



MILKYWAY The Chemical Supply Chain Innovator
603713

STOCK ABBREVIATION: MILKWAY
STOCK CODE: 603713



MILKYWAY INTELLIGENT SUPPLY CHAIN SERVICE GROUP CO., LTD.



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SUSTAINABILITY REPORT 2023

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Message from the Chairman

Consolidate the Strength and Make Precise Efforts

Looking back on the past year, despite many difficulties and variables, we have always maintained firm confidence and optimistic attitude. Through the joint efforts of the team and correct decision-making, we have solved some hidden problems in the rapid development of previous years.

Looking ahead, we need to recognize the challenges of the overall environment. Whether it is the economic crisis or the development of science and technology, there are periodicities, and the crisis happens to be the time when the leading enterprises make efforts. When formulating future strategies, we must maintain an objective view of the overall environment of the industry: the industry is still scattered; the penetration rate is not high; and the trend of safety, environmental protection and low carbon will not change. 2024 will be a critical turning point, and Milkyway will address uncertainty and challenges by strengthening core competencies and team building, thus ensuring healthy and sustainable growth.

Safer and more robust

In the new year, the top priority is to make sure the Company is safer and more robust. Milkyway's safety depends on the power of "Technology for Goodness", which is to ensure the safe operation of the entire chemical and new energy industry. Technology is our weapon against security challenges, enabling us to scale up while maintaining control over risk. This is also the connotation of tenet "Technology for Goodness". In addition, reducing debt ratio is also one of our priorities, and we will clean up inefficient businesses and assets through digital means to improve financial soundness.

Capability-based revenue growth

In 2024, we will achieve capacity growth through four key initiatives.

- MW+, Milkyway Inside: Through capacity output and cooperation with business partners, joint venture projects will be carried out in new fields and regions, and the front end will be quickly opened to improve the utilization rate of the Middle Platform, thus improving the service quality.
- The Company changed name to Milkyway Intelligent Supply Chain Service Group Co., Ltd. to open up new dual platforms and expand the supply chain of daily chemicals and consumer goods.
- Distribution is our second growth curve, that it, using X+1+1 engine to promote the development of product lines and achieve market share enhancement. X represents sunrise industries such as new energy, chip semiconductor, fast moving

consumer goods, etc.; 1 in the middle represents digital platform; and the last 1 represents production capacity such as subpackaging and compounding.

- Encryption in Asia to solve the imbalance. We will strive to address imbalances in the globalization process and achieve medium-to-high growth where cultures are of the same origin. Instead of pursuing unnecessary global expansion, we are achieving operational excellence in China and Asia Pacific.

Improving profitability across the chain

Improving profitability is one of Milkyway's long-term goals, and we will improve profitability across the chain through digital transformation and innovation drive. Digitalization will be the key to improving efficiency and reducing costs, and we will invest more in intelligent production and supply chain management. Innovation is the driving force for our sustainable development. We will strengthen the construction of innovation system, cultivate more scientific and technological talents, and promote business innovation and technological progress.

Talent is the core of basic capacity

The first is comprehensive performance reform based on value creation, and then the full commitment of the talent team, that is, the "Reinforced Concrete" project, including the internal "CEO Program" and the external "Manhattan Program". Of course, the core team building based on entrepreneurship is still the top priority.

The year 2024 marks a new starting point, and Milkyway will move towards long-term steady development with a more pragmatic attitude and more precise measures. We will continue to practice the concept of sustainable development, constantly innovate and improve, and create greater value for shareholders, customers, employees and society. Thank you for your trust and support all the time!

On the road full of challenges, we are ready, not afraid at all, and we will be surely reborn in hardships.

About this Report



Introduction

Milkyway Intelligent Supply Chain Service Group Co., Ltd. has published Environmental, Social and Governance (ESG) reports for four consecutive years from 2020 to 2023, and the Sustainability Report since 2024. Adhering to the principles of objectivity, standardization, transparency and comprehensiveness, this report details the Company's management strategies, practices and performance in the environmental, social and governance fields during 2023.

Reporting Scope

Time frame: The time frame covers the period from January 1, 2023 to December 31, 2023. In order to improve the comparability and completeness of the report, some statements and data are appropriately retroactive or beyond the time frame.

Organizational scope: Unless otherwise stated, the organizational scope covered by this report is consistent with that of the annual report.

Release Cycle

This report is an annual report on sustainable development and is published once a year.

Preparation Basis

- *Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operation of Listed Companies* issued by Shanghai Stock Exchange(SSE)
- *Notice on Strengthening the Social Responsibility of Listed Companies and Issuing the Guidelines on Listed Companies' Environmental Information Disclosure* issued by Shanghai Stock Exchange (SSE)
- *Sustainability Reporting Standards (GRI Standards)* issued by Global Sustainability Standard Board (GSSB)
- *Guidelines for Preparing Corporate Social Responsibility Reports in China (CASS-ESG 5.0)* issued by Chinese Academy of Social Sciences (CASS)
- *Guidelines for Preparing Social Responsibility Reports* issued by China National Standardization Administration Committee (CNSA)
- United Nations Sustainable Development Goals (SDGs)

During the preparation of this report, this report was finally formed by identifying important stakeholders, analyzing and evaluating important issues related to sustainable development, deciding on the boundaries of the report, collecting, summarizing, collating and reviewing relevant materials and information.

Data Sources and Description

The financial data in this report are extracted from the 2023 Annual Report of Milkyway Intelligent Supply Chain Service Group Co., Ltd., and other information and data are from the statistical summary of data of relevant departments of the Company or public documents. There are no false records, misleading statements or material omissions in this report. Unless otherwise specified, the monetary amounts involved in this report are measured in RMB.

Title Description

For ease of expression and reading, the terms "Milkyway", "Company" and "We" are used in the report to refer to "Milkyway Intelligent Supply Chain Service Group Co., Ltd.".

Reports Acquisition and Feedback

This report is published in both hard copy and electronic format. Readers can visit Milkyway's official website (www.mwclg.com), Shanghai Stock Exchange's website (www.see.com.cn) and Juchao Information (www.cninfo.com.cn) to view and download the electronic version of the report in Chinese and English. If there is any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

If you have any comments or suggestions on the report, please contact us at:

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About Milkyway

Company Profile

Milkyway Intelligent Supply Chain Service Group Co., Ltd. is a leading comprehensive intelligent supply chain integrated service provider in China, providing one-stop integrated logistics services with freight forwarding, warehousing and transportation as its core business, and extending to product distribution and safety and environmental protection services based on integrated logistics services. Its service modules are developing collaboratively to meet the diversified online and offline needs of various customers from different industries and regions. The Company was listed on the Shanghai Stock Exchange in July 2018 (name abbreviation: Milkyway; stock code: 603713). It has engaged in its main business and is at all times committed to providing customers with one-stop full supply chain solutions worldwide.

Strategic Layout

Main business segments

One-stop integrated logistics services

Our one-stop integrated logistics service covers whole-process logistics services from the client to the customer. According to business entrustment from various industry customers, Milkyway picks up goods from domestic and overseas consignors, and organizes domestic and international transportation to deliver goods to locations designated by domestic and overseas consignees, with high efficiency and security for the flow of goods, information and capital in the logistics chain.

Global forwarding business (MGF)

MGF

Milkyway provides one-stop transportation service (by sea, air or rail) for hazardous goods and general goods worldwide. Our freight forwarding business covers a series of activities related to international transportation, including traditional import and export cargo collection, booking, consignment, warehousing, packaging, loading/unloading, transit, distribution, submission and declaration for inspection, and cargo insurance, as well as international multimodal transportation, third-party logistics, contract logistics and other emerging businesses.

Global mobile service (MGM)

MGM

Milkyway provides diversified and flexible leasing and transportation services for domestic and foreign trade through various types of liquid bulk carriers and tank containers; builds tank yard network for professional 24-hour container tank technical services; offers transportation and supporting logistics solutions for LNG tank containers and special chemical tankers. Meanwhile, Milkyway integrates various transportation modes to render customized integrated logistics solutions from factory to site, with service covering fields like oil and gas, petrochemicals, renewable energy, nuclear power, infrastructure, engineering and plant construction, mining and metallurgy.

Warehousing and distribution integration (MWT)

MWT

It is divided into regional warehouse integration (MRW) and intra-regional trade delivery business (MRT). Milkyway has built and managed professional chemical warehouses of over 500,000 square meters, providing customers with chemical storage, inventory management and operation. Besides, Milkyway has established domestic transportation delivery services for all types of chemical products with its own transport capacity and purchased capacity, and formed a safe, compliant and efficient distribution and delivery network covering major chemical production and consumption areas based on its self-operated hazardous chemical bases. It further offers nationwide road transportation of various containerized chemical goods, inbound and outbound services at ports, and multimodal freight forwarding services by domestic waterway, railroad and air transport between domestic ports, aiming to create a three-tier network transportation capacity consisting of intra-city distribution, inter-city express transportation and trunk express transportation, and cover nationwide chemical contract logistics, reverse logistics, and small express transportation services.

Chemical trading service

Unique distribution (MCD)

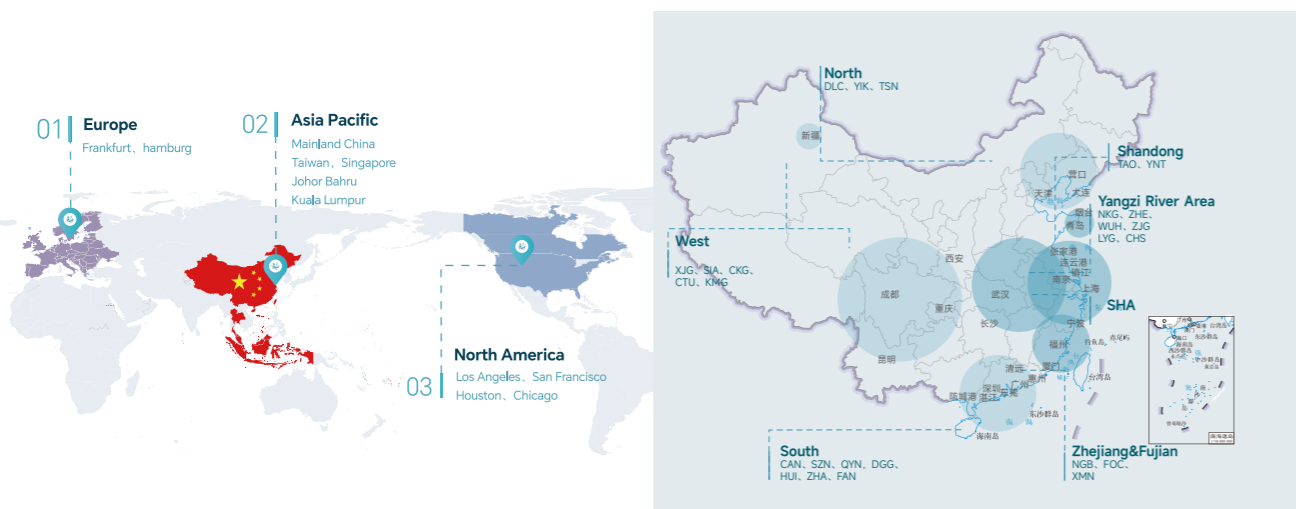
MCD

Leading the digital transformation of global chemical enterprises and creating a full-scene integrated service system for material and trade. Milkyway is leading the digital transformation of global chemical enterprises and aims to build an integrated logistics and trade service system covering all scenarios. For the chemical trading service, to build "The Serene Alp of Global Intelligent Supply Chain Industry", Milkyway leverages its rich experience in chemical supply chain operation and networked logistics infrastructure to establish a one-stop integrated logistics service system using both online and offline efforts, with online services diverting traffic for offline services, and offline services supporting online services. The company matches the procurement and sales needs of upstream and downstream manufacturers and customers, the upstream is strongly coupled with the world's first-class chemical giants, the downstream by region and product to build distribution application service capabilities, the establishment of solid and liquid mixing workshops, supporting laboratories, for manufacturers to downstream customers and consumers, to provide distribution services and supply chain solutions for customers in the chemical industry.



Business layout

Milkyway has built 7 cluster networks in China, namely: North (Tianjin, Dalian, Yingkou), Shandong (Qingdao, Yantai), Changjiang River (Nanjing, Zhenjiang, Wuhan, Zhangjiagang, Lianyungang, Changsha), Shanghai, Zhejiang and Fujian (Ningbo, Xiamen, Fuzhou), West (Xinjiang, Xi'an, Sichuan and Chongqing, Kunming) and South (Guangzhou, Shenzhen, Qingyuan, Dongguan, Huizhou, Zhanjiang, Fangchenggang). In addition, the Company began to layout the international market in 2021, setting up subsidiaries in the United States, Singapore, Malaysia and other places to form a relatively complete international network. The establishment of cluster networks and international subsidiaries helps Milkyway to better serve global customers, provide more efficient and rapid supply chain solutions, and achieve win-win development with customers and partners.



Corporate Culture

Vision

To Be the Serene Alp of Global Intelligent Supply Chain Industry

Core Values

Customer Centric,
Dedicated Employee,
Value Creation



Mission

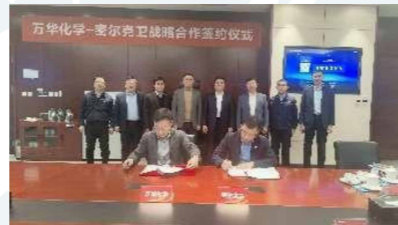
Safer Society and More
Efficient Supply Chain

Milestones in 2023

01 YMS-Milkyway Intelligent Park (Management System) launched online; Mobile Business Intelligence (Mican) and MCP5.0 continued to break through and upgrade.



02 The merger and integration of Shanghai Chipol Huili Marine & Trading Co., Ltd.: implemented personnel adjustment, optimized post system, fully launched the system and completed the budget; began work for orders from Zhoushan Zhonggu Shipping Co., Ltd. new ships, and signed a strategic cooperation agreement with Wanhua Chemical Group Co., Ltd. on shipping business; initially formed the MGM shipping segment structure.



Holding acquisition of Shanghai Jindelong Trading Co., Ltd. and Shanghai Fucang Logistics Co., Ltd.; reconstruction of Jiading FMCG Warehouse Integration Center; proposed construction of Shanghai East Railway Station FMCG Front Store and Back Warehouse Center, indicating a solid step of the Group in the field of FMCG supply chain.



03 Major project breakthroughs: Nanhui Warehouse Phase III obtained hazardous chemicals business license; Shanghai Dingming Xiubo Container Tank Service Co., Ltd. (hereinafter referred to as "Dingming Xiubo") Class A and B warehouse project completed acceptance and obtained operating license; the renovation and expansion project of Milkyway Chemical Storage Co., Ltd was approved.; Ningbo Meishan warehouse opened for business and obtained the bonded warehouse qualification; Tianjin Xiqing Project was successfully completed and opened for business.



04 New business: Lianyungang warehouse obtained trial production license and took the initiative to win cell export business of Envision AESC. The transportation and packing of 200 boxes have been completed. The untaxed income is about RMB 4.2 million and the gross profit is about RMB 500,000.



05 Brand promotion: Signed the golf world champion Yin Ruoning and enhanced brand recognition; Released the global VI standard iteration and revised 2023 uniforms. The Third M-Club Event was successfully held, inviting more than 200 customers and business partners; awarded to golf champion Yin Ruoning and conducted interactive golf activities with clients.

Honor: Mr. Cui Yaoxian, from Zhangjiagang Tank Transportation Department, won the title of "2023 National Transportation Technology Expert" by China Federation of Logistics & Purchasing.



06 Successfully acquired Kwise Logistics and Guangzhou Powhee. Steadily improve regional freight forwarding, compounding and laboratory capabilities to enhance service. Completed the acquisition of overseas companies STORE+DELIVER+LOGISTICS PTE LTD and LHN Logistics Limited, taking an important step in global expansion.



07 Officially signed GOI and GOP service programme, and the headquarter was located in Pudong New Area.



08 The A2 tractor driving license training of Milkyway vocational training school was opened for the first time, which is responsible for the society through government-enterprise cooperation. Published Lotus Book 2.0 and M People M Language 1.0. Iteratively upgrade the cadre growth and training system.



