital risk management system, has created the "YuLianTong" digital supply chain service platform. The Company serves as a trusted data bridge between banks and clients, helping financial institutions control risk while broadening financing channels for small and medium-sized enterprises.

Core Resources/Capabilities of Xiamen Xiangyu



The ability to consolidate industrial resources and our operational ability constantly to improve. Over the course of the reporting period, the business volume of ferrous metals, aluminum, stainless steel, grain, thermal coal and new energy materials were 76.75 million tons, 21.74 million tons, 16.06 million tons, 14.46 million tons, 53.96 million tons and 210,000 tons respectively.



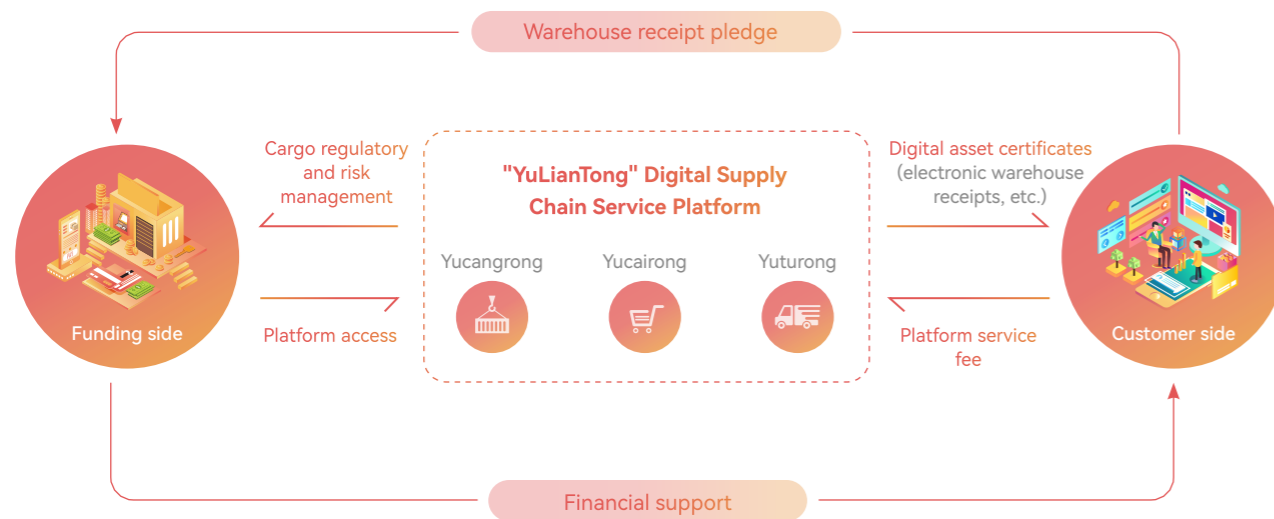
- Established a multi-model transport logistics system of "Road Transport, Rail Transport, Water Transport, and Warehousing".
 - Highway:** There are over 1,300 self-owned vehicles and 57,000 social vehicles, with an annual transportation capacity of over 9 million tons.
 - Railway:** It operates 14 railway freight stations, supporting 47 special railway lines, more than 2.2 million square meters of container yards and warehouses, and more than 25,000 self-contained containers, with an annual shipping capacity of over 35 million tons.
 - Water transportation:** We established strategic partnerships with high-quality port and shipping enterprises under China Merchants Port, Shandong Port, COSCO Marine, Qingdao Port, Lianyungang Port, and Rizhao Port, and integrated transportation capacity to achieve an annual transportation capacity of more than 25 million tons for domestic coastal areas and the Yangtze River Basin.
 - Storage:** our storage capacity exceeds 13 million tons, equipped with 9 special railway lines; 45 self-owned and chartered warehouses with an area of over 1.5 million square meters; 8 yards, covering an area of over 450,000 square meters.



- Credit risk:**
 - Customer's credit standing:** check customer's credit standing by combining customer operation, transaction performance and credit data.
 - The transaction flow:** the application of blockchain and electronic warehouse receipt can be traced back to the whole process.
- Market risk:**
 - Commodity screening:** combined with the main business, choose the category with good liquidity, relatively stable price, fair market price and comparative advantage.
 - Process management:** dynamic management, marking and early warning, and real-time perception of market price fluctuations.
 - Commodity disposal:** depending on the Company's bulk supply chain operation and marketing channel system, goods can be quickly disposed and realized.
- Legal risks:**

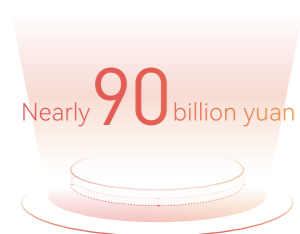
The ways of risk control include the formulation of contract text clauses in the whole process, the guarantee of real rights, warehouse receipts and the validity of electronic signatures.
- Operational risk:**

Prevent operational risks through mechanism control, system guarantee and digital management.



YuLianTong Digital Supply Chain Service Platform

Key Performance:



"YuLianTong" digital supply chain service platform has obtained special credit for customers



In 2022, "YuLianTong" digital supply chain service platform helps customers obtain the total amount of a cumulative credit usage



Bad debt rate of "YuLianTong" digital supply chain service platform in 2022

Industrial-level Internet Platform for Agriculture

Food holds a vital place when it comes to ensuring national security and the welfare of people. The Company has dedicated itself to aligning with the national food security strategy and has ensured the growth of traditional agriculture through the integration of digital technologies. We strive to enhance the efficiency of grain circulation and secure the domestic food supply chain while contributing to the ongoing transition towards agricultural modernization. By doing so, the Company fortifies the "ballast" of national food security.

In the upstream

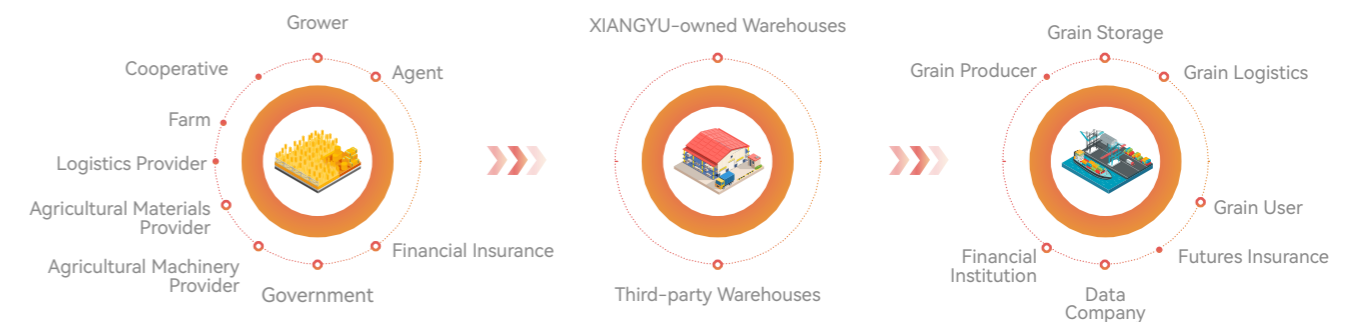
In order to strengthen our position in the grain industry, we have formed a strategic alliance for grain planting and launched the "Xingxing Xiangnong" app, offering farmers essential services like agricultural material procurement, sales, and technology consulting. These measures help us to control first-hand sources of grain and expand our variety, while addressing common industry problems.

In the midstream

Our Company has strategically built a grain warehouse point alliance by consolidating various third-party storage nodes across multiple regions. This approach has significantly increased the density of our grain procurement network, expanded our coverage, and allowed us to penetrate deeper into the industry. By addressing long-standing issues such as selling and warehousing difficulties, this alliance is poised to serve a wider clientele across Heilongjiang to Jilin, Liaoning, and beyond.

In the downstream

The Company established a highly efficient alliance within the grain circulation industry. Through the implementation of our North to South Grain Diversion logistics service system, we were able to seamlessly reallocate a diverse range of high-quality raw grains to meet the demands of feed, livestock, and deep processing companies in various regions. This innovative strategy effectively addresses the industry's challenges related to time and location discrepancies between production and consumption, ultimately benefiting our clients.