Honors and Awards



Honors from governments and non-profit organizations

Honors	Issued by	Date of issue
2022 Key Enterprise Contribution Award of Hongkou District	People's Government of Hongkou District, Shanghai	January 2023
Advanced Collective - Safety Technology Department (Nanjing Milkyway Chemical Supply Chain Service Co., Ltd.)	Nanjing City Public Security Bureau	January 2023
Tax Contribution Award (Shanghai Milkyway Chemical Storage Co., Ltd.)	People's Government of Laogang Town, Pudong New Area	February 2023
Revenue Contribution Award (Shanghai Milkyway Chemical Storage Co., Ltd.)	People's Government of Laogang Town, Pudong New Area	February 2023
Revenue Contribution Award (Shanghai Chemical Automobile Transport Co., Ltd.)	People's Government of Laogang Town, Pudong New Area	February 2023
2021 Annual Tax Contribution Award	People's Government of Laogang Town, Pudong New Area	March 2023
Excellent Declaration Enterprise in 2022	Pudong Bureau of Maritime Affairs	March 2023
Four-star Party Branch	CPC Zhenjiang City Jingkou District Party Committee Construction Leading Group	April 2023
Jiangsu "Top 25 Transportation Enterprises" in 2022 (Zhenjiang Baohua Logistics Co., Ltd.)	Department of Transportation of Jiangsu Province	May 2023
Group Open Innovation Center (GOI)	People's Government of Pudong New Area, Shanghai	November 2023
Outstanding Enterprise Award	CPC Dachang Town Committee, Baoshan district, Shanghai People's Government of Dachang Town, Baoshan District, Shanghai	January 2024
Exemplary Organization of Traffic Safety Management in Shanghai in 2023 (Shanghai Milkyway Chemical Logistics Co., Ltd.)	Office of the Joint Conference on Road Traffic Safety in Shanghai Office of Shanghai Road Traffic Safety Professional Committee	January 2024



Honors from customers, suppliers, media

Honors	Issued by	Date of issue
Excellent Supplier in 2022	Shell China Lubricants	February 2023
Best Logistics Supplier	LANXESS	March 2023
Arkema China Logistics Strategic Supplier 2022	Arkema	March 2023
Excellent Logistics Service Provider-Warehouse 2022	Yangzi Petrochemical-BASF Co., Ltd.	March 2023
Milkyway & Shell First Automobile Carbon Neutral Diesel Successful Delivery Commemoration	Shell (Zhejiang) Petroleum Trading Co., Ltd.	July 2023
Excellent Service Provider in 2022	Nanjing Jiangbei New Materials High-tech Park	August 2023
Annual Innovation Enterprise of China Industrial Internet in 2023 (Milkyway · Oelem)	Organizing Committee of China Industrial Internet and Digital Economy Conference	August 2023
Excellent Overseas Support Award (Shanghai Milkyway Chemical Logistics Co., Ltd.)	Sherwin-Williams	September 2023
2023-2025 Strategic Supplier of the Year (Shanghai Milkyway Chemical Logistics Co., Ltd.)	Wanhua Chemical Group Co., Ltd.	October 2023
2023-2025 Best Delivery Award of the Year (Zhoushan Zhonggu Shipping Co., Ltd.)	Wanhua Chemical Group Co., Ltd.	October 2023
Excellent Contribution Award - Shanghai Milkyway Chemical Storage Co., Ltd. Lingang DC Department - Sample Group	Zhenkunxing Industrial Supermarket (Shanghai) Co., Ltd.	November 2023
Digital Supply Chain TOP30	Ebrun	December 2023
Amino Chemical 20th Anniversary Excellent Contractor Award	Amino Chemical	December 2023
Excellent Contractor Unit	Zhejiang Longsheng Group Intermediates Division	December 2023
China Excellent Logistics Supplier in 2023 -Afton	Afton Additives (Beijing) Co., Ltd	January 2024
Excellent Logistics Supplier in 2023	Shanghai United Imaging Medical Technology Co., Ltd.	January 2024


Industry honors

Honors	Issued by	Date of issue
BIC Certificate 2023	Bureau International des Containers (BIC)	February 2023
BOND Certificate 2023	US Federal Maritime Commission	February 2023
2023 CBP BOND Confirmation	RISK MANAGEMENT INSURANCE BROKERAGE LTD	February 2023
China Water Resources and Electric Power Association on Physical Distribution Membership Certificate	China Water Resources and Electric Power Association on Physical Distribution	March 2023
Member of Internationale Federation of Freight Forwarders Associations (FIATA) in 2023	Internationale Federation of Freight Forwarders Associations (FIATA)	March 2023
Membership Certificate of Shanghai City Social Organizations	Shanghai New Energy Industry Association	March 2023
China Federation of Logistics and Procurement Hazardous Chemicals Logistics Branch-Vice President Unit	China Federation of Logistics and Procurement Hazardous Chemicals Logistics Branch	April 2023
WCA Membership Certificate	World Cargo Alliance (WCA)	May 2023
Top 10 Enterprises of Hazardous Chemicals Storage in China in 2022	China Warehousing and Distribution Association	May 2023
2023 New Membership Unit	Tianjin Integrated Circuit Industry Characteristic Process Innovation Alliance	May 2023
Drafting Unit of National Standard GB15603-2022 <i>General Rules for Storage of Hazardous Chemicals</i>	National Technical Committee on Production Safety Standards/Technical Committee on Chemical Safety	May 2023
Global Key Family Network Membership Certificate	Global Key Family Network	July 2023
Outstanding Supply Chain Service Provider in 2023	Representative of the Organizing Committee of the 8th Global Petrochemical Innovation Summit	July 2023
High Growth Logistics Enterprise in 2023	China Federation of Logistics and Purchasing	July 2023
Top 50 Chinese Logistics Enterprises in 2023	China Federation of Logistics and Purchasing	July 2023
Shanghai Specialized and New small and medium-sized enterprise in 2023	Shanghai Economic and Information Technology Commission	July 2023

Honors	Issued by	Date of issue
Shanghai Harmonious Labor Relations Up-to-standard Enterprise	Shanghai Federation of Trade Unions	September 2023
2021-2022 Top 100 "Comprehensive Service Enterprises" in China Chemical Logistics Industry	China Federation of Logistics and Purchasing	October 2023
China Chemical Logistics Management Excellent Case - Enterprise Operation Safety Management in 2022	China Federation of Logistics and Purchasing	October 2023
Dun & Bradstreet Registered Enterprise	Dunn & Bradstreet	December 2023
Excellent Customs Declaration Unit in Shanghai Customs District in 2022	Customs Declaration Unit of Shanghai City	December 2023
CIFA Membership Certificate 2024	China International Freight Forwarders Association	January 2024


Qualification certification

Legal entity	Certificate type	Certificate status
Milkyway Intelligent Supply Chain Service Group Co., Ltd. ¹	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015) Occupational Health and Safety Management System Certification (GB/T 45001-2020/ISO 45001:2018) Environmental Management System Certification (GB/T 24001-2016/ISO 14001:2015) AEO Certificate	Valid
Shanghai Milkyway Chemical Storage Co., Ltd.	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015) Occupational Health and Safety Management System Certification (GB/T 45001-2020/ISO 45001:2018) Environmental Management System Certification (GB/T 24001-2016/ISO 14001:2015) Enterprise Intellectual Property Management System Certification (GB/T 29490-2013) Safety Production Standardization Level III Enterprise (Hazardous Chemicals)	Valid

¹The Company completed the name change on February 7, 2024 and is actively applying for replacement of relevant qualification certificates.

Legal entity	Certificate type	Certificate status
Shanghai Milkyway Chemical Logistics Co., Ltd.	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015) Occupational Health and Safety Management System Certification (GB/T 45001-2020/ISO 45001:2018) Environmental Management System Certification (GB/T 24001-2016/ISO 14001:2015) Safety Production Standardization Construction Level II (Road Transportation of Hazardous Goods)	Valid
Shanghai Chemical Automobile Transport Co., Ltd.	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015) Occupational Health and Safety Management System Certification (GB/T 45001-2020/ISO 45001:2018) Environmental Management System Certification (GB/T 24001-2016/ISO 14001:2015)	Valid
Shanghai Zhenyi Enterprise Development Co., Ltd.	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015) Safety Production Standardization Level III Enterprise (Hazardous Chemicals)	Valid
Nanjing Milkyway Chemical Supply Chain Service Co., Ltd.	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015) Occupational Health and Safety Management System Certification (GB/T 45001-2020/ISO 45001:2018) Environmental Management System Certification (GB/T 24001-2016/ISO 14001:2015)	Valid
Zhenjiang Baohua Logistics Co., Ltd.	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015) Occupational Health and Safety Management System Certification (GB/T 45001-2020/ISO 45001:2018) Environmental Management System Certification (GB/T 24001-2016/ISO 14001:2015) Safety Production Standardization Construction Level I (Road Transportation of Hazardous Goods)	Valid
Huizhou Huayitong Logistics Co., Ltd.	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015) Occupational Health and Safety Management System Certification (GB/T 45001-2020/ISO 45001:2018) Environmental Management System Certification (GB/T 24001-2016/ISO 14001:2015)	Valid

Legal entity	Certificate type	Certificate status
Sichuan Milkyway Xiongfeng Supply Chain Management Co., Ltd.	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015) Occupational Health and Safety Management System Certification (GB/T 45001-2020/ISO 45001:2018) Safety Production Standardization Construction Level III (Road Transportation of Hazardous Goods)	Valid
Ganzhou Huayitong Logistics Co., Ltd.	Safety Production Standardization Construction Level III (Road Transportation of Dangerous Goods)	Valid
Qingdao Milkyway Chemical Storage and Transportation Co., Ltd.	Safety Production Standardization Construction Level III (Road Transportation of Dangerous Goods)	Valid
Zhangjiagang Free Trade Zone Bus Logistics Co., Ltd.	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015) Environmental Management System Certification (GB/T 24001-2016/ISO 14001:2015) Safety Production Standardization Level III Enterprise (Chemical)	Valid
Tianjin Dongxu Logistics Co., Ltd.	Safety Production Standardization Level III Enterprise (Hazardous Chemicals)	Valid
Shanghai Chipol Huili Marine & Trading Co., Ltd.	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015)	Valid
Shanghai Lingxing Hazardous Chemicals Logistics Co., Ltd.	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015)	Valid
Shanghai Milkyway ISO Tank Service Co., Ltd.	Safety Production Standardization Level III Enterprise (Business and Trade)	Valid
Hunan Xianglong Storage Logistics Co., Ltd.	Safety Production Standardization Level III Enterprise (Chemical)	Valid
STORE + DELIVER + LOGISTICS PTE. LTD.	Occupational Health and Safety Management System Certification (ISO 45001&SS 651)	Valid
Guangzhou Baohui Resin Co., Ltd.	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015) Occupational Health and Safety Management System Certification (GB/T 45001-2020/ISO 45001:2018) Environmental Management System Certification (GB/T 24001-2016/ISO 14001:2015)	Valid

About 2023

Economic performance

Operating income (RMB 100M)	Net profit attributable to the parent company (RMB 100M)	
97.53	4.31	
Basic earnings per share (RMB/share)	Total assets (RMB 100M)	Total tax amount (RMB 100M)
2.62	111.23	3.07

Environmental performance

Environmental protection investment (RMB 10K)	Total GHG emission (tCO ₂ e)	Total water consumption (tons)
6,501.67	128,119.47	153,651.79
Total LNG consumption (tons)	Total gasoline consumption (tons)	Total diesel consumption (tons)
71,921.93	18.65	46,810.01
Purchased electricity (kWh)	Purchased heat (GJ)	Proportion of pure electric forklifts (%)
13,593,476.92	1,170.16	97.82

Social performance

Total number of employees (persons)	Percentage of female employees (%)	Labor contract signing rate (%)
4,422	34	100
Social insurance coverage (%)	Total duration of employee training (hours)	Average length of training per employee per year (hours/person)
98	45,599.90	12.6
Total investment in safety production (RMB 10K)	Safety emergency drill (times)	Safety education training (No.)
3,903.39	72	1,357
Participation in safety education training (person-times)	Total duration of safety education training (hours)	Coverage rate of safety education training (%)
28,748	1,771	100
Coverage rate of safety risk protection training (%)	Employee medical check coverage (%)	Total R&D investment (RMB 10K)
100	100	6,476.63
R&D team members (person)		
142		

Governance performance

Number of Shareholders' General Meetings (No.)	Number of Board of Directors Meetings (No.)	Number of Board of Supervisors (No.)
4	14	8
Investor open exchanges (No.)	E-platform interactions with investors (No.)	Response rate to investor questions (%)
8	18	100
Safety and integrity culture training (No.)	Signature rate of <i>Integrity Commitment Letter</i> of employees (%)	Supplier signing rate of <i>Integrity Partnership Agreement</i> (%)
9	100	100

Safer Society and More Efficient Supply Chain



— China's First YMS Hazardous Chemical Unmanned Park Put into Operation

Milkyway Dingming Xiubo, the first intelligent low-carbon hazardous chemicals logistics base built by Milkyway Group, has undergone professional technical transformation, and all the facilities and equipment of the warehouse have fully passed the approval and acceptance of relevant departments, and have been awarded a hazardous chemicals business license; it was officially put into operation on June 1, 2023. This marks that Milkyway has made substantial progress in the intelligent and low-carbon environmental protection of the park, further consolidating the company's foundation in the field of chemical logistics and expanding the layout of the center integration.



The base is located at No.98 Liangle Road, Pudong New Area, Shanghai City, adjacent to Yangshan Port, Outer Port and Pudong Airport, enjoying a unique location. It is an integrated area integrating import and export sea and air transportation functions. It can provide integrated chemical supply chain services such as warehousing (constant temperature), subpackaging (automatic sub-packaging), import and export container loading and unloading transit, storage yard, distribution, ISO TANK cleaning, etc.

Total site area: 28,000 m², including Class A warehouse: 1,500 m², Class B warehouse: 6,000 m², Class C warehouse: 3,000 m²; Class B canning workshop: 1,500 m², Class C cleaning workshop: 1,200 m².



YMS platform leads the era of information interconnection

Milkyway Dingming Xiubo completed the transformation of Milkyway's first intelligent unmanned base before October 1, 2023. This upgrade uses the self-developed intelligent park system platform (YMS), which realizes efficient interconnection of people, vehicles, goods, warehouses and other information. External personnel or vehicles enter the park through the platform appointment, reducing the waiting time of vehicles, avoiding the flow of on-site personnel at the same time, realizing the dynamic safety management without pedestrians on site.

In addition, external pick-up vehicles can also release waybill information through YMS App, easily realizing the loading of return goods in the park, effectively reducing the cost of empty return of vehicles and improving the comprehensive service level of the park.



Comprehensive intelligence of "people, vehicles and fields" in parks and warehouses

Low-carbon off-light helps to meet the "Carbon Peaking and Carbon Neutrality" future

By the end of 2023, Milkyway Dingming Xiubo successfully achieved the first low-carbon off-light base with on-site low-lighting operation. At present, the smart microgrid in the park has been completed, and solar energy is converted into electrical energy and stored through the self-developed energy load balancing system to achieve balanced supply of power demand in the park. With the unmanned base management system, low lighting requirements for night operations and regulatory requirements throughout the campus are minimized, leaving only necessary lighting.

Over the years, Milkyway has actively promoted the low-carbon transformation of storage and transportation equipment, expanded the application of new energy and clean energy in various fields of supply chain, and is committed to becoming a service provider of green transformation of partners, a leader of green transformation of industrial chain, and a collaborator of urban green transformation. While providing customers with more professional and good chemical logistics services, we work hand in hand with upstream and downstream partners to jointly move towards a sustainable "Carbon Peaking and Carbon Neutrality" future.

Sustainable Development Management

Sustainable Development System



In order to realize the systematization, specialization and standardization of sustainable development management, Milkyway insists on the parallel of theory and practice, and establishes a "top-down" cross-department collaborative ESG working mechanism. During the reporting period, we continuously improved our sustainability management system, enhanced our sustainability management capabilities, incorporated ESG professional management into the Strategy Committee of the Board of Directors and renamed the Committee as Strategy and ESG Committee to better integrate strategy and sustainability objectives and ensure ESG factors are fully covered in business decisions.

Milkyway Sustainable Development Governance Framework

Board of Directors	The highest responsible and decision-making body for ESG management.
Strategic and ESG Committee	Assist the Board in comprehensively guiding and monitoring ESG management, review, evaluate and supervise the Company's material ESG matters, including planning objectives, policy formulation, implementation management, risk assessment, performance and information disclosure, review the Company's annual ESG report, and complete other matters authorized by the Board of Directors.
ESG Working Group	As the executive body of ESG work, under the supervision and guidance of the Strategy and ESG Committee, it is responsible for coordinating the implementation and implementation of relevant work, and gradually promoting the normalization of sustainable development governance.

Support for the United Nations Sustainable Development Goals

The Company actively responded to the "Carbon Peaking and Carbon Neutrality" development concept, built the ESG brand image of the Company, continuously improved the ESG working mechanism, and closely integrated the Company's development with the United Nations Sustainable Development Goals (SDGs), so as to guide us to better focus on the sustainable development direction of the Company.

SDGs	Sustainable development goal contents	Corresponding sections	Company initiatives
	Ensure healthy lifestyles and promote well-being for all ages	Prevention, as a safety bottom line keeper; Shared prosperity, as a trusted employer	Adhere to safe and standardized operation, carry out occupational disease prevention and control, safety training, etc. to ensure employee health and safety
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Shared prosperity, as a trusted employer	Strengthen the construction of teachers, develop training platforms, and promote talent training and development

SDGs	Sustainable development goal contents	Corresponding sections	Company initiatives
	Achieve gender equality and empower all women and girls	Shared prosperity, as a trusted employer	Eliminate gender discrimination in the workplace, establish fair pay, and protect the welfare of female employees
	Clean water especially drinking water for all is an essential part of the world we want to live in	Low-carbon development, as a guardian of ecological environment	Advocate green office and actively carry out wastewater treatment
	Guarantee access to affordable, reliable and sustainable modern energy for all	Low-carbon development, as a guardian of ecological environment	Use new energy vehicles to promote rooftop photovoltaic power generation projects
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Shared prosperity, as a trusted employer	Continuously optimize talent recruitment and retention system, reduce labor intensity through digital and intelligent transformation
	Build risk-resilient infrastructure, promote inclusive and sustainable industries and foster innovation	Lean growth, as a striver of excellent service	Establish R&D innovation system, encourage R & D innovation activities and strengthen intellectual property protection
	Reduce inequalities within the country and between countries	Shared prosperity, as a trusted employer	Advocate an equal and diverse workplace environment and ensure that employees enjoy equal treatment in recruitment, salary, training and promotion
	Ensure sustainable consumption and production patterns	Lean growth, as a striver of excellent service	Fully implement customer rights protection
	Take urgent action to address climate change and its impacts	Low-carbon development, as a guardian of ecological environment	Actively respond to the "Carbon Peaking and Carbon Neutrality" goal, promote energy conservation and carbon reduction, promote green office, advocate the use of clean energy and develop green logistics
	Promote peaceful and inclusive societies conducive to sustainable development, providing access to justice for all and building effective, accountable and inclusive institutions at all levels	Steady progress, as a practitioner of compliance operation	Standardize the "Three Bodies" governance, improve risk control and internal control construction, emphasize honest operation and anti-corruption, and attach importance to investor relations management
	Strengthen the means of implementation and revitalize the global partnership for sustainable development	Lean growth, as a striver of excellent service	Strictly control supplier access, review, evaluation and exit mechanisms

Stakeholders Communication



Milkyway's sustainable and healthy development is inseparable from the support and trust of all sectors of society. By establishing a regular and multi-channel communication mechanism, we actively understand stakeholders' expectations and needs for the Company, improve the Company's ESG performance in a targeted manner, create sustainable value and achieve win-win results for all parties.

Expectations and needs

- Improvement of corporate governance
- Information disclosure
- Enhancing enterprises competitiveness
- Sustainable development
- Reasonable dividends

- Compliance management
- Safe operation
- Leading the industry development

- Integrity operation
- Providing safe, innovative and high quality products and services
- High-quality and convenient services
- Cooperation and exchanges
- Expanding service scope

- Good faith in performance
- Fair and transparent procurement
- Experience sharing

- Safeguarding the legitimate rights and interests of employees
- Safeguarding occupational health and safety
- Having professional vocational skills
- Improved salary and promotion system
- Rich staff activities

- Participating in community activities
- Maintaining ecological security
- Responding to the "Carbon Peaking and Carbon Neutrality" strategy

Stakeholders



Shareholders and investors



Government and industry organizations



Customers



Suppliers



Employees



Community

Communication and response

- Standardized operation of "Three Governing Bodies" and the Management
- Establishing smooth investor relations communication channels
- Mergers and acquisitions, and consolidation
- Continuous optimization of ESG management
- Formulating a reasonable dividend policy

- Law-abiding and compliant
- Ensuring safe and environmentally friendly operation
- Actively participating in industry policy formulation

- Improving regional distribution capacity and speeding up service
- Continuous investment in R&D and innovation
- Upgrading online one-stop service platform
- Improving after-sales complaint management
- Customer satisfaction surveys and feedback
- Extension of environmental protection business

- Strict tendering procedures
- Improve procurement policy
- Holding training exchange sessions

- Abiding by relevant laws and regulations
- Occupational health and safety education
- Vocational training and development
- Employee satisfaction survey
- Organizing leisure activities

- Support for sports
- Advocating environmental protection concept
- Energy conservation and emission reduction
- Ensuring safe disposal of hazardous waste
- Ensuring ecological security of land resources

Management of Substantial Issues

According to the rules and regulatory requirements of Shanghai Stock Exchange, Milkyway identified and summarized 20 substantial issues in three aspects of environment, society and corporate governance from the two dimensions of "importance to the Company" and "importance to stakeholders" in the reference with the disclosure of issues of domestic and foreign listed companies in the same industry and in combination with national policies, industry hot issues, corporate strategies, and the concerns of stakeholders such as management, employees and customers, and formed a substantial issue matrix.



Environmental

- 1 Environmental management
- 2 Responses to climate change
- 3 Low-carbon transport
- 4 Green storage
- 5 Green Office
- 6 Waste management

Social

- 7 Employee development and training
- 8 Public welfare
- 9 Employee rights and benefits
- 10 Intellectual property protection
- 11 R&D and innovation
- 12 Customer service management
- 13 Occupational health and safety
- 14 Responsible supply chain management

Corporate governance

- 15 Compliance disclosure
- 16 Information security and privacy protection
- 17 Investor relations management
- 18 Business ethics
- 19 "Three Bodies" governance
- 20 Risk management and internal control

Steady Progress Leads to Long-term Success, as a Practitioner of Compliance Operations

Our philosophy

The Company continuously consolidates the foundation of corporate governance, attaches importance to risk prevention, and transforms the comprehensive and continuous optimization of corporate governance model into a powerful driving force for promoting the high-quality development of the Company. We integrate the concept of social responsibility into the daily operation and management of the Company, actively respond to the concerns and expectations of stakeholders, and work together with all sectors of society on the road of sustainable development to share development achievements.

Our actions

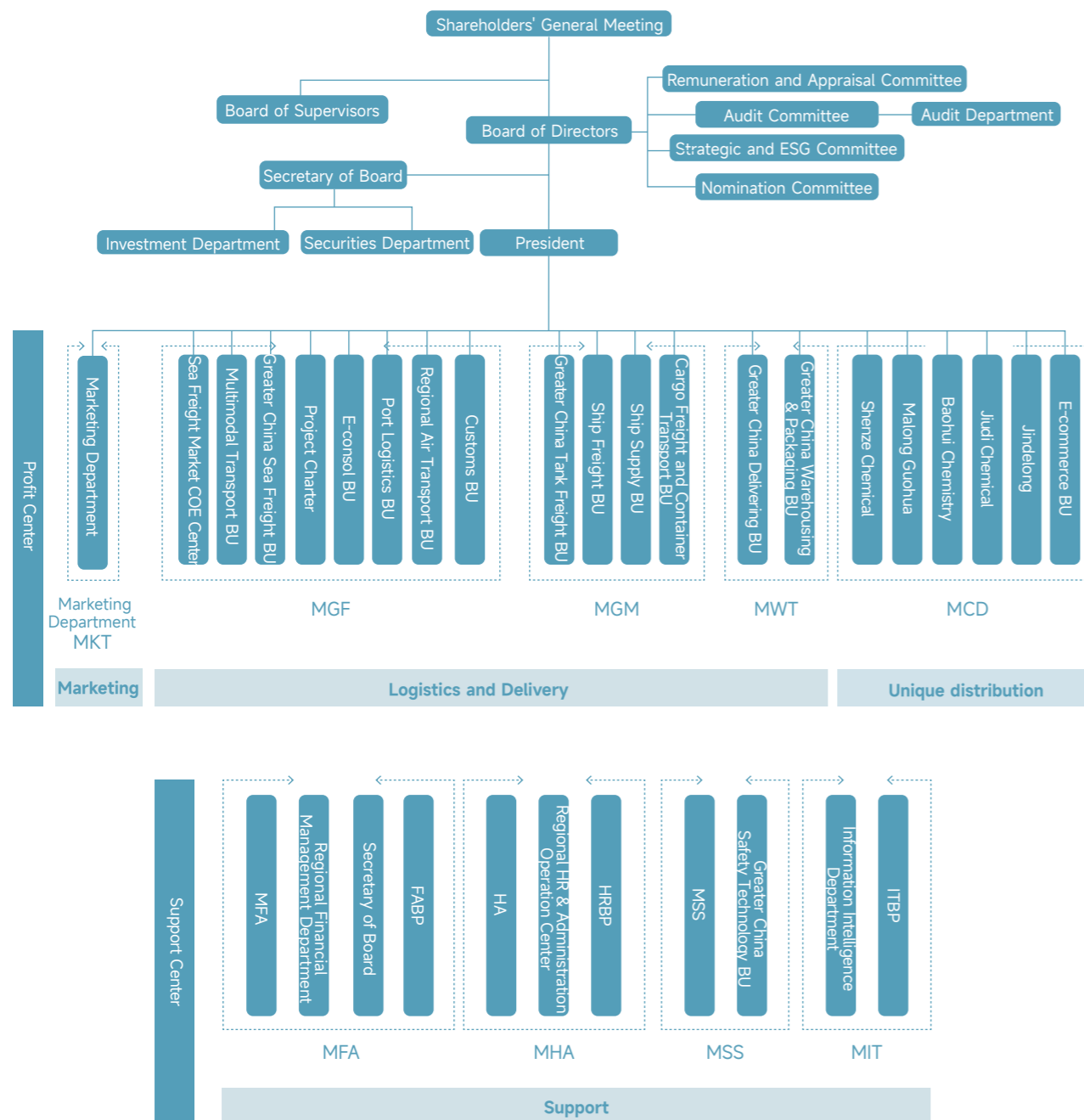
- Consolidate the foundation of governance
- Risk management and internal control
- Abide by business ethics
- Strengthen investor relations management
- Standardize compliance disclosure
- Adhere to Party Building leadership

Responding to SDGs



Improving Governance Structure

Good corporate governance is the cornerstone of sustainable development and the foundation for long-term success of the Company. Milkyway strictly abides by the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* (hereinafter referred to as the *Company Law* and *Securities Law*), the *Governance Code for Listed Companies* and other relevant laws and regulations, formulates the *Articles of Association* and other internal management rules and regulations, and establishes a corporate governance mechanism with clear rights and responsibilities and rigorous organization.



Corporate Governance Structure

Shareholders and Shareholders' Meeting

Milkyway Shareholders' Meeting strictly follows the relevant laws and regulations and the *Articles of Association*, and exercises the voting rights on major matters such as the company's business policy, fund raising, investment and profit distribution. We ensure that all shareholders enjoy equal status and fully guarantee the right of minority shareholders to speak during the review process of each proposal.

Key performance

During the reporting period, the Company held **4** Shareholders' Meetings, and a total of **41** resolutions were considered and approved.



Directors and Board of Directors

Milkyway elected directors in strict accordance with the selection and appointment procedures stipulated in the *Company Law* and the *Articles of Association*. The number and composition of the Board of Directors of the Company comply with the requirements of laws and regulations. In view of the interests of the Company and all shareholders, all directors carry out their work in strict accordance with the *Rules of Procedure for the Board of Directors* and other rules and regulations, earnestly attend the board meetings and Shareholders' Meetings, correctly exercise their rights and diligently perform their obligations, and ensure the effective operation and scientific decision-making of the Board of Directors.

The Board of Directors of the Company has established four committees, namely the Audit Committee, the Nomination Committee, the Strategy and ESG Committee and the Remuneration and Appraisal Committee, which are responsible for guiding, monitoring and reviewing the affairs of the Company within specific areas and making recommendations to the Board thereon, so as to ensure the orderly and efficient development of the Company's business.

Key performance

During the reporting period, the Company had **7** Board members; **14** Board meetings were held, **102** Board resolutions were adopted, with an average attendance rate of **100%**; **4** Audit Committee meetings, **3** Nomination Committee meetings, **2** Remuneration and Appraisal Committee meetings and **1** Strategy and ESG Committee meeting were held.

Independence

The independent directors of the Company actively participate in the decision-making of the Board of Directors and express their clear opinions on the deliberations, and at the same time provide professional and objective advice on the operation and development of the listed company, which contributes to the enhancement of the decision-making level of the Board of Directors. During the reporting period, the Company had 3 independent directors, accounting for approximately 43% of the Board members.

Diversity

The Board diversity helps improve board efficiency, reduce management risk and make better decisions. Milkyway attaches great importance to the diversity structure of the Board of Directors in terms of gender, age, professional background, etc. As at the end of the reporting period, there were 2 female Directors among the current Directors, accounting for approximately 29% of the Board members. The current directors of the Company have good education background and rich industry experience, and possess professional skills in logistics, investment, financial accounting, law, economics and management, which help the Company to grow continuously, identify risks and meet challenges.

Supervisors and Board of Supervisors

Milkyway elects supervisors in strict accordance with the *Company Law*, the *Articles of Association*, the *Rules of Procedure of the Supervisory Board* and other relevant provisions. The number and composition of the Board of Supervisors meet the requirements of laws and regulations. The supervisors of the Company attended the Board of Supervisors conscientiously, performed their duties conscientiously, supervised and expressed opinions on major matters, related party transactions and financial position of the Company.

Key performance

During the reporting period, the Company had **4** supervisors, including **2** shareholder representative supervisors and **2** employee representative supervisors, and held **8** meetings of the Board of Supervisors, reviewing **47** proposals in total, with an average attendance rate of **100%**.

Senior management

The senior management of the Company includes the General Manager, Deputy General Manager, Secretary of the Board of Directors and Chief Financial Officer. As the main coordinating and implementing agency, it formulates action plans in line with the Company's sustainable development strategy, manages risks and issues related to sustainable development in the daily operation process of the Company, and is responsible for coordinating the implementation of sustainable development work by subsidiaries to ensure the Company's high-quality and stable operation.

Remuneration management

The Company has formulated fair and transparent standards and procedures for evaluating the performance and performance of directors, supervisors and officers based on the major financial indicators, business objectives and performance evaluation indicators for the current period. The remuneration of directors, supervisors and officers shall be paid in full and on a timely basis after evaluation by the Remuneration and Appraisal Committee of the Board of Directors. Through rigorous remuneration distribution planning and calculation of distribution methods, the Company ensures the rationality and fairness of salary, and thus maintains the internal management order of the Company and the enthusiasm of employees.

Key performance

In 2023, the actual remuneration received by all directors, supervisors and senior officers totaled RMB **18,756,200**.

Strengthening Risk Control

Internal control

Milkyway strictly abides by the *Company Law*, the *Securities Law* and other relevant laws and regulations, identifies and analyzes internal and external risks from the perspective of company management objectives and internal control, and establishes a strict internal control system covering all aspects of company finance, security, information technology, supply chain, etc.

In addition, in order to establish comprehensive risk management measures and enhance risk resistance, the Company has established a sound risk management system and clarified the risk management responsibilities and authorities of each department. The Company has established an Audit Committee, which directly leads the Audit Department and is responsible for leading the internal audit work. The audit scope covers all major business departments and functional departments such as freight forwarding, transportation and trading. In 2023, more than 20 internal audits were conducted, and corresponding audit reports were generated for each audit and submitted to the Chairman of the Board of the Company. After the audit report is approved, it will be supervised immediately, and the rectification will be continuously followed up with a cycle of 1-2 months until the rectification is completed. As at the end of the reporting period, our rectification completion rate exceeded 90%.



Related party transaction management

In order to ensure that the related party transactions between Milkyway and related parties comply with the principles of fairness, impartiality and openness, and ensure that the related party transactions of the Company do not harm the legitimate rights and interests of the Company and non-related shareholders, the Company has formulated the *Related Party Transaction Control and Decision System* in accordance with the *Securities Law*, the *Company Law*, the *Articles of Association* and other relevant documents. The system clearly stipulates the review, disclosure procedures and pricing principles of related party transactions. The Company strictly implements the related party avoidance mechanism, and especially when considering related party transactions, it requires related directors and related shareholders to abstain from voting, so as to ensure the fairness and transparency of the decision-making process.

Investor Relations Management

Information disclosure

In order to improve the management level and quality of information disclosure and protect the legitimate rights and interests of the Company, shareholders, customers, creditors and other stakeholders, Milkyway formulated the *Information Disclosure Affairs Management System* and the *Information Disclosure Suspension and Exemption Management System* in accordance with the *Company Law*, the *Securities Law* and the *Articles of Association* and in combination with the actual situation of the company, so as to strengthen the information communication between the company and investors and ensure the truthfulness, accuracy, completeness and timeliness of information disclosure, thus effectively protecting the interests of investors and promoting the healthy development of the relationship between the Company and investors.

Key performance

In 2023, the Company disclosed a total of **274** announcements and annexes, and was punished **0** times due to violations of information disclosure.



Communicating with investors

In order to fully protect the rights and interests of investors, the Company has formulated the *Investor Management System* to strengthen and standardize the information communication between the Company and investors and potential investors, so as to ensure that investors' right to know is fully respected. In 2023, we continued to carry out investor relations management through multiple channels, platforms and methods, actively communicated with investors through telephone exchange meetings, online video communication meetings, E-interaction platform, on-site communication meetings, analysts and investor research meetings, responded to investors' concerns, paid attention to protecting investors' legitimate rights and interests such as their right to know and voting rights, and maintained a good trust relationship between the Company and investors.

Case Milkyway won the "Excellent Practice Case of Board of Directors of Listed Companies in 2023"

Milkyway continued to promote standardized corporate governance, continuously improved the corporate governance system, carried out information disclosure and investor relations management in accordance with laws and regulations, and the relevant work was recognized by the China Association of Listed Companies, and won the "Excellent Practice Case of Board of Directors of Listed Companies in 2023" of the China Association of Listed Companies, further enhancing Milkyway's influence and reputation in the capital market.



Key performance

In 2023, **8** investors open exchange meetings were held, **18** interactions between the E-interaction platform and investors were held, and the response rate of investor questions was **100%**.

Return to shareholders

While steadily increasing the economic benefits of the Company, the Company pays attention to reasonable investment returns to investors according to the profitability and production and operation development needs, implements a stable dividend distribution policy, continuously and stably pays dividends to shareholders, and maintains and ensures the investment value of long-term investors. The Company distributes profits by cash, stock or combination of cash and stock, among which cash dividend is the profit distribution method given priority by the Company.

The Company's 3-year distribution of cash dividends²

Key performance	2023	2022	2021
Dividends per 10 shares (RMB)(tax included)	5.30	5.5	3.9
Amount of cash dividends (RMB)(tax included)	85,808,839.10	90,062,803.05	64,063,269.66
Net profit attributable to ordinary shareholders of the listed company in the annual consolidated statement of dividends (RMB)	431,311,394.09	605,368,241.64	431,792,852.98
Percentage of net profit attributable to ordinary shareholders of the listed company in the consolidated statement (%)	19.89	14.88	14.84
Amount included in cash dividends from repurchase of shares in cash (RMB)	99,805,364.37	0	50,820,313.38
Total amount of dividends (RMB) (tax included)	185,614,203.47	90,062,803.05	114,883,583.04
Ratio of total dividend amount to net profit attributable to ordinary shareholders of the listed company in the consolidated statement (%)	43.03	14.88	26.61

² The implementation period of the last repurchase in 2023 was from November 6, 2023 to February 5, 2024, and the "amount included in cash dividends from repurchase of shares in cash" attributed to 2023 in the table did not include the repurchase amount incurred in 2024.

Creating an Ecology of Integrity

Integrity management

Milkyway adheres to the business principle of "be honest and behave yourself", abides by the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and other relevant policies and regulations, and opposes all forms of corruption and bribery. The Company attaches great importance to the professional ethics of employees and has formulated documents such as the *Company Outlines* and the *Staff Manual* internally, which clearly stipulates the professional qualities and bottom lines of employees. During the reporting period, Milkyway was not involved in any corruption litigation cases.

In terms of integrity monitoring, the Company's internal monitoring department is responsible for the internal monitoring, while the external monitoring is conducted by third-party lawyers.