Industry-level Agriculture Internet Platform



Xiamen Xiangyu places great emphasis on providing a conducive and secure work environment for its employees, while simultaneously focusing on their career development and growth opportunities. The Company is committed to achieving mutual progress, wherein employees and the enterprise grow and prosper together. In addition, fulfilling corporate responsibilities is of utmost importance to Xiamen Xiangyu, and hence, we regularly organize staff to participate in voluntary and charitable activities aimed at making significant contributions towards building a better society.



SOCIAL CHAPTER

Cooperate and Benefit Mutually towards
a Win-win Situation

PROTECTION OF EMPLOYMENT RIGHTS

The sustainable development of any enterprise largely depends on its workforce, and at Xiamen Xiangyu, we recognize the invaluable contribution of our employees towards achieving our goals. The Company's recruitment policies prioritize qualifications and not just academic credentials, and we ensure that fairness and equality prevail in our hiring, training, and retention processes. We offer equal opportunities to all employees, regardless of their background, enabling them to realize their career aspirations and excel in their roles. Furthermore, our continuous efforts in enhancing our corporate culture, employee benefits, and upholding health and safety management systems create a warm and nurturing work environment, promoting employee happiness and wellbeing.

Basic Rights and Interests

Xiamen Xiangyu strictly abides by labor-related laws and regulations, formulates rules and regulations such as *Employment Contract Management Policy*, *Compensation Management Policy*, *Attendance and Leave Management*, establishes a standardized labor relations management system, and fully protects the legitimate rights and interests of all employees.

The Company pays special attention to the protection of the rights and interests of female employees. In order to prevent the occurrence of sexual harassment, the *Occupational Ethical Risks Management Policy* was revised over the course of the reporting period, clearly stipulating that "employees must refrain from sexually harassing colleagues, violating family ethics or social norms, or breaking the law, and should consciously purify their circle of friends, social circles and life circles." At the same time, in the company's *Special Collective Contract for the Protection of Special Rights and Interests of Female Employees*, the provisions on the protection of special rights and interests of female employees are further clarified to effectively safeguard the legitimate rights and interests of women.

Typical Case Female Employee Benefits

- ④ According to the *Measures for the Female Employees Management Measures*, three periods of leave (pregnancy, childbirth and lactation) shall be implemented accordingly.
- ④ Implement the system of regular physical examination for female employees and organize physical examination for female employees every year.
- ④ Create exclusive services such as psychological care courses for female employees, rest and breastfeeding rooms for female employees, and summer custody classes, etc.

The company treats employees with different nationalities, races, ethnicity, genders, religious beliefs and cultural backgrounds equally. In the regular interview process, according to the characteristics of different positions at different levels, the combination of selection methods, such as line test, professional evaluation, personality evaluation and background investigation, is used to evaluate the candidates in an all-round and scientific way, and the interviewer's talent selection ability is improved by means of interviewer handbook, interviewer training and certification, so as to minimize the influence of interviewer's subjective factors and provide a level playing field for the interviewer according to objective and scientific evaluation methods.

Employee Structure

Indicators	Number (As of the end of December 2022)	Unit
The Number of Employees in Xiamen Xiangyu Headquarters	445	persons
The Number of Employees in the Main Subsidiaries	7,746	persons
Total Number of Employees	8,191	persons
By Gender		
The Number of Male Employees	5,357	persons
The Number of Female Employees	2,834	persons
By Age		
30 and Under	2,813	persons
Between the Ages of 30 to 40	3,013	persons
40 and Above	2,365	persons
By Academic Qualifications		
Doctor Degree	5	persons
Master's Degree	658	persons
Bachelor's Degree	3,585	persons
College Degree	1,553	persons
Vocational High School and Technical Secondary School	580	persons
High School and Below	1,810	persons
By Region		
The Number of Employees working in Mainland China	8,120	persons
The Number of Employees Working in Hong Kong, Macao, Taiwan and Overseas Regions	71	persons

Compensations and benefits

Xiamen Xiangyu pays attention to improving the salary and welfare system, and provides better living guarantee for employees by establishing a reasonable salary and welfare structure and standardized salary and welfare standards. The salary of employees in the Company mainly consists of basic salary, salary based on the job position, salary based on the year of service and bonus. In terms of salary adjustment mechanism, the Company's implements annual salary fixing plan, and advocates the distribution system of "being able to go up and down, and changing salary from post to post", which not only promotes potential employees with both ability and political integrity, but also adjusts employees who are really unsuitable for posts to help employees find the most suitable positions for them. At the same time, the Company continues to carry out salary benchmarking to keep employees' income competitive in the same region, the same company, the same position and the same ability, and repay employees' contribution to the enterprise. The Company also provides employee benefits, conducts internal and external benchmarking every year, and continuously improves the employee experience. In addition to basic social insurance, the Company provides housing accumulation fund, diligent leave, commercial insurance, paid leave and other conventional benefits, transportation subsidies, lunch subsidies, holiday subsidies, heating and heatstroke prevention subsidies, communication subsidies, employee restaurants, employee gyms, health checkups, new employee dormitories and other benefits to achieve full coverage of living benefits. At the same time, each overseas platform company has been established a welfare system in line with local policies to provide protection for locally recruited staff.

In order for employees to better share the achievements of enterprise development and realize the common development of individuals and organizations, the Company launched equity incentive plans in 2020 and 2022 respectively, with the total amount of incentives reaching almost 8% of the total share capital, and the incentive targets covered more than 1,000 core managers and front-line business team members.



Examples of Employee Benefits

Employee care

Xiangyu launched the Employee Psychological Assistance Program (EAP) since 2020

The program has provided care services to employees at different levels cumulatively

162

2022 Senior Managers Care Counseling Program Served

120

In order to help employees relieve their psychological stress, Xiamen Xiangyu launched the Employee Psychological Assistance Program (EAP) in 2020, providing employees with different forms of psychological care services including 24-hour psychological consultation hotline, group counseling, one-on-one counseling and mental health talks. At present, caring services have been provided to 162 employees at different levels to improve their mental health conditions. Over the course of the reporting period, the Company also launched a special program of psychological care and counseling for senior managers, in which 120 investment enterprise executives participated, effectively helping the senior management team to relieve the psychological pressure.

The Company's trade unions built a brand of "Encounter something beautiful in Xiamen Xiangyu" series of activities, combined with Xiamen Xiangyu corporate culture, and incorporated elements such as temple fairs, food, puzzles, etc., and successively carried out the Lantern Festival cultural temple fairs, the reading of workers' pleasure, and the theme activities such as "Dedicate yourself and you will win" to enrich employees' spare time. We will actively promote Xiamen Xiangyu's "home culture", convey the company's humanistic care, and effectively improve the sense of employee well-being, satisfaction and acquisition through the activities of expatriate employees' home visits, traditional festivals of overseas companies, family open days and Dragon Boat Festival family banquets. Over the course of the reporting period, we have visited around 73 employees and their families.

Typical Case Encounter something beautiful in Xiamen Xiangyu and spend the holiday together.



At the Lantern Festival
In the form of cultural temple fairs, the Company integrates essential elements of traditional culture such as the display of lanterns, the engagement in lantern riddles, the art of window paper-cutting, the creation of sugar figurines, the pastime of hoop tossing, and the performance of dragon dances. This allows the conventional celebration to be adorned with contemporary characteristics, crafting a millennium-spanning cultural odyssey.



At the Dragon Boat Festival
In the name of family banquet, employees teamed up to cook and jointly created a gourmet feast, inviting employees' families to get together, tasting delicious food, and feeling the warmth and beauty of Xiamen Xiangyu family together.



At the Mid-Autumn Festival
The Company focuses on promoting the spiritual connotation of Minnan people's "dedicate yourself and you will win". Through cultural puzzles and Mid-Autumn Festival "platter", we can feel different "dedication" culture in traditional folk customs.

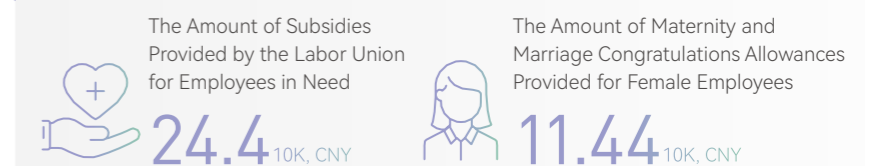
The Company advocates the cultural concept of "Happiness at Work, Health in Life". We are seizing the Sports Year of Xiangyu Group as an perfect opportunity to bolster our employee interest groups. We have actively competed in Xiangyu Group's basketball, football, badminton, and table tennis and other competitions. Moreover, during breaks, we actively promote invigorating exercises like "office aerobics" and "eye exercises". Our aim is to encourage all employees to cultivate healthy exercise habits and create a relaxed and pleasant working atmosphere.



Friendly Football Match

Xiangyu pays special attention to the relief and assistance of employees in difficulty. Through the Xiangyu Group's Spring Rain Fund project, the Company sets up a year-round fund-raising channel and organizes an annual "one-day donation" activity and special relief projects, and accepts employee donations on a voluntary basis. All donations are used to sympathize with and subsidize on-the-job employees and retired employees whose families are in difficulties due to major diseases, accidents and other reasons.

Key Performance



Occupational health and safety

The Company always adheres to the core value concept of "safety first, environment first, people-oriented and complete equipment", and insists the safety management policy that is "people-oriented, prevention first, risk identification and pre-control, creating a harmonious and safe environment and taking the road of sustainable development". We will continuously improve the safety management system, ensure the occupational health and safety of employees, and resolutely put an end to the occurrence of dangerous situations such as prioritising speed or economic benefits over safety.

The Company strictly complies with relevant laws and regulations, formulates and publishes the Occupational Health, Safety and Environmental Management Manual, instructs subsidiaries involved in production to set up occupational health, safety and environmental management systems, improves the management of occupational health, safety and environmental, implements the safety production responsibility system for all employees, clarifies the safety responsibilities of safety production managers at all levels, and effectively prevents production safety accidents.

The company promotes the construction of the safety culture and by customizing safety notebooks, the annual safety priorities are "embedded in" the inside pages of the notebooks, reminding staff to firmly establish the concept of "safety first" at all times. Over the course of the reporting period, the Company implemented good operating practices, and practical cases submitted by its subsidiaries, such as the improvement of a gas cylinder storage cabinet, a mobile leveling scraper, a sliding conveyor belt, and an environmental protection transformation of a drying tower, served as a model for other subsidiaries, effectively improving the overall safety production level. With the help of rich training content and diverse organizational forms, the Company also set up a seminar for safety mainstays, and through brainstorming, it formed ideas and suggestions to improve management, and improved the systematic and professional level of safety mainstays' management ability.

Xiamen Xiangyu organises its subsidiaries to conduct safety drills

Total investment in 2022 for the elimination of safety hazards in production activities

7.3572
million yuan

Xiamen Xiangyu has actively organized its subsidiaries to conduct safety drills and accumulating practical experience in emergency response training such as fire evacuation, fire accident emergency, flood prevention, fire emergency, and confined restricted space escape and other emergency exercises. Over the course of the reporting period, the Company spent a total of 7.3572 million yuan to eliminate safety hazards in production activities and to provide employees with a safe working environment.

Key Performance

Indicators	Number	Unit
Coverage Rate of Annual Occupational Disease Medical Check-up for Employees	100	%
Carry Out Occupational Health and Safety Training	371	Sessions
The Number of Employees Participating in Occupational Health and Safety Training	17,045	Person-times
Coverage Rate of Occupational Health and Safety Training	100	%
The Investment Amount of the Company in Purchasing Occupational Injury Insurance	140	10K, CNY

Note: Data scope includes Xiamen Xiangyu and its subsidiaries operating in production, processing, warehousing, and logistics businesses.

Typical Case

Keep in mind the bottom line of safety production and create a safety culture space

Xiamen Xiangyu Shengshi Container Co., Ltd. (hereinafter referred to as "Xiangyu Shengshi"), a subsidiary of Xiamen Xiangyu, has made the concept of "safety first" deeply rooted in employees' minds, and gradually formed 10 safety cultures of Xiangyu Shengshi (referred to as "10 rules of Shengshi"), through the establishment of the systematic and standardized safety management system, and effectively improving the personal safety protection ability of employees and the level of safety protection of all the staff.

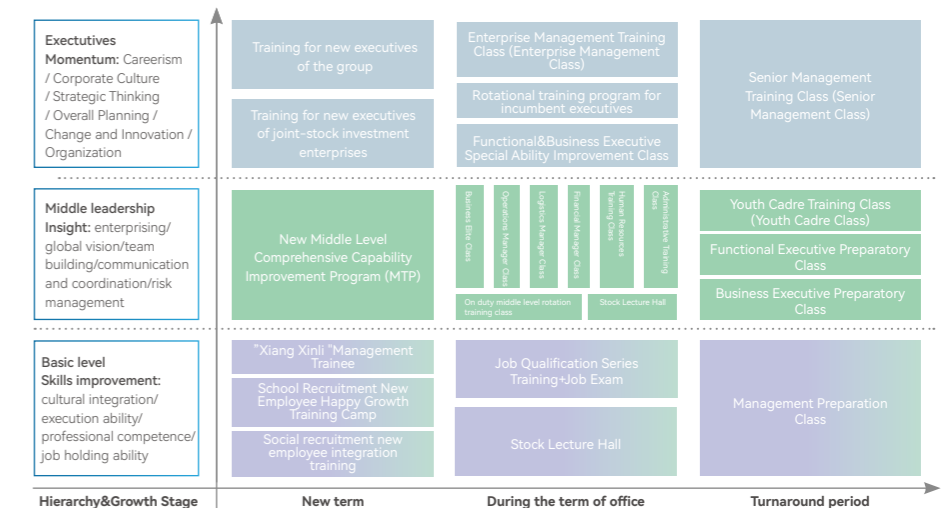


Xiangyu Shengshi Safety Cultural Space

EMPOWER EMPLOYEES

Xiamen Xiangyu has established a hierarchical, classified, three-vertical and three-horizontal talent training system, covering three groups of senior high school students, offering various special training programs for employees in the new term, during the term of office, and during the transition period, and relying on Xiamen Xiangyu Business School to carry out comprehensive management training courses such as executive course, enterprise management course, and youth cadre course, as well as special training courses such as functional senior management course, executive delivery skills enhancement course, human resources special course, risk control special course, equipment management special course, etc., through classroom teaching, external reality study visits, internal mobile classrooms, Xiamen Xiangyu forums and other diversified teaching modes, to continuously empower employee growth.

"Three-Horizons and Three-Verticals" Hierarchical Talent Training System



Highlight Practice

Creating a Good Internal Training Atmosphere

We optimize the management system and rules of internal trainers, organize internal trainer certification activities, select and motivate more internal trainers, and pass on organizational best practices to more employees.

Emphasis should be placed on teaching by senior personnel, and senior personnel should be arranged for new employees to teach and study, so as to enhance the teaching ability of relevant personnel and promote the growth of young employees.

Meanwhile, in 2020, the Company developed and built an online learning platform to assist employees at all levels in continuously improving their work ability. The platform offers five distinct courses, including corporate culture, leadership, team management, general literacy, and post-professional ability, and over 1,000 internal development and external introduction courses have been launched, fully meeting the independent learning needs of employees in various positions. In overseas platform companies in Singapore, Indonesia, the Company regularly organizes employees to participate in training and study organized by local institutions to improve their professional skills, and encourages overseas employees to actively participate in the existing curriculum resources in Xiamen Xiangyu Business School and online learning platform, as well as strives to provide diversified training courses for employees worldwide.