Prevention and control of corruption risks

The Company has formulated the *Safety Supervision System* to make clear provisions on anti-corruption, including standardized management of risk posts involved in commercial bribery and duty encroachment. In business cooperation, the Company specified anti-commercial bribery clauses in commercial contracts to ensure the integrity of business cooperation, and incorporated integrity requirements into the supplier management mechanism, requiring suppliers to sign the *Integrity Partnership Agreement*, with a signing rate of 100% during the reporting period; in addition, we trained employees on positions with risks of duty encroachment, and signed the *Integrity Commitment Letter* to clarify personal responsibilities, with a signing rate of 100% during the reporting period.

Unblocked reporting channels

In order to further strengthen the integrity and self-discipline supervision of employees, the Company has established a reporting and whistleblower protection mechanism. After receiving the report, the Supervision Department shall carry out compliance investigation according to the company system, and take corresponding disciplinary measures according to the seriousness of the cases (active or passive) and the amounts involved (an amount more than RMB 5,000 is deemed as a significant amount). The Company strictly keeps confidential the identity information and reporting contents of the whistleblower throughout the whole process, and retaliation is strictly prohibited. Once it is verified that a whistleblower has been retaliated against, the Company will deal with the responsible persons involved strictly and take appropriate legal measures.

Developing an integrity culture

Milkyway continues to carry out publicity and education on clean culture to promote the positive dissemination of integrity culture within the Company. The Company arranges safety speeches at the beginning of all large-scale activities to continuously improve employees' awareness of integrity and self-discipline and build up employees' defense line of professional ethics. In 2023, the Company carried out a total of 9 "Mode Setting" training sessions on safety and integrity culture for employees, providing them with professional knowledge and practical skills on safety and integrity.

Key performance

During the reporting period, the number of anti-corruption reporting incidents of the Company was **0**; **74** members of the first-level safety committee received training in total, with an average training duration per capita of **30** minutes.



Guard against Potential Hazards, as a Defender of the Safety Line

Our philosophy

Milkyway constantly improves the safety management level, regulates the Company's safety production work, and is committed to ensuring the happiness and health of every employee and the long-term prosperity of the Company. Meanwhile, we comprehensively build digital and information security management to create a safe, healthy and positive working environment.

Our actions

- Safeguard occupational health and safety
- Information security and privacy protection

Responding to SDGs



Safeguarding Safety and Health

Stick to the safety defence line

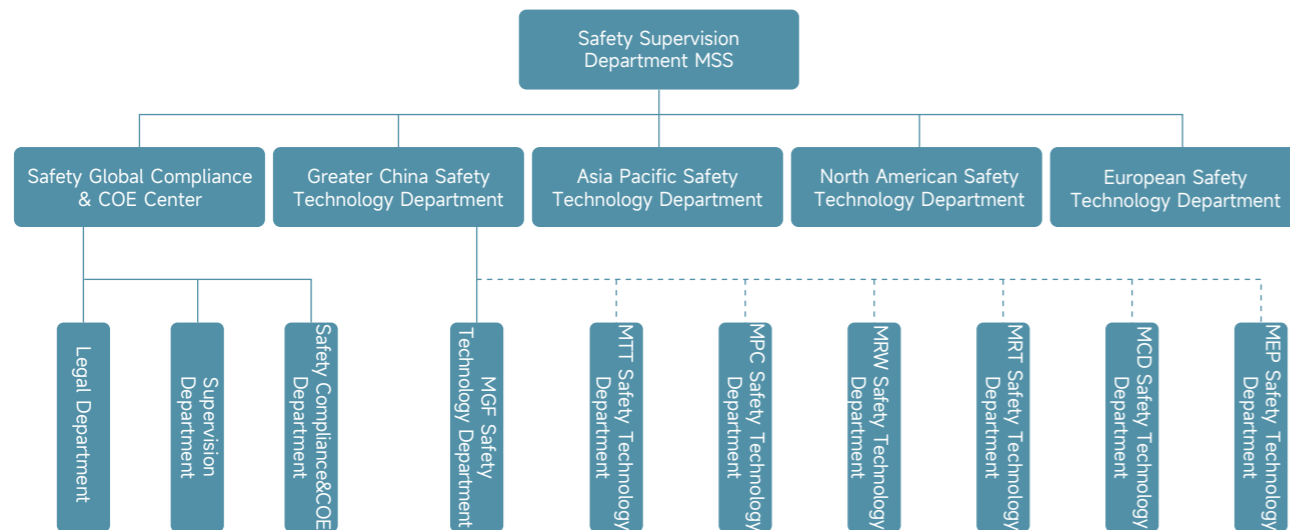
According to the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on Emergency Responses and other laws and regulations, Milkyway formulated the Safety Supervision System to realize the safety management objectives of the Company and effectively guarantee the safety of employees and the smooth operation of the Company by standardizing safety work management, carrying out safety production responsibility assessment and implementing the safety production responsibility system for all employees. During the reporting period, the total investment in safety production was RMB 39,033,900.

Safety management objectives



Safety management structure

Milkyway has always focused on safer and more efficient operations in the chemical supply chain, and regards safety as the foundation of life. The Company has established a safety supervision function to comprehensively coordinate safety matters in business production, continuously implement safety concepts and protect employees' occupational health and safety.



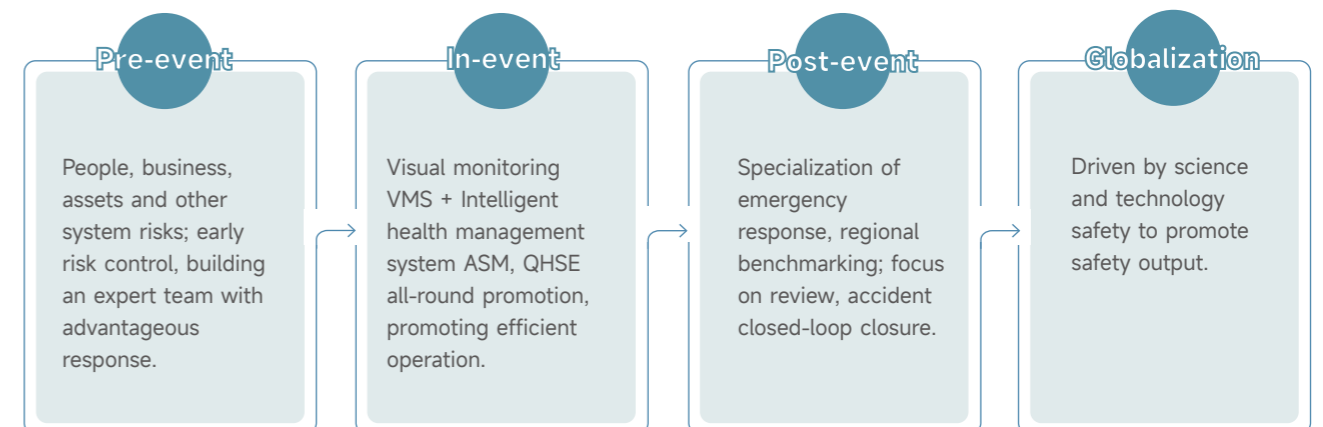
Safety risk management

Milkyway attaches great importance to safety risk management, implements risk classification and control, identifies risk sources according to business lines and department functions, puts forward four control principles of "early risk control, risk control systematization, supervision visualization and data-driven safety", and formulates safety risk control procedures including four steps, i.e., pre-event step, in-process step, post-event step and globalization step.

Risk source identification and response



Safety risk control procedure



Digitally empowerment for safety production

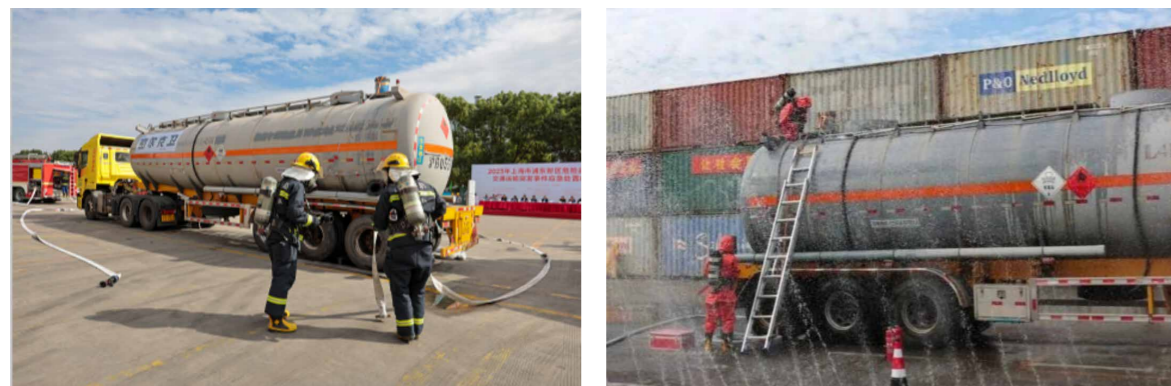
The Company continued to promote the standardization of production safety to ensure safety from the source. Meanwhile, the Company constantly improved safety supervision means to ensure the safety of life and property of the Company and employees with digital management system. We have developed our own hazardous chemicals control platform (ASM), which is divided into transportation, warehousing, freight forwarding and trading. It can monitor the operation of each warehouse and site 24 hours a day. When there is any illegal operation, the system will give an early warning and transmit it to the company monitoring platform.

Emergency plan and drill

The Company attaches importance to production safety management, strictly abides by emergency management system, and defines emergency management principles, emergency management departments, operation mechanism, emergency plan management, etc. We organize special emergency plan drills and other activities every year to enhance employees' emergency response capabilities and ensure that emergencies are safe and controllable. In 2023, the Company carried out 72 emergency drills.

Case Emergency response to transportation emergencies in hazardous goods transportation industry

On October 20, 2023, Milkyway undertook comprehensive emergency response drill for transportation emergencies in hazardous goods transportation industry in Pudong New Area, Shanghai City. In this drill, the drivers and escorts carried out early on-site treatment in strict accordance with the emergency plan for cargo categories, report to 110 Alarm Center and Milkyway Emergency Rescue Headquarters as soon as possible, cooperated with relevant units to carry out emergency treatment, rescued the injured and sent them to hospital, arranged cofferdam isolation, dilution of leakage concentration, plugging of tank leakage, recovery of leakage, timely control and elimination of hazards caused by leakage of inflammable and explosive substances caused by sudden traffic accidents, and minimized losses caused by accidents. They clarified emergency measures against accidents, and ensured that rescue work can be carried out quickly and effectively in case of accidents.



Safety knowledge publicity

Milkyway continues to strengthen safety education and training, enhance safety awareness of all employees, improve operation skills of all employees, realize the transformation from "I'm Required to be safe" to "I want to be safe", and build up the safety defense lines.

Case Confined spaces safety operation training

During the reporting period, Milkyway organized professional confined space safety training to ensure the safety and health of relevant staff working in confined spaces. Training includes identifying sources of risk factors in confined spaces, proper use of safety equipment, emergency rescue procedures, etc. The Company is committed to establishing a safety culture of full participation, ensuring that each staff member can correctly understand and implement the safety operation standards in confined spaces to ensure the safety and health of each participant in confined space operations.



Case Safety production hidden danger investigation training

In order to improve employees' awareness of safety production, the Company carried out safety production hidden danger investigation training. The training content covered the definition of hidden dangers, investigation methods, common hidden danger cases, etc. Through case analysis and interactive discussion, employees could deeply understand the importance and skills of hidden danger investigation. Moreover, employees were encouraged to actively participate, put forward their own opinions and suggestions, and jointly promote the construction of safety culture. Through this training, the employees' ability to identify and investigate hidden dangers was strengthened, and the safety production management level was further improved.



Key performance

In 2023, Milkyway held **1,357** safety education and training sessions, with **28,748** participants in safety education and training, and a total duration of safety education and training of **1,771** hours. The coverage rate of safety education and training was **100%**, and the coverage rate of safety risk protection training was **100%**.

Occupational health management

Milkyway has always been guided by the principle of "prevention first, and prevention and control combined", adhered to the principle of "whoever in charge of production must be responsible for occupational health and safety", strictly complied with the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other laws and regulations, and formulated internal management systems such as the Identification and Management Standard for Occupational Hazard Factors, so as to create a healthy and comfortable working environment for employees and ensure their physical and mental health.

During the reporting period, the Company and 9 subsidiaries passed ISO 45001 occupational health and safety management system certification.



Occupational Health and Safety Management System Certification

Occupational disease prevention measures

Milkyway continuously optimizes the prevention and control level of occupational hazard factors, adopts effective measures to continuously reduce the exposure of occupational hazard factors, strives to improve the occupational health and safety management level of the company, creates a safe and healthy working environment for employees, and lays a solid foundation for the sustainable development of the Company.

Occupational health and safety management measures

- 1 Warning signs and warning instructions in Chinese shall be set up at conspicuous positions in the workplaces where serious occupational hazards occur.
- 2 Those who do not use corresponding protective articles for protection are prohibited from entering occupational hazard workplaces.
- 3 Regular or irregular inspection, repair and maintenance for protective facilities are required to ensure normal operation of protective facilities. Operation is not permitted if the protective facilities fail to pass the inspection.
- 4 The operators shall be trained on the knowledge related to the operation of protective facilities, and the workers shall be instructed to correctly use protective facilities against occupational diseases. Those who fail the examination shall be prohibited from taking up their posts.
- 5 It is prohibited to dismantle or disable protective facilities without authorization.
- 6 Toxic and harmful workplaces where acute occupational injuries may occur shall be equipped with alarm devices, on-site first-aid supplies, flushing equipment, emergency evacuation channels and necessary hazard-relief areas.
- 7 It is required to arrange regular monitoring of harmful factors, ASM intelligent monitoring, alarm in time when abnormal conditions are found, and provide emergency equipment, emergency first aid kit and other medical supplies for leakage accident disposal.
- 8 Special operators must work on post with corresponding permits, and illegal operation and overtime work of construction operators shall be prohibited.

In order to improve the identification of health hazards and strengthen the management of workplace safety and hygiene, the Company comprehensively implemented the occupational health examination for entry and exit in accordance with the Personnel & Administration Management System. We have a full-time system safety officer responsible for occupational health examination, arrange employees to carry out occupational disease health examination every year, and implement follow-up and closed-loop management for employees with abnormal physical examination to ensure timely and effective treatment and intervention, thus improving the overall workplace safety and hygiene level.

Key performance

During the reporting period, the coverage rate of physical examination of employees was **100%**, the inspection of occupational disease hazard factors was **100%**, the number of new occupational diseases was **0**, the employment rate of special operators with permits was **100%**, and the coverage rate of occupational injury insurance for employees was **100%**.

Employee counseling

In addition to focusing on the physical health of employees, Milkyway is also very concerned about the mental health of employees. In collaboration with HRBP team, the Company's Trade Union has set up a "Spiritual Station" to conduct mental health tests and assessments for employees once every two years. During the test, if abnormal conditions are found in employees, HRBP will be responsible for psychological counseling and follow-up treatment to ensure that employees can receive necessary support and help in time.

Safeguarding Information Security

Information security management

In terms of information security, the Company has established a sound security management system and formulated a series of internal systems such as the Information Security Management System, the Data Security Management System and the Data External Transmission Guidelines to ensure the confidentiality, integrity and availability of information, so as to standardize the management of the Company in terms of physical security, network and system security, security management and application security. At the same time, we require employees to do a good job in the internal data work of the Company's network, information system and information equipment, standardize the operation of the information security management system, and ensure that information security incidents do not occur. During the reporting period, there was no violation of information security and privacy protection by the Company.

In addition, the Company has established a dedicated information intelligence department responsible for managing and responding to data security incidents inside and outside the Company.

Normalized guarantee of data security

We take practical actions to strengthen the data security defense line, and are committed to ensuring the confidentiality and integrity of sensitive information, so as to provide reliable guarantee for the continuous development of business.

Data security protection principles

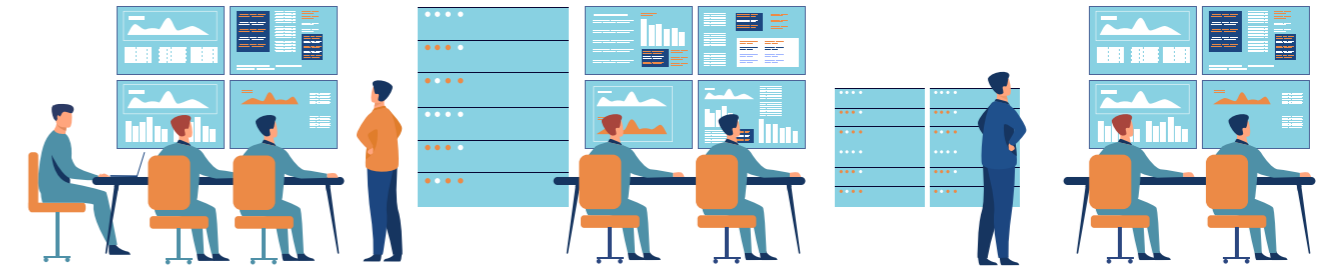
In order to effectively protect data security, the Company has defined five data security protection principles. We have built a trusted data security system to address evolving threats and challenges through rigorous implementation of the five principles.

- Principle of minimum authorization**
 Important information should be divided into as small dimensions as possible. Everyone can only apply for and be configured to the appropriate account operation rights.
- Principle of information desensitization**
 In the IT development, testing or drill environment, the information of specific scenarios shall be publicized, and the important data shall be appropriately desensitized.
- Principle of message encryption**
 Important data should be encrypted during use, transmission and processing, and cannot be viewed at will.
- Auditable principle**
 The entire process of MCP critical data operations must be documented for subsequent audit traceability.
- Principle of full information life cycle protection**
 Appropriate protection measures should be taken throughout the information life cycle of information system generation, processing, storage, transmission, sharing, and destruction to meet corresponding management requirements.

Data security rating

The Company clearly defines the rating standard of data, and divides the data into four levels: top secret level, trade secret level, internal use level and open level.