In order to promote the internationalization and digitalization and intelligence strategy, the Company organizes employees to carry out supporting international business and cultural training, and helps employees in the import and export business to improve their business ability and language skills through training and examination of import and export series knowledge and operation practice, as well as Indonesian and Indonesian cultural training. In terms of digitalization and intelligence, the company sorts out the goals and training priorities of digitalization and intelligence for employees at all levels, and adds related courses to help employees keep up with the digital age and add more possibilities for their future careers.



Logistics Manager Training Program



Administrative Managers Training Program

Key Performance

Indicators	Number (As of the end of December 2022)	Unit
Employee Training and Development	147,626	person-times
Training for Male Employees	94,458	person-times
Training for Female Employees	53,168	person-times
Average Training Time per Employee	38.4	hours
Average Training Time per Male Employee	39.8	hours
Average Training Time per Female Employee	35.4	hours

Personal Value Realization

Xiamen Xiangyu offers employees a dual-channel promotion path of professionalism and management, broadening their development path. The Company actively promotes cross-line rotation exercise of functions and businesses through job analysis and personnel evaluation prior to staffing, dynamically optimizes and configures personnel, assists employees in finding the most matching positions, and clarifies the future career planning direction. The Company also promotes cadre rejuvenation, and facilitates construction of young talents to a strategic level, and supports high potential talents to achieve their dreams.

Full Employment

In order to implement the decisions and arrangements of the CPC Central Committee and State Council's on stabilizing and ensuring employment, and to implement the work arrangements of the Xiamen Municipal Party Committee and Municipal Government, over the course of the reporting period, the Company launched a new employer brand "Heart Encounter, Achievements in Action", actively assisted college graduates find jobs, inviting more than 30 universities nationwide, totaling over 300 students and faculty members to gather in Ludao. They felt the enthusiastic atmosphere of talent attraction and support in Xiamen, and established a close connection between the students, employees, and the growth, success, and achievements of the Company. This initiative aims to provide college graduates with smooth channels for growth and a platform for their development.



Employer Brand Conference Site

The Company also pays special attention to the employment of disabled people, veterans and other special groups, and actively creates relevant positions to facilitate the employment of disabled individuals. In addition, veterans are given priority consideration for specific job openings.

Honor List



- Zhaopin China Annual Best Employer Campus Recruitment Case Award (May 2022)
- Liepin Fujian's Extraordinary Employer of the Year (November 2022)
- Zhaopin China's Top 100 Employers of the Year (December 2022)
- Internship College Students's favorite employer of the year (December 2022)
- Excellent Internship Base of Xiamen University of Management (December 2022)

Employee Communication

The Company continues to conduct satisfaction surveys and to gather feedback from employees regarding their perceptions of company's culture, policies, management, and team dynamics over a certain period of time. The Company analyzes and interprets the survey data, promptly identifies problems related to the system, processes, personnel management, and other areas. It then collaborates with relevant departments to develop improvement plans, monitor implementation, and increase employee satisfaction.

Highlight Practice Internal Communication Feedback Mechanism

The Company has established a smooth and timely communication and feedback mechanism to proactively gather employees' opinions. The main forms of communication and feedback are as follows:

- Face-to-face Communication:** the Company's annual business meeting, leaders' symposiums at all levels, monthly meetings, performance feedback sessions, daily informal talks, and team-building activities.
- Written Communication:** daily reports, weekly reports and special reports related to daily operations.
- Online Communication:** communicate and feedback through company's OA system and "Yuxin".

Furthermore, the Company has established a workers' congress system, 40 staff representatives were elected in accordance with the *Trade Union Law* and other documents, and hold the workers' congress every year to discuss issues concerning employees' interests and to promote the normalization, and standardization of democratic management. The Company also adheres to the practice of holding symposiums such as "criticism and selfcriticism" and "visiting grassroots and listening to voices" every year. These symposiums aim to gather feedback, suggestions, and evaluations directly from employees regarding their own work, communication and cooperation, and timely optimization of work processes and mechanisms to enhance the intrinsic motivation for innovation.

Highlighted Practices

Over the course of the reporting period, through the feedback from the workers' congress, the children's care class for summer vacation was launched for the first time to address the concerns of employees regarding childcare responsibilities during the summer vacation period.



Activities in Children's Care Class for Summer Vacation

Key Performance



The Number of Times of Workers' Congresses or Other Democratic Communication Meetings.

30 times


CORPORATE SOCIAL RESPONSIBILITY (CSR)

Xiamen Xiangyu adopts the "Five Ones" Projects as its carrier, actively practices corporate social responsibility, enthusiastically participates in public welfare undertakings, promotes rural revitalization, and strives to give back to society by sharing its business achievements in order to be a responsible enterprise. Over the course of the reporting period, the Company organized employees to participate in various public welfare activities such as the establishment of the civilized cityin Ludao. Additionally, the Company provided a rent reduction of 24.26 million yuan to tenants.


"Five Ones" Projects




Promote rural revitalization and demonstrate responsibility



Pairing assistance with Guoxi Village



Consumption assistance through East-West regional cooperation



Building a solid "ballast" for food safety

Over the course of the reporting period, in accordance with the unified arrangements from higher authorities, the Company conducted in-depth visits and research in Guoxi Village, Xiangping Street, Tong'an District. The Company engaged in communication related to rural revitalization, discussed the assistance work plan, and actively played a leading role in the demonstration of state-owned enterprises. It is expected to help Guoxi Village achieve its goal of an annual collective economic income of 500,000 yuan in 2024.

Since 2018, the Company has been combining industrial assistance with poverty alleviation through consumption, annually organizing the purchase of products from East-West regional cooperation to promote local industrial development and strengthen the collective economy. Over the course of the reporting period, the Company and its subsidiaries purchased poverty alleviation products worth over 1.04 million yuan.

Since 2021, the Company has signed an agreement on party building and co-construction with Quanzijie Town and Xindi Township in Jimsar County, Xinjiang. The collaboration focuses on assisting the growth of young people and jointly promoting rural revitalization, among other aspects.

The Company is primarily concerned with agricultural development. Since its entry into Heilongjiang, China's main grain producing area, in 2013, it has established an integrated service system for the entire grain industry chain, which integrates seed fertilizer service, agricultural planting, grain storage, logistics and transportation, raw grain supply, grain processing, and agricultural finance, and has built the "Xiamen Xiangyu's Industry-level Agriculture Internet Platform" covering the entire chain of grain cultivation, storage, and circulation through the use of digital intelligence technology. The platform contributes to stabilizing the foundation of agriculture with the strength of Xiamen Xiangyu.

In terms of community contribution, the Company worked with the Houpu community to actively participate in the community's political, public welfare, and mass work, as well as to carry out practical activities such as volunteer service, caring for the next generation and the elderly, and caring for the community to the greatest extent possible. Simultaneously, the Company encourages party members to actively participate in volunteer activities such as clean homes and civilized supervision, as well as community governance, to contribute their efforts to the construction and improvement of the community.

The Company also works with all sectors of society to promote the construction of overseas communities. Utilizing local festivals such as Thanksgiving, we actively engage in community chamber of commerce activities in the United States, strengthen the maintenance of external relations. We also cooperate with the Chinese Chamber of Commerce in Vietnam to visit children's protection centers and nursing homes together, and donate essential goods and food to protected children and elderly people in need to promote global public welfare actions.



Carrying Out Compassionate Pairing Visits



Sending Children's Day Gifts to Impoverished Children in Jimsar County

Overview of Community Activities in 2022

Created the party member activity room in Longteng Garden of Houpu Community.

Conducted discussions and exchanges with Houpu Community Neighborhood Committee, and carried out condolence activities for old party member who has difficulties in the Spring Festival.

Conducted discussions and exchanges with Houpu Community Neighborhood Committee, and carried out visits to senior party members who have difficulties in the Spring Festival.

Jointly carried out party day event on the theme of "I know the three rates of safety"

January

May

July

September

November

December

Organized a voluntary blood donation event on Mother's Day with the theme "Chinese Blood, Cross-Strait Affection".