Top secret level	Trade secret level	Internal use level	Open level
Company confidential information, including strategic plans, business decisions, legal opinions, contracts, core product rules, algorithm data, patents, trademarks and other sensitive information.	Employee sensitive information, confidential financial, procurement, technical information of the Company, including debt claims, financial statements, tax forms, supplier information, business volume, technology development, IP address, etc.; commitment to protect third-party data such as investor and customer information.	The internal information of the Company, including policies, regulations, notices, training materials, address books, employee information (name, gender, name, grade, business line), and non-confidential business and technical data.	News, introduction and qualification certificates released by the Company in official website, public operation data, product information, technical information to be released to the outside world including codes and patents, not involving the core business.



Data security protection measures

We earnestly maintain data security, for which detailed management regulations have been made in eight aspects: system account management, password management, and important data transmission. For example, in terms of important data transmission, the Company clearly stipulates that internal transmission is only allowed through Company email, enterprise WeChat, enterprise QQ, and encrypted USB. For external transfers, the Company's *External Data Transfer Guidelines* must be followed and subject to strict approval and protocol procedures. This series of measures can ensure the safe transmission of data and minimize potential risks.

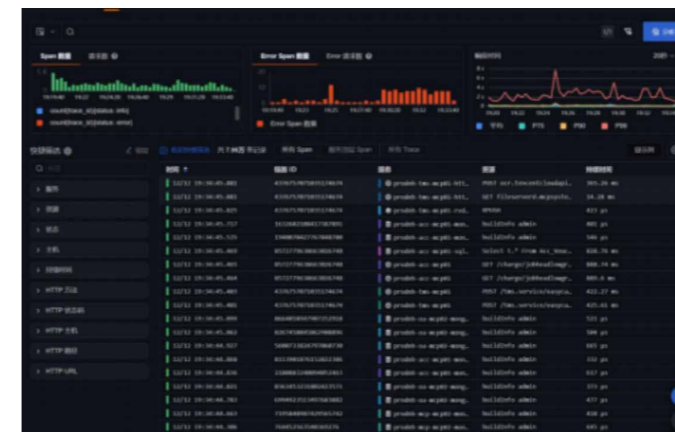
Strengthening technical support capabilities

In terms of operation and maintenance platform construction, the Company has realized integrated management of virtual machine cluster, database, AD domain control, VPN and other functions.

In terms of security protection, we use situational traffic analysis, WAF firewall, full link HTTPS, physical firewall isolation and VPN to achieve real-time traffic monitoring, prevent WEB attacks, ensure data security transmission and physical isolation, and ensure the reliability of connected users and the security and confidentiality of data.

Case Jointly building a network security defense line

Milkyway works closely with Knownsec in the field of network security to jointly carry out real-time security situation analysis, threat event warning presentation and efficient domain name protection to build a solid network security defense line. Besides, the company also cooperates with Observation Cloud to implement data security prediction and data security full-link real-time inspection.



Emergency management

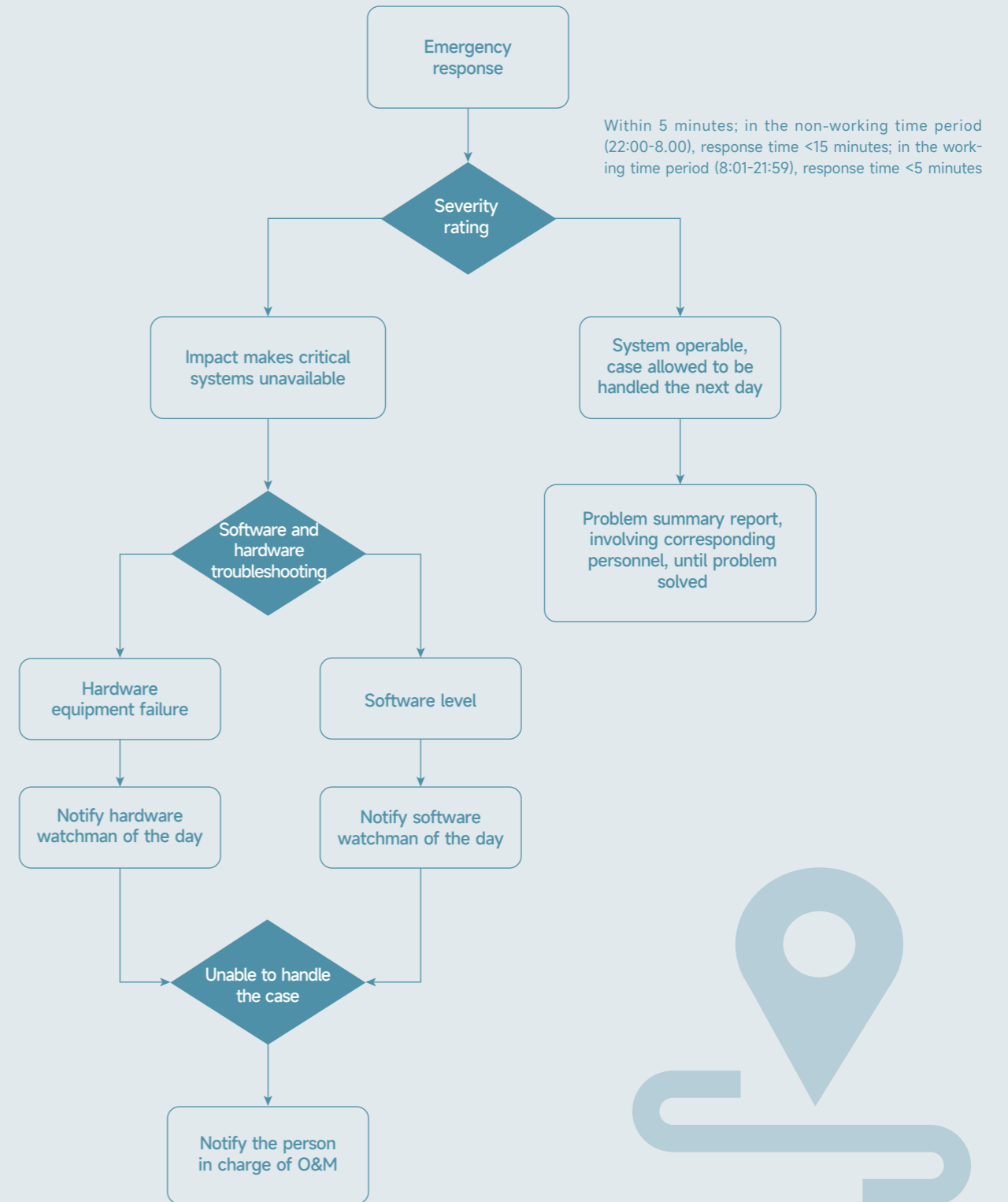
In order to establish and improve Milkyway's information security incident emergency response mechanism and improve the Company's information security incident management capability and emergency response efficiency, we formulated the *Information Security Management Measures and Emergency Plan*. The plan covers the whole process management of the Company's information security incidents, including daily monitoring, emergency response, investigation and evaluation, prevention drills and safeguard measures, etc., to reduce the impact of potential risks on the Company in all aspects.

In order to improve the team's coordination ability in emergency situations, the Company regularly carries out drills and trainings on emergency response, covering all important business systems of the Company at least once every three years, so as to ensure that the organization members have sufficient understanding and familiarity with emergency plans, tools and processes, thus improving the Company's comprehensive handling ability in emergency situations.

Emergency response Process



Flow Chart of Emergency Response



Growth with Precision, as a Striver of Excellent Service

Our philosophy

Milkyway insists on innovation-driven development, continuously increases investment in scientific research, and actively promotes its own digital transformation; we are always customer-oriented, continuously optimize customer service, enhance customer satisfaction and market recognition; at the same time, we strengthen supply chain management and communication, unite upstream and downstream industries and industry partners, promote win-win cooperation, and work together to create a better future for sustainable development.

Our actions

- Adhere to R&D innovation
- Optimize customer service
- Protect intellectual property rights
- Strengthen supplier management

Responding to SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

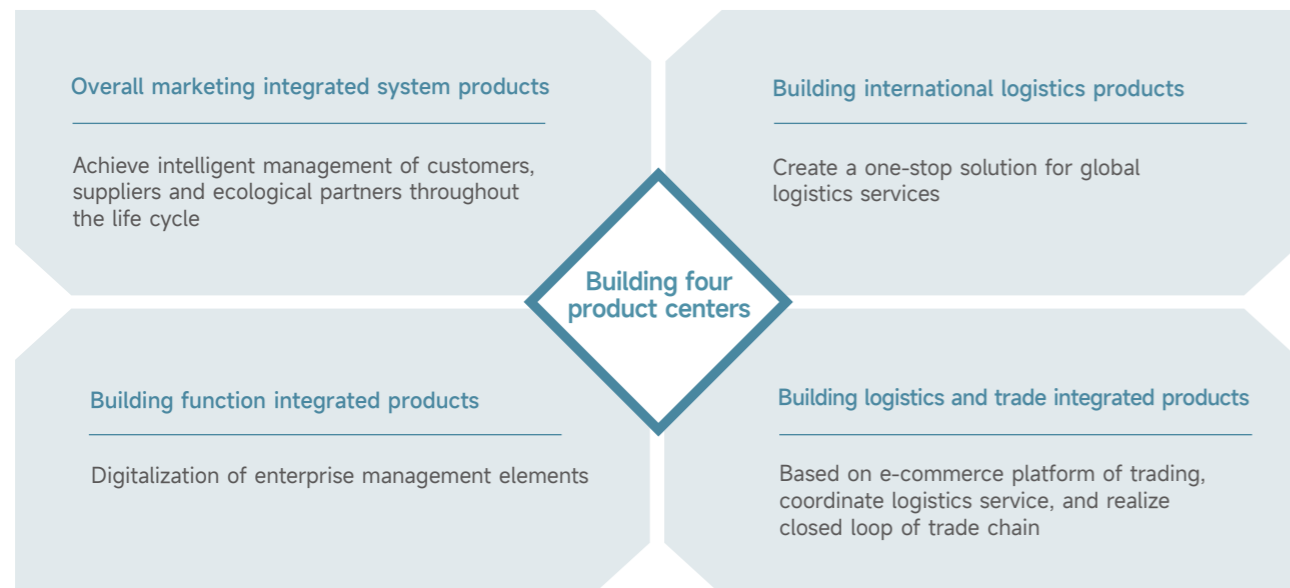
17 PARTNERSHIPS FOR THE GOALS



Digital Intelligence for Development

R&D and innovation mechanism

Based on the innovation vision of "comprehensive digitalization, comprehensive informatization, data formation engine, and Internet of Everything", Milkyway attaches great importance to innovation and R&D, establishes R&D innovation management system, and regards R&D innovation as the core driving force for enterprise development. In 2023, the Company continued to adhere to the R&D goal and direction of "Construction of Four Product Centers " to enhance product innovation capability and promote the healthy development of the Company.



Shanghai Milkyway Chemical Storage Co., Ltd. was awarded the title of the first batch of high-tech enterprises and "Specialized and New" enterprises recognized and filed by Shanghai City Accreditation Agency in 2023, which fully demonstrates that our performance in intellectual property rights, scientific and technological achievements, R&D organization management and healthy growth of enterprises has been recognized and supported by official authorities.

Encouraging R&D and innovation

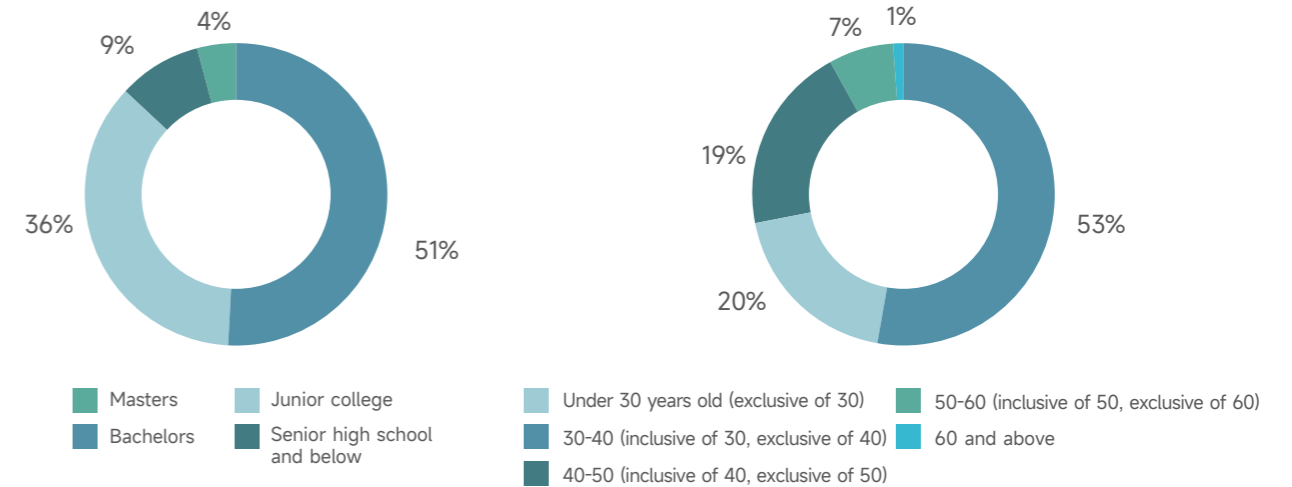
Milkyway actively embraces technological innovation, builds a team of scientific and technological innovation talents, gives full play to the leading role of talent towers, and injects talent momentum into the innovation and development of enterprises. In order to motivate employees to apply for patents and retain the Company's core technical personnel, we have developed a performance incentive policy.

The Company will reward RMB 500/case for software copyright application; RMB 1,000/case for utility model patent; RMB 10,000 yuan/case for invention patent application (after approval). If transformation-to-market is achieved, an additional reward is possible, up to RMB 50,000/case. In addition, the applicant's performance is directly proportional to the inventor's performance, calculated at a rate of 10%.

R&D resources

R&D team

Innovation is the first power; talent is the first resource; and high-quality R&D team provides innovation guarantee for the Company. As at the end of the reporting period, the Company had a R&D team of 142 people, accounting for 3.21% of the total number of R&D personnel.



Investment in R&D

In order to continuously consolidate its innovation capability, the Company attaches great importance to R&D investment, regards innovation as an important support for improving product and service quality, and injects strong impetus into independent R&D.

Key performance

During the reporting period, the Company invested RMB **64,766,300** in R&D, accounting for **0.66%** of its revenue from main business.



Industry-university-research cooperation

Milkyway actively practices the innovation concept of industry-university-research, deeply integrates scientific research institutions of colleges and universities, and obtains the Pudong New Area R&D Organization qualification certification. The Company has successively carried out various forms of cooperation with East China Normal University, Jiangsu University of Science and Technology and other universities to jointly promote the organic integration of school-enterprise technology innovation system and knowledge innovation system, so as to strengthen independent innovation ability and independent controllable ability, and constantly explore the development direction of advanced technology in the future.



Pudong New Area R&D Organization Certificate

Case In 2023, Milkyway signed an industry-university-research cooperation agreement with Jiangsu University of Science and Technology

On November 20, 2023, the Company formally signed an industry-university-research cooperation agreement with Jiangsu University of Science and Technology to jointly build a strategic partnership. The agreement covers cooperation between the two sides in many fields such as technology research and development, personnel training and scientific and technological innovation. The Company will make full use of Jiangsu University of Science and Technology's rich scientific research resources and professional team to jointly promote the implementation and implementation of innovative projects. This cooperation deepens the mode of industry-university-research cooperation, promotes the common development of both parties in the field of scientific and technological innovation, provides more advanced solutions for the industry, and at the same time provides practical opportunities for students to accelerate the transformation and promotion of scientific and technological achievements.

Driving digital transformation

Milkyway actively promotes digital transformation, continuously strengthens scientific and technological innovation strength, comprehensively improves intelligence level, and creates broader possibilities for business development. With the help of MCP4.0 Plus system independently developed by the Company, which highlights the characteristics of safety, collaboration and full coverage, the Company has fully realized logistics intelligence. Through the dual upgrading of resources and process intelligence, the ingenious use of digital technology not only effectively reduces resource waste, improves resource utilization, but also creates a more efficient and economical chemical supply chain service system for customers.

In 2023, the Company obtained the Certificate of Data Management Capability Maturity at Managed Level (Level 2).



Data Management Capability Maturity Level Certificate



Intellectual property protection

The Company has always adhered to the principle of "innovation leads the future, quality wins the market" and attaches great importance to protecting its intellectual property rights. In order to standardize intellectual property management, before carrying out intellectual property activities such as scientific and technological innovation and creation of works, the Company first confirms whether real intellectual property rights can be generated, so as to avoid repeated development or intellectual property disputes. After the completion of the project development, the Company will quickly apply for registration to occupy the market and ensure that the company's own intellectual property rights are not infringed.

The Company has established Milkyway patent digital management platform to realize real-time dynamic management of standard patents. In order to ensure compliance, the Company requires employees to sign the *Intellectual Property Management Commitment Letter* and the *Confidentiality Agreement* when they enter into employment, stipulate competition restrictions and compensation clauses, effectively prevent intellectual property rights from being infringed by others, and ensure that the Company's business secrets are properly protected.

The Company has passed GB/T29490-2013 intellectual property management system certification and realized comprehensive and systematic scientific management of intellectual property rights.

In addition, the Company stipulates that the Legal Supervision Department regularly conducts training on intellectual property rights for employees every year, including training on dispute warning and methods for handling infringement.



Intellectual Property Management System

Key performance

As of the disclosure date of this report, the Company has obtained **111** patent certificates (including **9** invention patents, **102** utility model patents) and **210** software copyright certificates.