Participated in the joint meeting of the Party Committee of Houpu Community and the symposium of the joint construction unit.

Conducted volunteer activities of civilization and clean home initiatives.

Jointly carried out the "Little Captain" Children's Day event.

Organized the voluntary service activities of "Clean Home"

Conducted the themed party day event "Celebrating the 20th National Congress, Warming the Double Ninth Festival".

Organized the volunteer activities of "Embrace the Beauty, Care with Love"



Key performance

Indicators	Number (As of the end of December 2022)	unit
Investment for Advancing Rural Rejuvenation	105.94	10K, CNY



In order to help solve the prominent issues such as high cost, low efficiency and high environmental pollution existing in the traditional logistics model, Xiamen Xiangyu is exploring the development path of green logistics. Embracing eco-friendly practices throughout our operations, we are cementing the supply chain foundation for the green industry and lending critical support to the achievement of the "carbon dioxide peaking and carbon neutrality" goals.



ENVIRONMENTAL CHAPTER

Discovering the Splendor of Natural Environment
and Leading the Way for Green Innovation

GREEN LOGISTICS

Xiamen Xiangyu is committed to building a multi-model transport system rooted in the logistics industry. In response to the national initiative of "Switching from Road to Rail Transport", "Consolidating Loose Cargo into Containers", "Port-to-Port Cooperation" the company has integrated its logistics and digital systems to create a unique "logistics leadership, smart empowerment, and high-level collaboration" model, promoting the development of green logistics. It also leverages the distinctive advantages of open-top container transportation to achieve "Switching from Road to Rail Transport" for various products, including cement clinker and kaolin, fulfilling its mission to provide efficient and sustainable logistics solutions.

Key Performance

Over the course of the reporting period, the Company achieved a "Switching from Road to Rail Transport" transportation volume of approximately **8 million tons**, reducing automobile transportation by **267,000 times**, which can reduce carbon emissions by a whopping **1.47 million tons** annually.

Through the promotion and development of China-Europe freight trains, the cumulative mileage has almost reached **4 million kilometers**, resulting in a reduction of **27,000 tons** of carbon dioxide emissions compared to cross-border cargo trucks transporting bulk goods. This signifies a significant contribution towards sustainable transportation and a reduction in the carbon footprint.

We have comprehensively integrated electronic signature technology, resulting in a fully digitized and paper-free process for the inbound and outbound warehousing of goods. This endeavor has led to a substantial decrease in carbon emissions, estimated to be around **6,028.8 tons** annually.

The company achieved a breakthrough in the transportation structure of "Intermodal transportation combining railway and waterway, and short road transport" in the development of multi-model transport logistics system, and built multiple green, low-carbon, and efficient multimodal logistics lines of bulk commodities, such as "North to South Grain Diversion", "North to South Coal Diversion", and "Trans-provincial Corridor for Aluminum Products", which can significantly reduce the energy consumption and pollutant emissions in the logistics process.

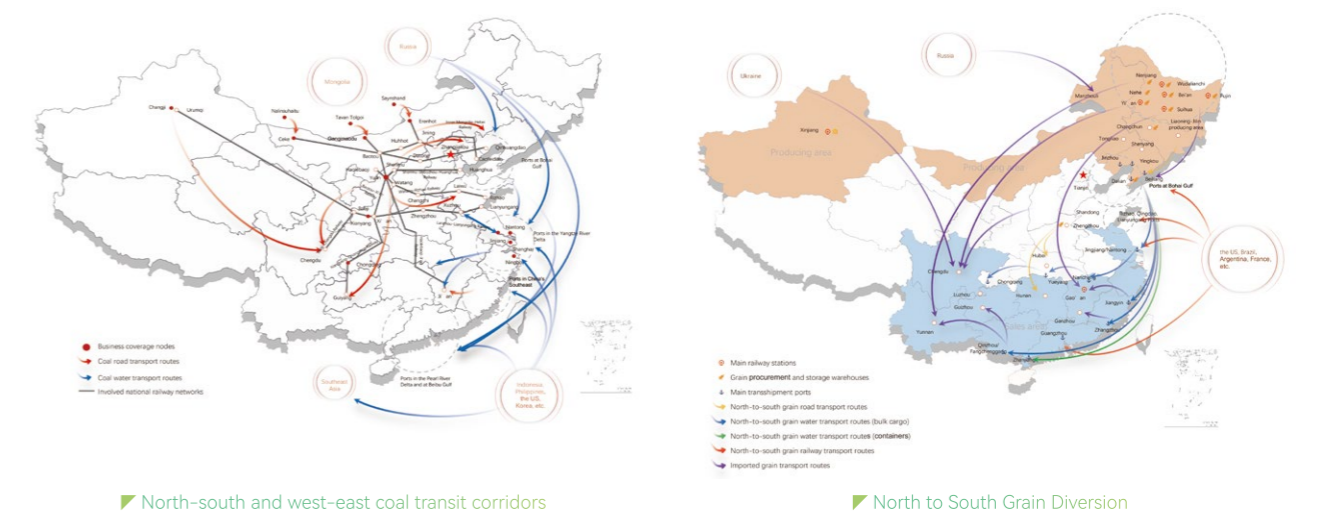
Key Performance

Over the course of the reporting period, the Company's responsible practice case of "multi-model transport service for bulk commodities, realizing digital intelligence empowerment and supporting the goal of 'carbon dioxide peaking and carbon neutrality'" was selected into the 2022 GoldenBee Responsibility Competitiveness Case Collection.

Relying on multi-model transport, to build a "green, low-carbon and efficient" logistics route.

Line name	Channel construction	Measures to reduce pollution and consumption
North to South Coal Diversion and West to East Coal Diversion	Relying on the layout of Xiangdao logistics nodes in the central and western regions, the Company sends coal from Shanxi, Shaanxi and western Inner Mongolia to Yunnan, Guizhou, Sichuan, Shandong, Hunan, Jiangxi and other regions by railway, and builds transport corridors for transporting coal from northern China to the South and from western China to the East.	Railway transportation consumes 15% less energy and generates 8% less pollution than road transportation. The Company transports coal by using the form of "shifting from road to railway". Prior to the train's departure, a dust-suppressing substance is administered onto the surface of the coal. This creates a protective layer which effectively mitigates the release of dust, thereby curbing environmental pollution.

Line name	Channel construction	Measures to reduce pollution and consumption
North to South Grain Diversion	We have taken proactive measures to strategically position our logistics network, effectively linking critical nodes such as the northern production centers, port clusters, and southern sales regions to establish a seamless and efficient transportation channel for North to South Grain Diversion. Our approach includes a unique blend of multi-model transport options, leveraging "Road Transport, Rail Transport, Water Transport, and Warehousing" facilities, resulting in a highly specialized and tailored logistics system.	Waterway transportation uses less energy and generates fewer pollutants than railway and highway transportation. By adopting a transportation model with rail and water as the primary modes, supported by road transport, we have significantly reduced the proportion of road transport distance to less than 1/10 of the entire transportation process, thereby lowering transportation costs and energy consumption, which has resulted in cost reduction and increased efficiency in grain transportation.
Trans-provincial Corridor for Aluminum Products	Relying on our own aluminum industry chain's operational volume advantage, we have successfully instituted significant transit corridors for alumina and electrolytic aluminum, including but not limited to, the 'Xinjiang-Henan' and 'Shandong-Inner Mongolia' routes.	Leveraging the rail node benefits of Xiangdao Logistics, the Company completed transport structure adjustment of "shifting from road to railway" and "consolidating scattered cargo into consolidated shipments", supplanted largescale trucking with rail container shipments, achieved quality, efficiency and energy savings in the transport of aluminium products.



The Company has been actively involved in the creation of two pivotal industry standards: the *Enterprise Green Logistics Assessment Indices* and the *Methodology for Greenhouse Gas Emission Accounting in Logistics Companies*. These standards are led by the Green Logistics division of the China Federation of Logistics and Purchasing. This involvement serves to guide the sector in shaping a sustainable, low-carbon growth trajectory in accordance with these standards, thereby establishing the strategic direction for the environmentally-friendly progression of the logistics industry.