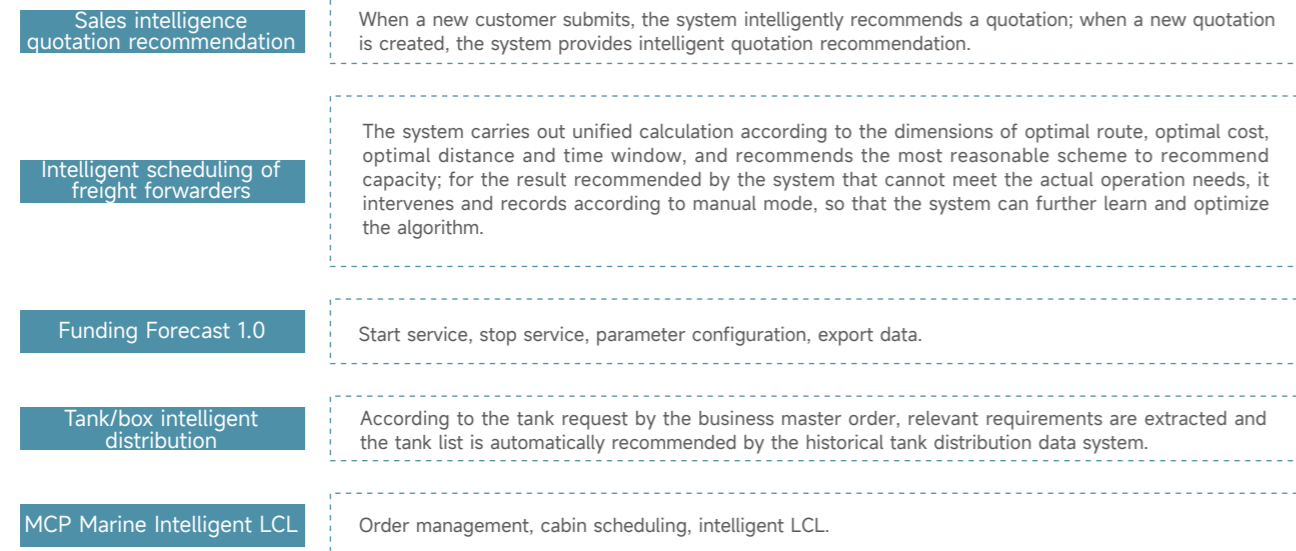


Understanding Customer Service

Customer service management

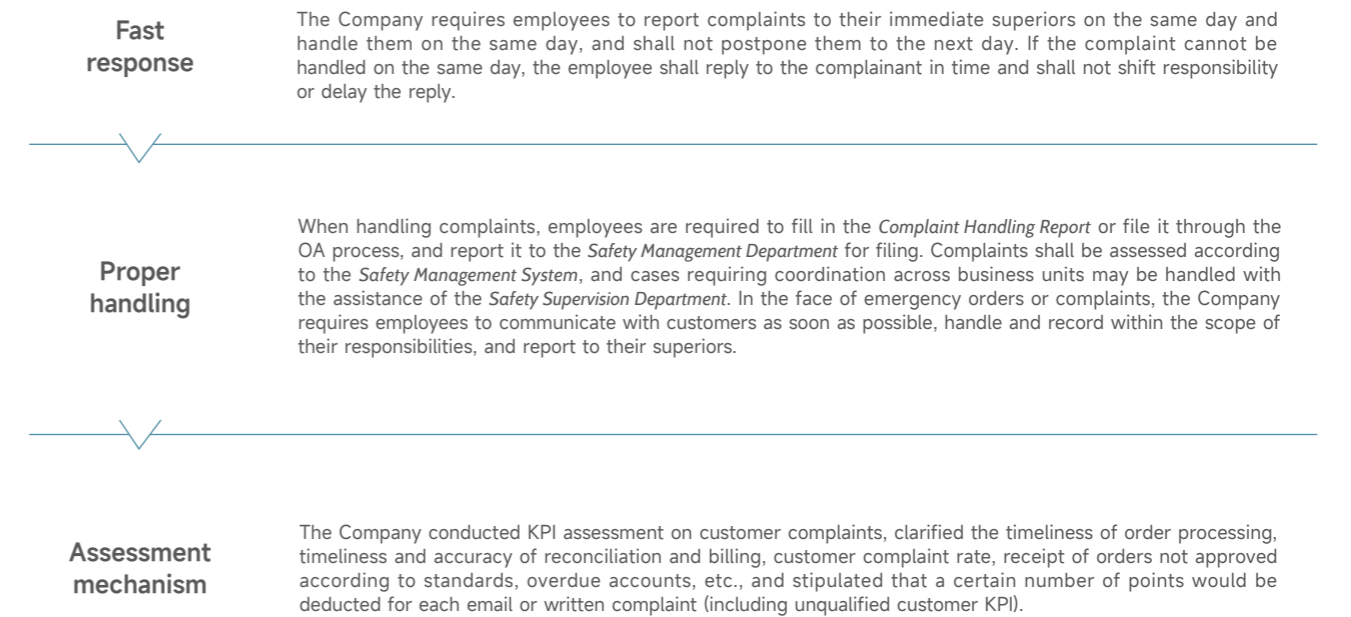
Milkyway always adheres to the quality policy of "doing things right at the first time, creating value with service, valuing the end user experience, treating standardization as the foundation, and regarding personalization as an advantage", and adheres to the service commitment of "quotation ASAP, listening attentively, and selling in good faith" to continuously improve customer service level. The Company has established and improved customer service system, formulated internal systems such as *Customer Service Quality Standard*, standardized after-sales service process, met customer needs with high-quality products and services, and improved customer viscosity and satisfaction. By the end of the reporting period, the number of customers had exceeded 8,000.

In order to create a full-process, integrated intelligent service, the Company has built an intelligent, digital customer service system.



Customer complaint response mechanism

Milkyway adheres to the principles of timeliness, responsibility, record and management, handles customer complaints in a timely manner, and gradually improves the user complaint response and management mechanism to continuously improve the user consumption experience.



Unblocked customer communication channels

In order to improve the user experience, the Company adopts an online and offline combination to actively listen to the voice of consumers. Online, we have established WeChat communication groups between customers and the Group's management as direct and effective channels for customer evaluation, demand research, complaint handling, etc., so as to make timely adjustments and improvements to our services. Besides, we have also set up customer service hotlines to improve communication efficiency and convenience.

Offline, we have set up a "M-Friends Meeting" and held an offline member activity once a year to report the company's business development progress and planning to customers, and facilitate mutual communication and sharing among members, so as to build a communication platform for customers and continuously improve customer viscosity.

Case Milkyway's third "M-Friends Meeting" successfully held

In order to thank our customers and business partners, Milkyway held the "Open All Six Warehouses" and the third M-Friends Meeting on October 9, 2023 in Shanghai.

Milkyway executives introduced Milkyway layout and work direction comprehensively on their efforts in 2023, overseas expansion, global liquid bulk and tank, global freight forwarding, warehouse integration and unique distribution. The Chairman said: "The more difficult, the more firm; the strategic focus in 2024: practicing internal skills, consolidating capacities; waiting for the right time, exerting strength accurately, and working hard to grow up".

Yin Ruoning, the world's number one golf champion and grand slam winner, sponsored by Milkyway, was also invited to participate in the event after winning the championship at LPG Los Angeles Station, and presented the guests with exclusive signature souvenirs customized jointly with Milkyway.



Customer satisfaction

In order to deeply understand the voice of consumers, the Company has established an evaluation system for customers to service personnel, and the recovery rate and favorable rating rate of evaluation questionnaires are directly related to job performance. The Company conducts customer satisfaction surveys regularly every year and forms written analysis reports to guide business departments to improve service quality. In 2023, Milkyway's customer satisfaction was 96.68%, further improving compared to last year.

In order to further improve customer experience, the Company's senior management will arrange return visits to the Company's logistics TOP 20 customers and transaction TOP 10 customers every year, and formulate return visits and exchanges based on the feedback of the annual customer satisfaction survey. Year-end customer return visits take the form of meetings and exchanges combined with group building, which helps to strengthen communication with customers and establish closer relationships. Furthermore, relevant sales and business BU leaders will record relevant contents in follow-up meetings so as to better follow up and implement follow-up improvement plans.



Customer service training

The Company actively organizes regular customer service training and is committed to providing customers with the best service experience. We stipulate that all customer service employees need to undergo three-level training when they enter the job, which mainly includes communication skills, etiquette language, common problem solving, etc. In addition, the Company will carry out "Seal" training for customer service every year, and each department will organize special training every month to comprehensively improve the service level and service awareness of the overall customer service personnel.

Case Improving employees' awareness of hazardous chemicals and strengthening customer service capabilities

In 2023, the Company organized staff to conduct pre-classification of hazardous chemicals and courses on customs clearance practices and regulatory guidelines for import and export of hazardous goods and hazardous chemicals. Through this training, employees have a deeper understanding and understanding of hazardous chemicals, enabling them to answer customer questions faster, more effectively and more accurately at work.

Joining Hands for Win-win Results

Supply chain management

Milkyway attaches great importance to supplier quality management. In order to create a safer supply chain comprehensive service, we have formulated internal systems such as *Supplier Admission Management Measures and Standards* to standardize the whole life cycle management from supplier access, qualification review, performance evaluation and elimination. The Company is committed to creating fair and transparent cooperative relationships with suppliers and working together with supplier partners through long-term and frank cooperation.

As of 2023, Milkyway has established cooperative relationships with 2,808 suppliers nationwide, forming an extensive and rich cooperation network.

Regional distribution	Number of suppliers	Percentage of suppliers
North China	113	4.02%
South China	657	23.40%
East China	1,531	54.52%
Central China	159	5.70%
Southwest	150	5.34%
Northwest	74	2.63%
Northeast	123	4.38%
Hong Kong, China	1	0.01%

Key performance

During the reporting period, **41** suppliers were inspected on site, **1,353** suppliers were reviewed for admission cooperation, and **55** suppliers were reviewed annually.

Full life cycle management

Supplier admission

In the selection and admission of new suppliers, Milkyway strictly evaluates the qualification ability, on-site audit and credit rating of suppliers to ensure the quality, safety and environmental protection of suppliers and promote the sustainable development of the supply chain. We implement the *Supplier Admission Management Measures and Standards* in accordance with the provisions of the Safety Enabling Center, which is responsible for auditing, covering multiple dimensions such as supplier qualification, subcontractor information, site safety and quality, RSQAS questionnaire (hazardous goods), etc. After the audit, the qualified suppliers will be included in the List of Qualified Suppliers to ensure that the products and services they provide meet the company's standards and establish a healthy, stable and mutually beneficial cooperation relationship with them.

Audit supplier

To effectively identify supply chain risks, Milkyway conducts routine supplier performance audits and assessments. The Company regularly conducts annual on-site audits on suppliers of road transportation, warehousing, trade, fixed asset procurement and administrative services. In addition, we also conduct monthly KPI assessment for suppliers, mainly including order receipt, on-time arrival, customer complaints, timely and accurate reconciliation, etc.

The Company pays close attention to ESG performance of suppliers and incorporates environmental, social and governance related factors into supplier audit standards. During the supplier audit process, the Company inspects and controls the supplier's safety management system, external certification, emergency rescue of quality, environment and safety emergencies, etc. to ensure that the supplier has a complete and reasonable management system. In addition, during the supplier introduction phase, we require new suppliers to sign the *Environmental, Health, Safety, Quality and Security Agreement* to ensure suppliers comply with local labor regulations and social responsibility standards.

Supplier phase-out

We strictly implement the KPI assessment system for suppliers and classify suppliers into four grades A, B, C and D according to the audit results and scores.

Class	Score	Evaluation	Evaluation Frequency	Class	Action
A	≥90	Distinction	Monthly	≤C	KPI Meeting
B	≥80	Pass	Quarter	1≤D	Warning to Correct
C	≥70	Need to be Improved	Interim	2≤D	Stop Service to Correct
D	<70	Failed	Interim	3≤D	Stop Contract to Correct

Low-carbon Development, as a Guardian of Ecological Environment

Our philosophy

Milkyway closely follows the national strategic deployment, takes sustainable development goals as the core, and regards low-carbon green cycle development as an important engine to promote high-quality sustainable development of enterprises. We actively practice the development concept of "green, low-carbon and sustainable", based on our own industrial characteristics, further consolidate the business foundation, efficiently enable the sustainable development of the industry, open up the whole chain network, and build a global height.

Our actions

- Strengthen environmental management
- Respond to climate change management
- Advocate green office
- Develop circular economy
- Strengthen waste management
- Practice energy conservation and emission reduction

Responding to SDGs



Implementation of Environmental Management

Environmental management system

Milkyway regards environmental protection as the main content of sustainable development strategy. The Company strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Assessment of Environmental Affects* and other laws and regulations, continuously promotes the construction of environmental management system, scientifically manages environmental issues such as resources, energy and pollutants involved in operation, establishes a special environmental protection department, and strengthens the Company's ability to protect the environment.

During the reporting period, the Company and 8 subsidiaries obtained ISO 14001 environmental management system certification.



Environmental management system certification

Key performance

In 2023, the total investment in environmental protection of the Company was RMB **65,016,700**, up **29.42%** year-on-year.



Environmental risk management

In order to further strengthen environmental risk management and control, the Company actively carried out environmental risk management before, during and after the event in accordance with the *Safety Supervision System* and in combination with the requirements of ISO 14001 environmental management system. We regularly review and review potential environmental risks, formulate and continuously improve corresponding risk control measures, improve risk prevention level and strengthen comprehensive control over environmental risks by standardizing daily environmental management, continuously inspecting environmental protection facilities and improving emergency response capabilities for environmental emergencies.

Pre-event	
Risk identification	Hazardous waste management license qualification, pollution discharge license qualification, hazardous goods warehouse environmental department administrative license qualification; Environmental pollution caused by leakage of materials during operation and transportation; Environmental pollutants discharged during operation exceed the standard; Waste management and disposal.
Insurances	Hazardous chemical safety liability insurance, environmental pollution liability insurance.
Standards and control	<i>Environmental Pollutant "Three Wastes and One Noise" Treatment Standard</i> , and <i>Hazardous Waste Storage Standard</i> .
Emergency plan	Overall emergency plan for emergencies, and emergency plan for sudden environmental incidents.
In-event	
Environmental training	Carry out on-the-job environmental protection and emergency plan filing training, and stop work and make up training for those who fail the assessment until they pass the examination.
Inspection & monitoring	Check the emission of the "Three Wastes" and environmental protection facilities, and track the rectification of unqualified items.
Assessment	Accept the annual review of third-party audit bodies in accordance with ISO 14001 environmental management system requirements; Accept the evaluation, assessment and inspection of administrative competent authorities and industry experts, according to the government management requirements, before new construction, reconstruction and expanded production scale.
Post-event	
Emergency handling	Register MCP on the day of public relations accident and report to Board Secretary; investigate in responsibility and punish relevant personnel.
Credit repair	Credit repair shall be carried out for those affecting the goodwill of the Company, and they shall be cleared quarterly and listed into the matters supervised by the safety VP of the first-level safety committee.
Internal audit	Within half a year after the case is closed, the accident department shall report the completion of follow-up rectification matters to the Supervision Department, and accept the supervision, internal audit and assessment of the Supervision Department.

Emergency plan and drill

In order to cope with the needs of environmental emergencies, the Company prepared emergency plans such as *Emergency Plan for Sudden Environmental Incidents* and *Special Emergency Plan for Hazardous Chemical Leakage Accidents* according to the relevant requirements of *National Emergency Plan for Environmental Emergencies* and *Measures for Emergency Management of Sudden Environmental Incidents* issued by the Ministry of Environmental Protection of the People's Republic of China and environmental risk factors, and filed them with local environmental protection departments according to regulations.

In 2023, the Company organized and carried out environmental emergency drills to test the effectiveness of emergency plans, the completeness of emergency preparedness, the adaptability of emergency response capabilities and the coordination of emergency personnel, improve the skills of preventing and handling environmental emergencies, and reduce the possible harm caused by environmental emergencies to the environment.

Case MTBE leakage emergency drill

In October 2023, Huizhou Milkyway Huayitong Transportation Co., Ltd. carried out emergency plan drills for MTBE material leakage that is likely to cause secondary disasters such as environmental pollution due to improper disposal. The drill covers important links such as accident reporting, site personnel evacuation, alert isolation, leakage site plugging, landing material cleaning, etc. Through this drill, the Company's emergency rescue team's ability to respond to emergencies was strengthened, and employees' understanding of standardized disposal of leakage points and accident handling procedures was deepened, so as to ensure efficient and rapid response to possible accidents such as environmental pollution when actual accidents occur.

Creating a "green culture"

At the initial stage of the design of the administrative office building of Shanghai Jiajinying Environmental Protection Service Co., Ltd., we recycled 100% of the demolished building materials and furniture equipment of Monaco Pavilion and applied them to the decoration of the administrative office building in line with the concept of resource recycling. Based on the reasonable recycling of waste building materials, equipment and furniture, advanced green ecological technologies such as ground source heat pump, water and electricity metering, efficient lamps, rainwater reuse, basement lighting wells, barrier-free facilities and roof greening have been introduced into the design to create a new concept of green construction. The design has successfully won the "Two Stars of Green Building" of the Ministry of Construction and is also the first green building of industrial enterprises in Shanghai City, reflecting our commitment to sustainable development. In addition, it is also an active practice of environmental protection concept.



Green Office

The Company pays attention to cultivating employees' environmental awareness and creating a good atmosphere of energy conservation and environmental protection. We started from details, strengthened the management of electricity, water and office supplies, advocated a green and low-carbon office model, and actively practiced the concept of sustainable development while realizing business development.



Water-saving tips



Promoting the use of recycled paper



Promoting garbage classification



Regulating air conditioning temperature

Responding to Climate Change

With the increasingly severe impact of climate change and frequent global warming and abnormal weather, Milkyway is fully aware of the seriousness and urgency of climate change and actively explores a number of measures to address climate change. We integrate climate change into our management and operation practices, take reducing greenhouse gas emissions as an important part of our environmental management, actively respond to the instability of the global supply chain industry caused by climate change and extreme weather, and promote more responsible operations to achieve green and low-carbon development.

"Carbon Peaking and Carbon Neutrality" management

In order to achieve its own carbon neutrality and sustainable development goals, the Company continued to improve its carbon governance level, established a carbon governance system in combination with the requirements of the carbon strategy, formulated an annual carbon reduction plan, established an inter-departmental task force, implemented the Carbon Peaking and Carbon Neutrality targets, actively contributed to the transformation of the global low-carbon economy, and strived to achieve carbon peak by 2030 and carbon neutrality by 2050.

"Carbon Peaking and Carbon Neutrality" management process



Climate change risk management

The Company has incorporated climate change risks into its risk management system, formulated the *Carbon Disclosure Survey Standard* to actively identify carbon emission sources, and formulated a series of targeted measures based on the identification results to effectively address and respond to carbon emission-related risks.

Climate Change Key Risk Assessment Results and Response Strategies

Risk types	Risk description	The Company's response	
Transformation risks	Policy	With the implementation of the Carbon Peaking and Carbon Neutrality Plan and the introduction of policies related to energy conservation and emission reduction, it may have an impact on the service and operation mode of the Company, resulting in an increase in expenses related to environmental protection, energy conservation and emission reduction.	Actively respond to the "Carbon Peaking and Carbon Neutrality" goal; encourage energy conservation and consumption reduction, promote the use of new energy vehicles and rooftop photovoltaic construction; include the annual carbon reduction plan in the <i>Annual Plan for Safety Supervision</i> and actively build a green circular economy.
	Technology	Most of the vehicles we operate are fuel-powered vehicles, and without alternative systems or new technologies to conventional fuels, we may be affected by rising fossil fuel prices and regulatory regulations, but operating costs will increase as new energy equipment is replaced and low-carbon technologies are developed.	Continuously carry out carbon verification work, increase the utilization rate of green clean energy equipment, promote the proportion of renewable energy use, increase investment in research and development of low-carbon technologies, and improve research and development efficiency.
	Market	With the emphasis on climate change and environmental protection, more customers are likely to demand environmentally friendly logistics solutions, which could lead to customer churn if the company fails to make a sustainable development transformation.	Continuously improve the intelligent operation system, improve the operation quality and efficiency, reduce energy consumption; strengthen the promotion of green transformation of products and services, and shape the low-carbon brand image.
	Reputation	Stakeholders are increasingly concerned about tackling climate change, and failure to respond in a timely manner could have a negative impact on reputation.	Strengthen stakeholder communication, actively respond to relevant demands, and disclose efforts made in response to climate change in a timely manner.

Risk types	Risk description	The Company's response	
Physical risks	Immediate	Climate change may lead to drastic changes in precipitation patterns and weather patterns, resulting in frequent extreme weather such as floods, rainstorms, typhoons, etc., which may affect the infrastructure systems operated by the Company and cause damage to equipment facilities or buildings.	Prepare corresponding emergency plans, formulate emergency measures for extreme weather and natural disasters, regularly carry out emergency drills, minimize losses, control, mitigate and eliminate social disasters caused by emergencies.
	Long-term	Global warming, sea-level rise, etc. may increase the risk of write-offs and premature obsolescence of existing assets at sites located in high-risk coastal areas.	Participate in climate change action and protect the ecological environment.

Assessment Results of Key Climate Change Opportunities and Response Strategies

Type of opportunity	Description of opportunity	The Company's response	
"Green Transformation" opportunities	Developing circular economy	Under the guidance of the national circular economy policy, the Company can reduce operating costs by improving the recyclability and renewability of waste mineral oil and packaging drums.	Actively promote the recycling of waste mineral oil and packaging barrels.
	Use of new energy	Reducing carbon emissions during transportation is the focus of the market. As a leading comprehensive service provider of professional chemical supply chain in China, priority should be given to the use of new energy sources. Accelerating the transformation of green and low-carbon logistics will help increase the company's profitability and improve its reputation.	Formulate carbon reduction measures for road transportation/storage/waterway transportation, and continuously improve the green energy substitution rate.

Carbon emission management

Since 2021, Milkyway has clarified its own carbon value through a four-stage working method, comprehensively checked the carbon dioxide emissions directly and indirectly generated by the company's operation process, understood the carbon emission situation, and formulated carbon reduction targets and paths on a scientific basis, providing a solid foundation for carbon emission reduction plans.

Four-stage Approach to Defining Own Carbon Values

Stage 1: Clarifying own emissions	Comprehensively check direct and indirect emissions, identify direct emission data with fixed source combustion, fugitive emissions and mobile source emissions as components in combination with its own operation conditions, and confirm indirect emission data with electricity, heat and gas purchased to support its operation as the core, so as to comprehensively grasp its own emissions.
Stage 2: Sorting out emissions upstream and downstream of the value chain	Investigate the upstream and downstream emissions of the value chain in stages and continuously, and form the initial value chain emissions mainly based on the carbon emissions indirectly generated by waste paper treatment and wastewater discharge treatment in combination with the actual situation, and on this basis, continuously improve the upstream and downstream emission sources and related statistics of the industrial chain.
Stage 3: Continuous improvement and comprehensive inventory	Scientifically, openly and comprehensively define the emissions and changes, continuously enrich the information of staged activities, and realize the cognition and inventory of complex scenarios including the emissions of outsourced logistics services and the emissions during disposal, so as to realize comprehensive greenhouse gas emission confirmation and emission reduction capacity confirmation.
Stage 4: Realizing the capitalization and marketization of emission capacity	Based on the results of the comprehensive inventory of the whole process, the whole scene, the whole value chain and the whole service scheme, clarify the value and development potential of the enterprise's own carbon assets, and realize the comprehensive transformation of environmental protection work from expense to assets.

Milkyway launched Carbon Management System 1.0, which improved the Company's carbon management system, visually presented carbon emission data, provided support for scientific and reasonable implementation of carbon reduction measures, and helped create a "green" corporate culture. Carbon Management System 1.0 lays the foundation for the later realization of functions such as automatic data capture, carbon emission calculation, intelligent analysis and giving AI carbon reduction suggestions in the business production process.

2021-2023 Annual Carbon Emissions

Carbon emission range	Unit	2021	2022	2023
Scope I	Ton	55,390.18	60,241.69	54,873.86
Scope II	Ton	7,523.30	5,780.15	8,003.86
Scope III	Ton	20,016.04	35,105.12	65,241.75
Total	Ton	82,929.52	101,125.42	128,119.47

Practicing "Green Logistics"

Milkyway actively responded to the national "Carbon Peaking and Carbon Neutrality" goal, continuously improved the environmental management system, and achieved green management throughout the life cycle by promoting low-carbon transportation, using green energy, building low-carbon logistics bases, practicing sustainable green packaging and green technology applications, and helping the logistics industry to achieve green transformation and move towards a carbon neutral future.

Key performance

In 2023, Milkyway consumed **3.07** tons of liquefied natural gas, **18.65** tons of gasoline, **46,810.01** tons of diesel oil, **1,380.23** tons of fuel oil, purchased **13,593,476.92** kWh of electricity and **1,170.16** GJ of heat.

Promoting low-carbon transport

In the process of becoming a partner green transformation service provider, Milkyway takes promoting the low-carbon transformation of storage and transportation equipment as the starting point, actively expands the application of new energy and clean energy in various fields of supply chain, and continuously promotes the green and low-carbon transformation of transportation links.

Use of new energy vehicles

The Company introduced LNG new energy logistics vehicles with the aim of gradually reducing the proportion of traditional fuel vehicles in transportation services. LNG as a vehicle fuel, reduced comprehensive emission by about 85% compared with gasoline and diesel.

We are gradually promoting electric forklifts to replace internal combustion forklifts in storage areas nationwide, reducing air and noise pollution by eliminating replacement, saving energy, reducing consumption and maintenance costs, and reducing dependence on diesel or liquefied petroleum gas. In 2023, the proportion of pure electric forklifts in the Company exceeded 97.82%.



Optimizing transportation modes

In this regard, Milkyway and customers work together to promote the linkage reform and optimization of transportation modes and transportation schemes, vigorously develop multimodal transport with railways and waterways as the backbone, accelerate the medium and long distance cargo transportation services of "road-to-railway" and "road-to-waterway" transformation, and insist on optimizing transportation routes and transportation processes through transportation at optimal positions. On this basis, we actively promote the rational division of labor and effective connection of different modes of transportation, improve the loading rate of storage and transportation vehicles for freight services, reduce greenhouse gas emissions during storage and transportation, and promote green transportation services.



Carbon emissions reduced by nearly 93% by replacing road transport with water transport



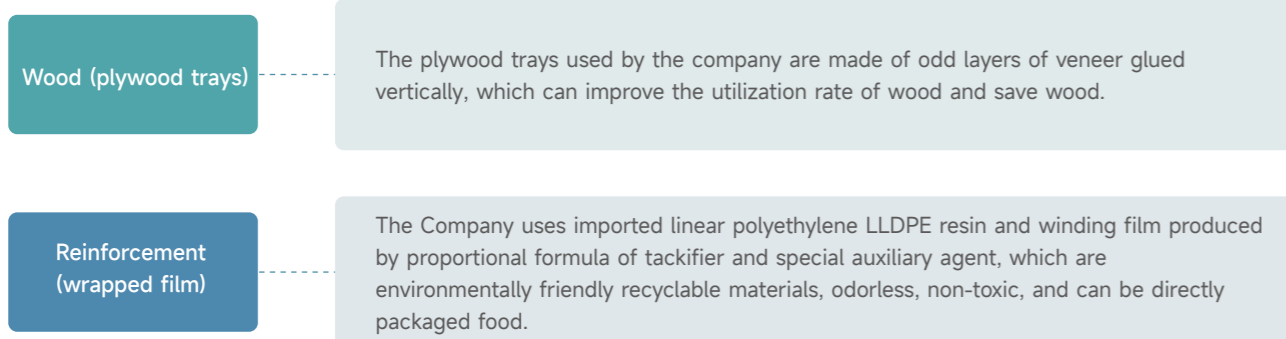
Carbon emissions reduced by nearly 92% by replacing road transport with rail transport

MCP Intelligent Supply Chain Platform

Milkyway Chemical Supply Chain Management Platform MCP, which goes deep into all links of chemical supply chain, realizes intelligent logistics, intelligent resources and intelligent processes, ensures that under complex and changeable circumstances, it can reduce resource waste, continuously improve utilization rate and select optimal process solutions to maximize service value, so as to realize modern technology to deal with the most complex environmental and social challenges, and help enterprises pursue ESG goals while improving business efficiency.

Optimizing material management

In order to effectively manage and control the use of consumables, reduce resource consumption and improve resource utilization efficiency, so as to achieve the goal of cost saving and sustainable development, Milkyway has formulated the *Low Consumption Consumables Management System* to manage the whole life cycle of low consumption products. At the same time, the Company is committed to the use of environmentally friendly packaging materials and continuously improves their utilization rate to minimize the impact of the Company's operations on the surrounding environment.



Building "green storage"

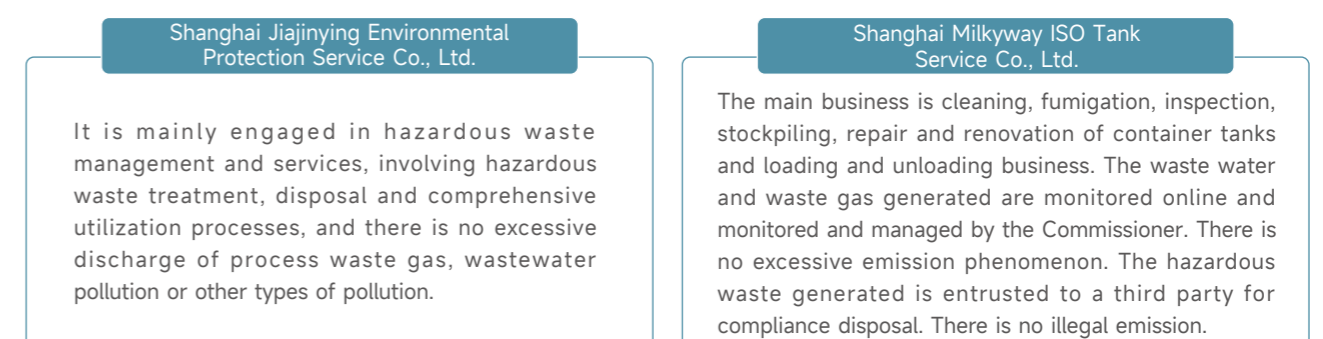
Milkyway has installed photovoltaic power generation equipment on top of buildings in designated storage areas nationwide to maximize the use of natural resources and obtain green electricity to support the operation of electrical equipment in the plant. This not only reduces indirect carbon emissions by replacing external power purchases in its own energy consumption, but also enables more energy to be connected to the Internet, providing protection for cities and more stakeholders to supplement green power at the source. As of the end of 2023, the solar photovoltaic panels of Zhenjiang warehouse have been laid and installed, and the Ningbo warehouse plan is under way.



Solar photovoltaic panels of Zhenjiang warehouse

Strengthening Waste Management

According to the *List of Key Environmental Supervision Units of Shanghai City in 2023* issued by Shanghai City Ecological Environment Bureau, Shanghai Jiajinying Environmental Protection Service Co., Ltd., a joint-stock company of the Company, belongs to the "Key Environmental Risk Monitoring Units", and Shanghai Milkyway ISO Tank Service Co., Ltd., a wholly-owned subsidiary of the Company, belongs to the "Key Pollutant Discharge Units of Water Environment" and "Key Pollutant Discharge Units of Atmospheric Environment".



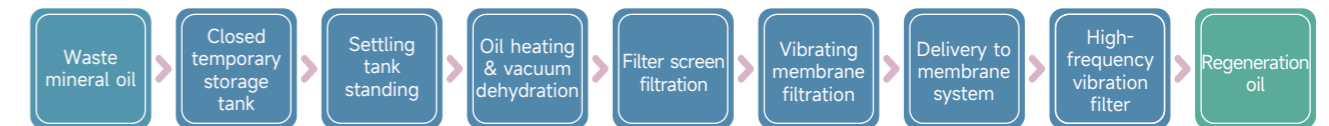
"Three Wastes" management

Milkyway strictly abides by the requirements of relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes*, etc., devotes itself to taking various measures to carry out compliance treatment on the "Three Wastes", and actively promotes the recovery and comprehensive utilization of resources.

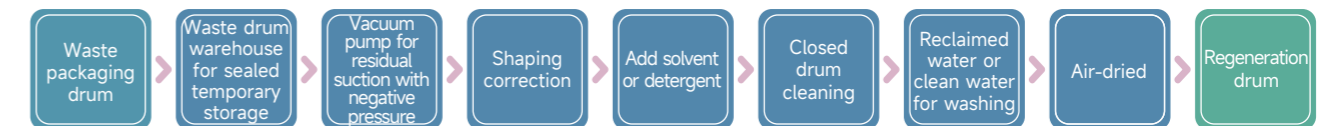
Company name	Shanghai Jiajinying Environmental Protection Service Co., Ltd.	Shanghai Milkyway ISO Tank Service Co., Ltd.
Wastewater treatment	Rainwater discharge outlets are set up in the plant area; stop valve is arranged at the main rainwater discharge outlet; rainwater and sewage are separated; sewage and rainwater collection pipe network are set up separately; polluted rainwater is strictly prohibited from entering surrounding water body; PH and flow monitoring is arranged at the main discharge outlet; industrial wastewater discharge outlet is set up as indirect discharge outlet; wastewater from each production unit in the plant area is treated by "chemical demulsification/air flotation + advanced oxidation + biochemical" process, and flows into the next link after treatment meets the standard.	
	An accident waste water collection tank is set up for storing accident waste water; a domestic sewage discharge port is arranged; domestic sewage is directly fed into domestic sewage pipe network of chemical industry area, and finally discharged into Zhongfa Water Sewage Treatment Plant in the chemical industry area, and the limit value standards of pipe acceptance agreement are implemented.	
Waste gas treatment	There are two general exhaust gas outlets in the plant: process exhaust gas is discharged through 21m high exhaust pipe after being treated by activated carbon adsorption device + biological filter tower process; laboratory exhaust gas is discharged through 15m high exhaust pipe after being treated by activated carbon adsorption device. The plant is equipped with one waste gas discharge port of heat conduction oil furnace, and the heat conduction oil furnace has been reformed for low nitrogen combustion.	There are 2 general exhaust gas outlets and 1 main exhaust outlet in the plant area. One main exhaust outlet in the painting room has been deactivated, and one general exhaust outlet in the sand blasting room has been deactivated. All of them have been reported. At present, there is only one exhaust gas outlet in general use. The exhaust gas adopts spray tower + filtration +UV photocatalytic process. After the exhaust gas treatment meets the standard, it is discharged through 15m high exhaust pipe.
Waste management		There is one hazardous waste warehouse in the plant to store hazardous waste generated by each workshop in the plant.

Hazardous waste recycling

Milkyway practices the concept of green development and vigorously develops the circular economy. Shanghai Jiajinying Environmental Protection Service Co., Ltd. adheres to the concept of "infinite recycling of resources and creating a cleaner world", and is committed to realizing the intensification and reuse of hazardous wastes, and mastering the key technologies of physical and chemical treatment and comprehensive recycling of hazardous wastes such as recycling of waste mineral oil, recycling and cleaning of packaging barrels, and harmless treatment of waste emulsion.



Waste mineral oil regeneration unit



Waste packaging drum recovery, cleaning and regeneration unit



Shared Prosperity, as a Trusted Employer

Our philosophy

Employees are the core driving force of sustainable development of enterprises and the real creators of enterprise value. We adhere to the people-oriented concept, attach importance to protecting and promoting the interests and development of employees, protect the legitimate rights and interests of employees according to law, improve the internal democratic management of the Company, carefully care for the work and life of employees, provide diversified development opportunities and performance stages for employees, and create an equal, harmonious and free workplace environment. Moreover, we actively assume social responsibilities, focus on rural revitalization and social welfare undertakings, build bridges of love and extend social values.