ENVIRONMENTAL-FRIENDLY WORKPLACE

Xiamen Xiangyu focuses on incorporating the concept of green and low carbon into daily office work, and promotes employees' awareness of green and low carbon through resource conservation management and recycling, as well as organizing green and low-carbon activities to reduce the impact on the environment in the office work and contribute to the development of an ecological, civilized, and beautiful society.

Company Headquarters Office Building

was awarded the three-star rating (pre-evaluation) of China's highest level of green building evaluation and the LEED gold pre-certification issued by the US Green Building Council.

Solar energy heating now contributes to **42.3%** of our hot water supply.

Our monthly average energy usage consistently undercuts the citywide average in Xiamen by **7.6%**

Headquarters Power Saving Measures

Intelligent building equipment automatic control system is adopted to set the lights, night curtain wall, electronic screen, pool fountain system, air conditioner and fresh air system in public areas (divided into working mode, rest mode and holiday mode) for energy saving control;

Promote "turn off the lights when people leave" to all office staff, and at the same time, and through the security regular inspection to make up for the lights off.

Headquarters Water Saving Measures

Equipped with rainwater recovery system, the recovered rainwater will be used as supplementary water for landscape pool and Greenery watering;

Purify the water with water purifying agent, so as to prolong the water exchange period of the conventional water storage tank by at least half a month and reduce the water consumption caused by water exchange;

Fully installed water-saving toilets, faucets and other water appliances, which can save water by 50% compared with traditional equipment.

Headquarters Waste Management Measures

Set trash cans in all places of the office building, and the cleaning staff will collect and sort the garbage at noon and afternoon every day, then remove the non-recyclable garbage to the designated location;

Set up a special area to store decoration or large and kitchen garbage, and not mixed with domestic garbage;

The annual garbage sorting capacity is 137.64 tons, including 6.06 tons of kitchen waste and 16.19 tons of recyclable waste.



Green Travel

Provide free shuttle bus for employees, encourage employees to travel by public transport, and reduce carbon emissions caused by commuting.

The Company annually conducts a "one-day parking" event tailored towards employees with private vehicles. Over the course of the reporting period, this initiative drew participation from 548 company employees and successfully heightened their environmental cognizance by integrating low-carbon principles into their routine.

Environmental Voluntary Activities

Every year, the Company organizes employees to participate in voluntary tree planting. Over the course of the reporting period, employees visited Dongping mountain, Xiamen's "green lung", to participate in volunteer tree planting activities, and thoroughly practiced the development concept of "Lucid waters and lush mountains are invaluable assets" through practical actions.



► Dongping Mountain Tree Planting Activity

The Company regularly organizes employees to participate in environmental cleaning activities, including park and beach garbage cleaning, so as to build a "green, healthy, environmentally friendly and civilized" urban environment with practical actions.



► Volunteering for Civilized Guidance

SERVICING GREEN INDUSTRY CUSTOMERS

China is continuously implementing the "carbon dioxide peaking and carbon neutrality" goal to accelerate the transition to green and low-carbon development. Xiamen Xiangyu actively responds to the national strategy, continuously optimizes the product portfolio, and continues to make efforts in the two new energy tracks of lithium battery and photovoltaic, assisting the country's green development while actively integrating into the global carbon neutral wave.

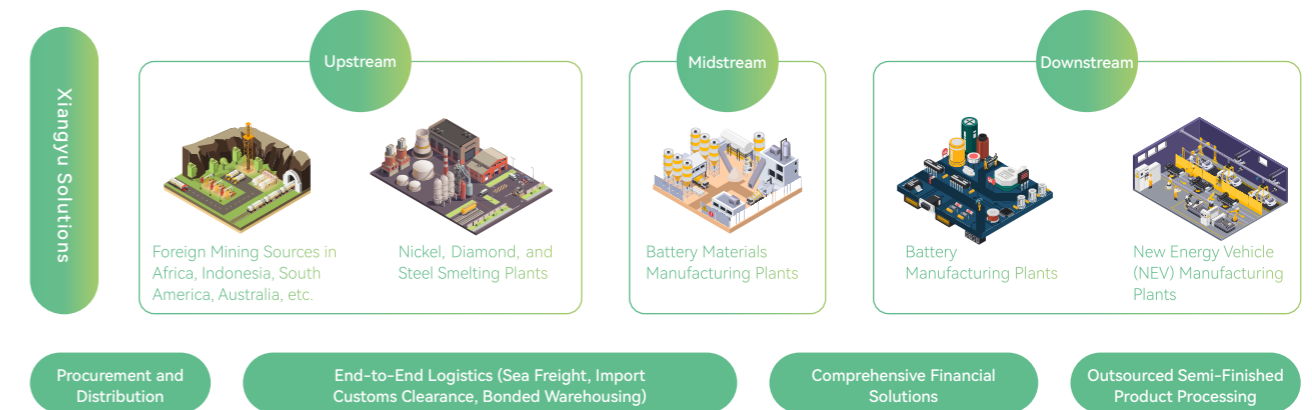
Ensuring Security and Stability of the New Energy Supply Chain

Through multi-model transport and other logistics methods, the Company focuses on resource-rich areas abroad such as Australia, Africa and South America to introduce raw materials such as lithium, cobalt and nickel to strengthen the supply chain of domestic new energy enterprises. Domestically, the company focuses on resource bases such as Qinghai and Sichuan, and has formed a full chain processing channel from raw ore, semi-finished products, and finished products to improve logistics turnover efficiency and promote the stable development of the new energy industry. Simultaneously, with the assistance of mature overseas channels, the Company assists domestic electric vehicle enterprises in exploring the electric vehicle market in Europe, South America and other places, allowing its excellent products to "go abroad."

Key performance

- Over the course of the reporting period, the Company has achieved
- The supply of lithium carbonate ranks among the top five in China
- Lithium salt business volume ranks third in the country.
- Cobalt imports account for more than 10% of the country.

Comprehensive service scheme of new energy supply chain



Typical Case

"One Chain and Two Channels" comprehensive service scheme to help photovoltaic green power go abroad

Shenggaofa is a Chinese new energy company that specializes in the production of photovoltaic modules. It requires professional supply chain service operators to assist it in shipping photovoltaic products overseas. Over the course of the reporting period, Shenggaofa was threatened with closure due to a sudden price increase in photovoltaic raw materials such as silicon wafers and batteries, which were in short supply. Xiamen Xiangyu's one-stop platform truly provides customers with comprehensive services across the entire supply chain, not only that we contacted Vietnamese Chinese manufacturers, integrated logistics resources, and designed logistics solutions to assist customers in solving the shortage of photovoltaic raw materials within one week, but also provided the customer with comprehensive service solutions with overseas resources and assisted it in winning orders from overseas customers in Europe, which was greatly appreciated by the project manager of Shenggaofa.

"There must be professional people to do professional things. Xiamen Xiangyu not only has a mature model in the supply chain, but also has a first-class team to provide comprehensive solutions, which is fast and efficient, and truly achieves one-stop service, so that the company can rest assured."

— Lily, project manager of Shenggaofa

Support low carbonization of power system

The Company is actively expanding the photovoltaic power station market, and has now established one-stop comprehensive service capabilities such as photovoltaic project development, investment, equipment supply and operation, and full-cycle financial leasing services for photovoltaic power stations. Currently, the Company's photovoltaic business has covered many domestic provinces such as Fujian, Zhejiang, Jiangsu and Guangxi, as well as high-growth markets including Europe and Asia.

Typical Case

Rooftop Photovoltaic for Enterprise Development on the "Green Engine"

In October 2022, the Company's subsidiary Xiangyu New Energy and GD Power Development Fujian New Energy jointly developed a plant roof distributed photovoltaic power plant project officially started construction. The photovoltaic power station project uses 40,000 square meters of roof and local lighting to build a distributed photovoltaic power plant with an installed capacity of 3.7 MW. After the project is connected to the grid, it is estimated that the system will generate an average of 3.76 million kWh of electricity per year and reduce carbon emissions by 3,700 tons. The operation of the project can help customers significantly reduce the solar radiation received by the roof, effectively reduce the load of air conditioning system and building energy consumption, and also provide the customer with electricity security and reduce the electricity cost of operation.



► Xiangyu New Energy Joins Hands with GD Power Development to Develop PV Power Plant Project

APPLICATION OF GREEN TECHNOLOGY

Xiamen Xiangyu actively seized the opportunity of economic green transformation, continued to carry out green technology research and development, embraced the development trend of external green technology, and applied the existing mature low-carbon technology to the company's production and operation, thus continuously reducing the environmental impact.

Xiamen Xiangyu Huanzi Mining Science and Technology Co., Ltd. is dedicated to making mineral processing more environmentally friendly. In response to the problems of environmental pollution and waste of resources in the development and utilisation of traditional iron ore, we continue to invest in research and development in the fields of mineral processing wastewater and waste residue, subvert the process and technical route of traditional mineral processing industry, and put forward a four-in-one overall solution of "circular economy, comprehensive utilization, clean production, energy efficient."

Features of Green Scheme

Wide Application

The versatile manufacturing line is capable of accommodating the processing and production of various iron ore types, encompassing magnetite, hematite, limonite, among others.

Industry Pioneering

The tailings wastewater rapid treatment system can achieve "zero" wastewater discharge in the production process, which replaces the traditional tailings pond, occupies a small area, requires less investment, and achieves 100% wastewater recycling, which is the first in the world.

Safe and Reliable

When compared to traditional treatment methods of mineral processing enterprises, the mineral processing system and method for recycling iron-bearing tailings can effectively solve the reuse problem of refractory iron ore, associated iron ore, and tailings resources, as well as reduce the potential safety hazards and environmental hazards brought by tailing ponds.

Achieving Net-zero Emissions Target

The comprehensive utilization technology of roasted tailings realizes that secondary tailings become raw materials for cement and concrete, and the discharge of waste residue pollutants is zero, completing the industrial chain's closed-loop work. The concrete can meet the strength grade requirements of concrete above C40 by using roasted iron tailings instead of cementitious materials in various proportions.

Technical Capability



- ★ The Company has been granted 37 patents, and the invention patent "A kind of tailings sewage rapid sedimentation concentration tank" won the gold medal in the "First China Circular Economy Patent Award".
- ★ National Ministry of Industry and Information Technology Industrial Products Ecological (Green) Design Pilot Enterprise (the second batch).
- ★ Xiamen Innovative Pilot Enterprises.
- ★ The Technology of "Land-saving, High-efficiency, Low-cost and Rapid Tailings Wastewater Recycling System and Application" Won the Second Prize of Science and Technology of China Circular Economy Association.
- ★ The Company Participated in and Implement the Project of Xiamen Science and Technology Plan "Industrialization of Zero Emission Production Technology of Iron Concentrate".
- ★ The Company participated in and carried out the 12th Five-Year Plan 863 project "Magnetized Roasting Iron Tailings as Resources for Cement Concrete" which was deemed "internationally leading" by evaluation experts.

The agricultural sector of the Company performed low-carbon transformation on the coal-fired drying tower, replaced coal with biomass particles to heat the drying tower, and installed pulse bag dust removal facilities to ensure that the exhaust gas met the standard, realizing the pollution reduction and carbon reduction synergy.

Key Performance

Over the course of the reporting period, the number of biomass drying towers in the Company was **21**, accounting for **28%**, and the average annual coal consumption was reduced by **13,802** tons.

ROADMAP AHEAD

In 2023, Xiamen Xiangyu will persist in driving the execution of its "6th Five-Year" Plan, with steadfast commitment to the developmental direction of "Platformization, Internationalization, and Digitalization and Intelligence" and rely on "organizational optimization and capability enhancement" as their main support. The company will focus on their core business of providing integrated supply chain services for bulk commodities, while constantly exploring customer, market and model value. With the help of their accumulated experience and data, we will build a comprehensive digital supply chain service platform to serve as a "smart brain" for industrial customer supply chain services, providing efficient and optimal solutions through a one-stop comprehensive service.

To ensure the legal and stable operation as well as sustainable development of our company, Xiamen Xiangyu will continue to drive the construction of a systematic, standardized, and transparent governance system. We uphold the business philosophy of "Risk First, Profit Second, and Service Scale Third", and are continuously improving our risk management processes to minimize the potential impact of operational risks on the company.

In the upcoming year, Xiamen Xiangyu will persist in accelerating its digital intelligence transformation, under the guidance of establishing a "Smart Xiangyu", to stimulate innovation in business model, enhance the efficacy of internal management, and instill new value into services for the bulk supply chain. We remain committed to the continual optimization of our "YuLianTong" digital supply chain service platform, industrial-level internet platform for agriculture, online freight and water transport platforms, among others. Moreover, we are excited to provide new perspectives, novel paradigms, and dynamic solutions for the greater Chinese bulk supply chain community with our digital transformation expertise and practical cases, to solve today's most pressing business challenges.

In the upcoming year, Xiamen Xiangyu will persist in navigating towards green, low-carbon development, unyieldingly championing green growth, contributing to the establishment of green supply chains, and playing its part in reaching the

"carbon dioxide peaking and carbon neutrality" goal. We will maximize the benefits of our integrated multi-model transport logistics system to enhance efficiency and diminish resource consumption throughout the industrial supply chain. Furthermore, we are committed to extensively expanding the comprehensive industrial chain of renewable energy, catalyzing an optimized energy framework, and relentlessly striving for the conservation of lucid waters and lush mountains. Fully leveraging our multimodal transportation and logistics strengths, we will drive the optimization of energy efficiency up and down the chain, while actively expanding our new energy full-industry value chains, promoting energy structure upgrades, and continuing our commitment to protecting our natural environment.

In the upcoming year, Xiamen Xiangyu remains committed to fulfilling our social responsibilities and contributing to the betterment of society. We will actively engage in social development efforts, including rural revitalization, poverty alleviation, and value creation. Upholding a philosophy centered on People Oriented, we are committed to continually improving our welfare system, creating opportunities for professional growth, expanding career advancement paths, and fostering a cohesive community of shared interests and fate.

Maintaining steadfast dedication and guided by a clear vision, we move forward into the future. In 2023, Xiamen Xiangyu will strive to further improve operational and management capabilities, actively listen and respond to the expectations and demands of stakeholders, serve the real economy, fulfill social responsibilities, and generate greater value. and continually march towards our aspiration of "becoming a world-class supply chain service enterprise" with unwavering determination and steadfast action.

APPENDIX

About the Report

Overview

This report is the inaugural *Environmental, Social and Governance Report* ("this Report") released by Xiamen Xiangyu Co., Ltd. The aim of this report is to provide a comprehensive and detailed overview of the Company's principles, beliefs, management measures, and performance achievements in sustainable development.

Scope of Reporting

This Report covers Xiamen Xiangyu Co., Ltd. and all its subsidiaries. The financial data presented in this report is in accordance with the annual consolidated financial statements of Xiamen Xiangyu Co., Ltd. This is an annual report covering the period from 1 January to 31 December 2022 ("Reporting Period"), some parts of which are outside the above scope references to previous years.

Preparation Basis

This report follows the guidelines set by the Shanghai Stock Exchange regarding social responsibility report preparation while also referencing the Global Sustainability Standards Board's (GSSB) GRI Sustainability Reporting Standards (GRI Standards). In addition, the report draws from suggestions offered in the ISO 26000:2010 Guidance on Social Responsibility issued by the Technical Management Board groups (ISO/TMBG) managed under the International Organization for Standardization (ISO).

Notes to Data

The data, management mechanisms and cases contained in this Report are derived from the original records or financial reports of the Company's actual operations. All financial data presented in this Report is in Chinese Yuan (CNY). In case of any discrepancies between the financial data presented in this Report and that presented in the Company's annual consolidated financial statements, the latter shall take precedence.

Appellation Description

For the sake of readability, the report refers to "Xiamen Xiangyu Co., Ltd." as "Xiamen Xiangyu", "the Company", "this Company" or "we" in this Report.

"Xiamen Xiangyu Group Corporation Limited" is also referred to as "Xiangyu Group", while "Xiangdao Logistics Group Co., Ltd." is referred to as "Xiangdao Logistics".

Reliability Statement

Xiamen Xiangyu promises that nothing in this Report contain any false records, misleading statements or material omissions, and the Board of Directors of the Company assumes individual and joint responsibility for the truthfulness, accuracy and completeness of the information herein.

Report Access

This Report is published in both print and electronic format. The print version is available in the Company's Securities Department.

The electronic format is available on the Company's official website (<http://www.xiangyu.cn/index.aspx>).

Contact Us

Xiamen Xiangyu encourages all stakeholders to make advice or comments on the Company's efforts on sustainability and social responsibilities. If there are any relevant matters, please contact stock@xiangyu.cn for further assistance.

List of Policies

ESG Metrics Summary	Policies in Place
Governance Aspect	<ul style="list-style-type: none"> • Information Disclosure Affairs Policy • Xiamen Xiangyu Investor Relations Management Policy • Xiamen Xiangyu Risk Management Policy • Xiamen Xiangyu Compliance and Governance Policy • Xiamen Xiangyu Information Security Management Policy • Xiamen Xiangyu Bulk Commodity Trading Risk Management Policy
Service Aspect	<ul style="list-style-type: none"> • Xiamen Xiangyu Management of Digital Operations Service Regulation • Xiamen Xiangyu Food Operation and Management Policy • Xiamen Xiangyu Anti-unfair Competition Regulation • Xiamen Xiangyu Management of Inventory Regulation
Social Aspect	<ul style="list-style-type: none"> • Xiamen Xiangyu Occupational Ethical Risks Management Policy • Xiamen Xiangyu Organizational Structure Management Policy • Xiamen Xiangyu Position Management Policy • Xiamen Xiangyu Management of Overseas (Border) Travel for Employees Regulation • Xiamen Xiangyu Management of Retiree Reemployment Regulation • Xiamen Xiangyu Management of Overseas Staff Deployment Regulation (Trial) • Xiamen Xiangyu Management of Interns Regulation • Xiamen Xiangyu Management of Expatriates Regulation • Xiamen Xiangyu Compensation Management Policy • Xiamen Xiangyu Attendance and Leave Management Measures • Xiamen Xiangyu Performance Assessment Management Policy • Xiamen Xiangyu Expert Pool Management Measures • Xiamen Xiangyu Departmental Structures and Functions • Xiamen Xiangyu Recruitment Management Policy • Xiamen Xiangyu Management of Employee Training Regulation • Xiamen Xiangyu Management of Internal Trainer Management Regulation • Xiamen Xiangyu Employment Contract Management Policy • Xiamen Xiangyu Management of Job Rotation Regulation • Xiamen Xiangyu Internal Referral Management Policy (Trial) • Xiamen Xiangyu Responsibilities of Functional Company • Xiamen Xiangyu Management Rules of Business Travel

Topics	Policies in place
Environmental Aspect	<ul style="list-style-type: none"> • Environmental Protection Policy • Environmental Protection Management Policy • Hazardous Waste Management Policy • Cleaner Production Management Policy • Water Conservation Management Policy • Environmental Emergency Operation Response Plan

Key Performance Indicators

Indicators	Number (as of the end of December 2022)	Unit
KPIs for Corporate Governance		
Board of Directors meetings	16	times
Board of Supervisors meetings	11	times
General Meeting of Shareholders	7	times
Audit Committee meetings	11	times
Compensation and Assessment Committee meetings	2	times
Investment Development (Strategy) Committee meetings	1	times
Release of periodic reports to the public	4	copies
Release of interim announcements	108	copies
Replying to SSE E-interactive online platform	26	questions
Answering investors' inquiries	300+	calls
Handling IR mailbox mail	100+	emails
Training related to organizational compliance of the Company	42	sessions
Board Directors, Supervisors, Senior Management to participate in compliance training.	1	sessions
Number of compliance-related complaints received by the Company	0	cases
The number of compliance-related complaints handled by the Company	0	cases

Indicators	Number (as of the end of December 2022)	Unit
Business ethics training	53	sessions
The number of policy related to risk management, bulk commodity trading and compliance being reviewed or updated	3	items
KPIs for Digital Transformation		
Investment in digitalization construction	21,200	10K, CNY
The number of training activities conducted to empower digitalization construction	6	sessions
The number of employees participating in training related to digitalization construction	550	person-times
The number of management-level employees participating in training related to digitalization construction	158	person-times
The number of dedicated personnel at the headquarters responsible for company's information technology construction	131	persons
Number of talents supplied to each department (ITBP)	16	persons

KPIs for Employment and Social Topics

Indicators	Number (as of the end of December 2022)	Unit
Number of Employees in Xiamen Xiangyu Headquarters	445	persons
Number of Employees in the Main Subsidiaries	7,746	persons
Total Number of Employees	8,191	persons
By Gender		
Number of Male Employees	5,357	persons
Number of Female Employees	2,834	persons

Indicators	2022 Data	Unit
By Age		
30 and Under	2,813	persons
Between the Ages of 30 to 40	3,013	persons
40 and Above	2,365	persons
By Academic Qualifications		
Master's Degree	5	persons
Master's Degree	658	persons
Bachelor's Degree	3,585	persons
College Degree	1,553	persons
Vocational High School and Technical Secondary School	580	persons
High School and Below	1,810	persons
By Region		
Number of Employees working in Mainland China	8,120	persons
Number of Employees Working in Hong Kong, Macao, Taiwan and Overseas Regions	71	persons
Employee Training and Development	147,626	person-times
Training for Male Employees	94,458	person-times
Training for Female Employees	53,168	person-times
Average Training Time per Employee	38.4	hours
Average Training Time per Male Employee	39.8	hours
Average Training Time per Female Employee	35.4	hours
Number of Conducting Employee Congress or Other Democratic Communication Meetings.	30	sessions
Coverage Rate of Annual Occupational Disease Medical Check-up for Employees	100	%
Carry Out Occupational Health and Safety Training	371	sessions
The Number of Employees Participating in Occupational Health and Safety Training	17,045	person-times
Coverage Rate of Occupational Health and Safety Training	100	%
The Investment Amount of the Company in Purchasing Occupational Injury Insurance	140	10K, CNY
The Amount of Subsidies Provided by the Labor Union for Employees in Need	24.4	10K, CNY
The Amount of Maternity and Marriage Congratulations Allowances Provided for Female Employees	11.44	10K, CNY
Investment in Supporting Rural Revitalization.	105.94	10K, CNY

KPIs for Environmental Topics

Indicators	2022 Data	Unit
(Purchased) electricity use *	74,968,102.00	Kwh
Natural gas use	437,800.00	m ³
Wastewater discharge volume	50,166	m ³
Ammonia and nitrogen emissions	0.003	tons
Chemical oxygen demand (COD) emissions	5.592	tons
NOx emissions	0.129	tons
PM emissions	2.2045	tons
VOCs emissions	17.6	tons
Hazardous waste emissions	6.47963	tons
Laboratory waste liquid	0.6086	tons
Reagent bottle	0.46987	tons
Waste paint bucket	0.15871	tons
Waste oil drum	0.12445	tons
Lead-acid battery	2.74	tons
Mineral oil	2.378	tons
Non-hazardous waste recycled	72	barrels
Non-hazardous waste volume	864	barrels
Number of dedicated environmental personnels training	4	sessions
Environmental protection training conducted within the company	4	sessions
Proportion of employees covered by environmental-related training	100	%

Note*: Data scope includes Xiamen Xiangyu and its subsidiaries operating in production, processing, warehousing, and logistics businesses

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