Our actions

- Safeguard employee rights and interests
- Empower employee training and development
- Increase community contribution
- Provide employee welfare and care
- Promote democratic management

Responding to SDGs



Adhering to the Principle of Employment

Employee rights protection

Milkyway strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other laws and regulations, formulates *Personnel & Administration Management System*, signs labor contracts with employees on the basis of equality, voluntariness, consensus and honesty, pays social insurance on time, and earnestly protects the legitimate interests of employees. During the reporting period, the signing rate of labor contracts was 100%, and the social insurance coverage rate was 98%.

Diversity and equality

The Company advocates an equal and diverse workplace environment and is committed to creating a free and open employment environment for employees. We oppose all discrimination on the grounds of ethnicity, race, gender, religious belief, etc., provide employment opportunities for disabled persons, ethnic minorities and retired military personnel, adhere to the concept of gender equality, implement equal pay for equal work, and ensure that all employees enjoy equal treatment in recruitment, labor, salary, training and promotion. Besides, the Company has set up an inspection department to receive complaints and reports from employees on human rights protection 24 hours a day. During the reporting period, the Company employed a total of 37 disabled employees, 68 ethnic minority employees and more than 100 retired servicemen.

Combating child labor and forced labor

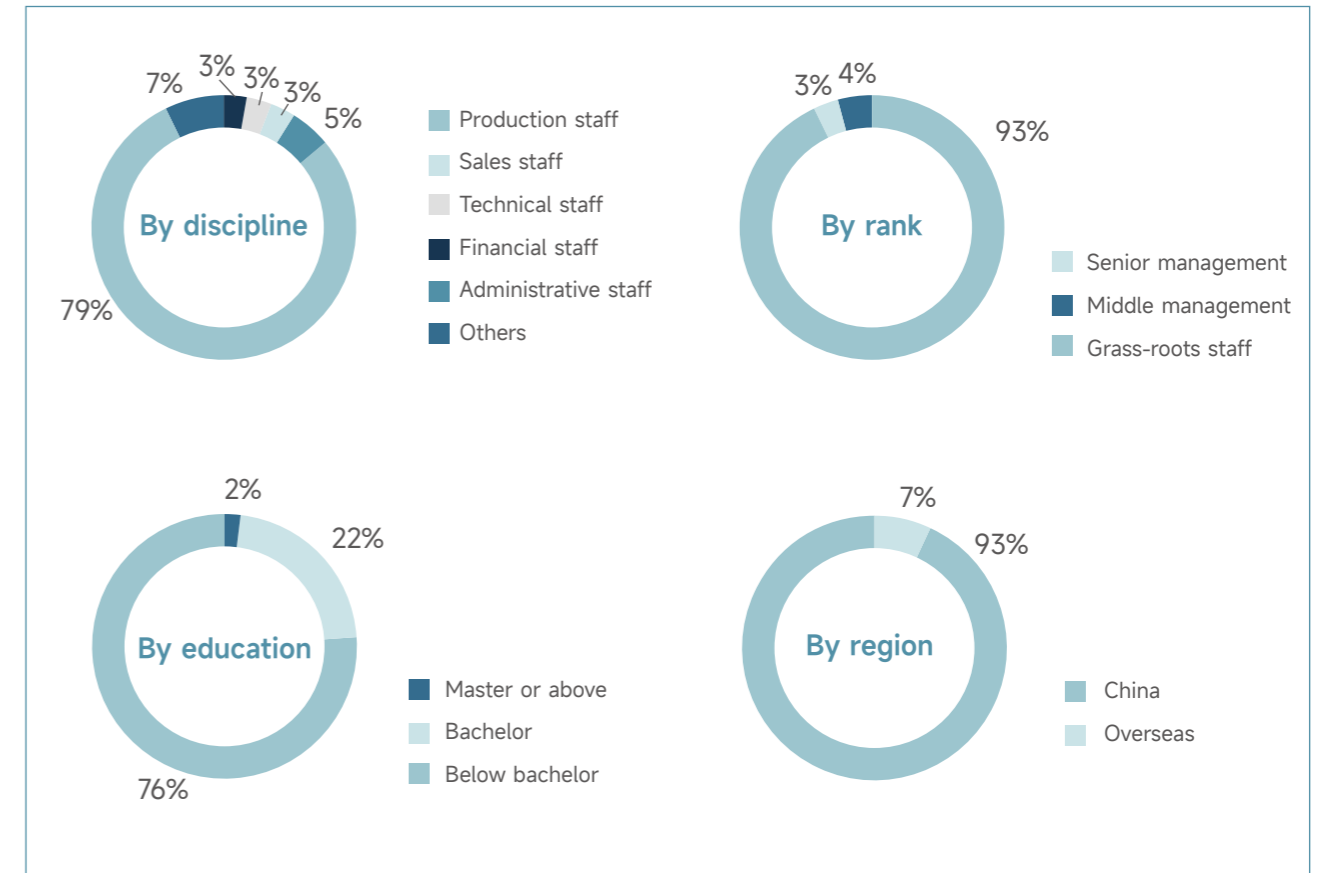
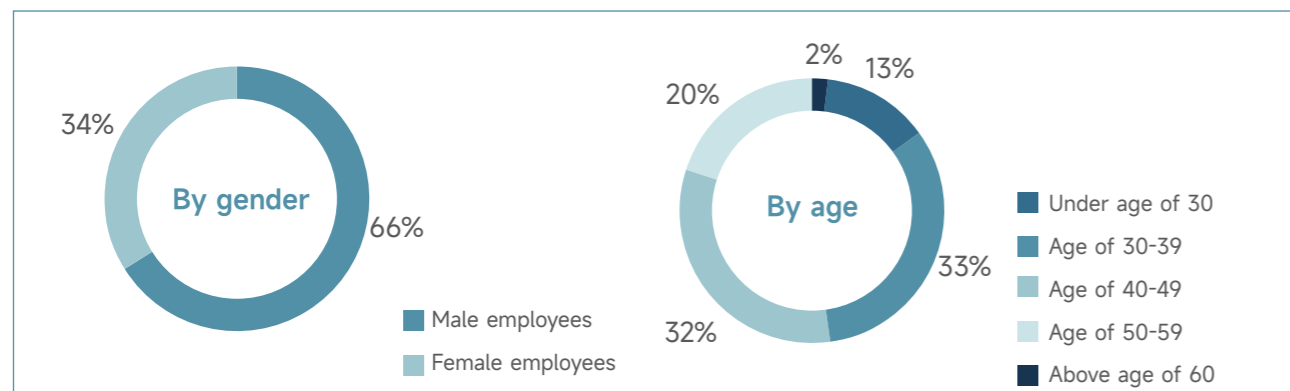
The Company resolutely put an end to illegal activities such as employing child labor or forced labor. In the examination and approval of employment, an age review mechanism is formulated. In addition to child labor, the age limit for special positions will also be focused on and supervised. During the reporting period, the Company did not employ child labor or see any forced labor incidents.

Employee recruitment

The Company always adheres to the principles of legal employment, equal employment and diversified employment, constantly improves the diversified, standardized and transparent employment mechanism, provides equal employment and development opportunities for employees, and effectively protects the basic rights and interests of employees.

Talent composition

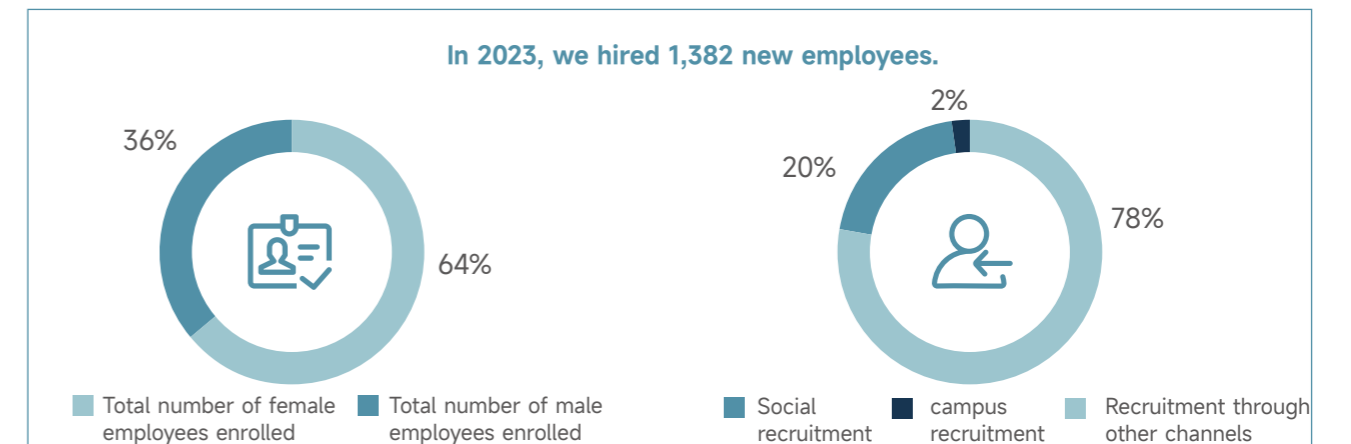
In 2023, Milkyway had a total of 4,422 employees and has established a diverse, professional and inclusive talent team.



Recruitment channels

The Company continued to strengthen talent introduction efforts, actively carried out recruitment by means of external recruitment, introduction, recommendation and referral, continuously expanded recruitment channels, and strengthened talent reserve through recruitment channels including online newspapers, employment agencies, counterpart colleges and universities, job fairs, etc. We open online recruitment from January to September every year and conduct campus recruitment from October to December. Through the implementation of practical recruitment strategies, we meet the needs of the company's talent development strategy and effectively promote the construction of talent echelon.

In 2023, we launched a CEO program for MBA universities, which was preached at CEIBS, Fudan University, Shanghai Jiao Tong University and other universities, attracting a group of outstanding talents and providing a solid foundation for the company's future talent reserve.



Case Hand in hand, leading the future

Milkyway tried various forms of industry-university-research cooperation modes such as curriculum implantation, immersion base practice and career planning guidance at special lectures and job fairs of Shanghai Polytechnic University and Shanghai Maritime University. In 2023, we launched the Stars & Sea Plan in an all-round way and carried out more than 30 lectures nationwide. In the fourth quarter, 39 interns were recruited for new graduates in 2024, with masters accounting for 18%, undergraduates 51%, and junior college students or below 31%.



Remuneration and benefits

Milkyway constantly improves the internal remuneration and welfare system, establishes various incentive mechanisms, realizes reasonable salary distribution, and motivates employees to create excellence and efficiency initiative and enthusiasm.

Remuneration system

According to the salary and welfare system, the Company approves the post position and salary according to the sales sequence, management/business sequence and technology sequence. The Company has established a fair salary structure with basic salary as the main body, cash incentive, long-term incentive and honor incentive, which is conducive to the development of employees. The Company regularly monitors and evaluates the salary level of the same industry, the same region and the same level, and reviews the salary setting of the Company to provide competitive salary for employees.

In 2023, the Company's performance reform comprehensively focused on the reform goal of transforming performance to "value, ultimate user experience and cross-department collaboration", improved the employee and cadre evaluation and performance system, focused on encouraging independent innovation and increasing performance incentives, and formed a virtuous circle organization of self-management and self-drive for all employees. Focusing on customer orientation, the Company promoted KPI, 360, OKR and other multi-dimensional evaluation systems. The Company mainly focuses on equity for a long time, and mainly focuses on rewards in the near future (monthly/annual), supplemented by honors. If employees have any questions about the assessment results, they can give feedback through internal democratic communication channels.

Equity incentive	Cash incentives	Honor incentives
<p>Restricted stocks and options are used, and the number of stocks corresponds to the position contribution and adjusts with the position rise and fall to ensure continuous incentive.</p>	<p>Monthly bonus: Determine the final bonus amount according to 6 item: workload, work quality, innovation, discipline and integrity, etc.</p> <p>Year-end bonus: Set different proportion calculation methods for business departments and support departments, and give corresponding incentives.</p>	<p>Daily: Carry out notification praise and criticism, and select Sales Master, Technical Master, Customer's Like, Skill Master.</p> <p>Year: Select Star of the Year, First-Class "Master Sergeant", Model Cadre.</p> <p>Ten years: Select Quality Service Staff of Ten Years.</p>

Employee well-being

Milkyway actively establishes and improves various welfare systems, handles housing provident fund for employees, provides a number of benefits such as employment anniversary, birth gift, seniority subsidy, living allowance, etc., and combines subsidy schemes according to stratification and post classification to effectively improve and improve the quality of life of employees and encourage employees to achieve rapid development.

Work subsidy	Living allowance	Festival allowance	Corporate culture subsidies
<p>Subsidies for length of service, confidentiality, safety; project awards, nutrition and heat allowances for outdoor work, medical/commercial insurance, PPE, training, residence permit credits, and settlement and disability employment benefits.</p>	<p>Covering meals, communications, housing and transportation, with different amounts to be given according to different ranks.</p>	<p>Including Mid-Autumn Festival and Spring Festival subsidies, Group July 13 Birthday allowance, induction anniversary allowance, birth gift, allowance for five major festivals including New Year, May 31 "Day of Contrast Past Misery with Present Happiness".</p>	<p>Including subsidies for the annual meeting of the Group, the activities of the divisions, the activities of the regional trade union and Party branches, and the subsidy plan of "thousands of shares for thousands of people for common prosperity" of the Board of Directors.</p>

Working hours and holidays

Milkyway strictly abides by relevant national and local laws and regulations, and formulates a reasonable attendance management system in combination with the actual situation of the company to standardize the management of employees' working hours and ensure that employees work and rest reasonably. By continuously optimizing the working hours system and taking into account the characteristics of the industry, we have formulated standard working hours system, irregular working hours system and comprehensive working hours system to make the working hours of employees more flexible and facilitate employees to better balance work and life.

The main holidays we provide to employees include statutory holidays, paid sick leave, family leave, work injury leave, marriage leave, maternity leave, parental leave, paternity leave and other welfare holidays stipulated in the company rules and regulations.

Practicing the care for employees

Helping employees in difficulty

The trade union of the Company has continuously carried out the "Warm Sun in Winter" caring action for employees in difficulty for many years, and provided warmth and strength from the organization to employees whose parents, spouses and children suffer from major diseases and family difficulties.

Key performance

By the end of 2023, the Company had helped **130** people accumulatively, and the trade union allocated more than RMB **300,000** accordingly.



Care for female employees

In order to strengthen our care for women in the workplace, we provide paid marriage leave, maternity leave, breastfeeding leave and other holidays stipulated by national laws to female employees, and further enrich our female employee care activities. Milkyway has set up a Mommy's Cabin to provide a private, comfortable, clean and safe rest space for working mothers, fully demonstrating the Company's humanistic care.



Key performance

In 2023, **52** employees enjoyed maternity leave, with a return rate of **90%**, **169** employees enjoyed parental leave, and the return rate of employees enjoyed parental leave was **100%**.

"Home for Drivers and Their Wives"

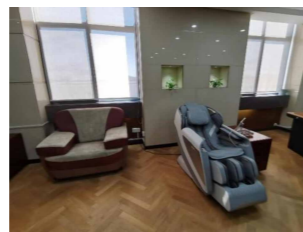
Milkyway is deeply concerned about the physical and mental health and work-life balance of its employees, especially for its drivers and escorts. To this end, we have set up a "Home for Drivers and Their Wives" to create a safe and comfortable place for them to relax and relieve their work stress and help them achieve a balance between work and life.



Reading Station



Women's Mini Home



Rest Room



Fitness Room

Strengthening Staff Communication

Democratic administration

Milkyway constantly promotes democratic management, insists on protecting the collective rights and interests of employees, solicits opinions from the staff congress on policies or major matters involving the vital interests of workers such as salary and welfare, performance appraisal, collective labor contract and special contract for female employees, and effectively protects the rights and interests of grass-roots employees participating in the decision-making of the Company through equal consultation. In addition, we also understand employees' ideas and suggestions through colleague bars, employee communication meetings and face-to-face compartments, so as to shorten the communication distance and increase interaction with employees.

Labor Union

It mainly solves the employee relationship problems that the Personnel & Administration Department cannot coordinate, and is an effective channel for employees to communicate with the company. Besides, it is committed to solving the difficulties of education, medical treatment and safety of employees.

Colleague Club

Opened in the enterprise WeChat, it is a way of smooth communication and effective feedback between superiors and subordinates.

Staff communication meeting

Organize employee communication meeting once a quarter and feed back the communication results to relevant responsible persons.

Cross-rank meeting

At least once a year, face-to-face communication between the Chairman, Vice President or General Manager and the first-level and reserved, the second-level or the second-level reserved employees is arranged respectively, mainly focusing on the current working ideas, working status, difficulties faced and solutions, aiming to help employees accordingly.

Employee satisfaction survey

We regularly conduct employee satisfaction surveys every year, and feed back the problems reflected by employees in the surveys to the General Managers of each business department, coordinate and solve them in a timely manner, and gradually improve and enhance employees' sense of belonging.



Accompanying the Employees' Growth

Milkyway constantly improves the employee training system, unblocks the career development channel for employees, provides broad space for talent development, and provides talent reserve and organizational guarantee for business innovation and upgrading and high-level development. We formulate and implement relevant training systems, form a diversified training system for new employees, professionals and management talents, coordinate multi-echelon training at different levels, provide training programs to meet the development needs of employees at different stages, and comprehensively improve their professional skills and professional qualities.

Training system

Milkyway pays close attention to the growth of employees and realizes the online and offline learning mode by means of E-learning+ face-to-face teaching, publicity/group competition + field practice. From induction to work, the Company has formed a complete training system to provide employees with training programs to meet their development needs at different stages, and comprehensively strengthen the construction of talent team.

Training system	Planning description
Induction training (compulsory)	<p>Level I: induction + personnel/administration/finance/IT system training.</p> <p>Level II: safety training, mastering basic knowledge of chemicals and safety + accident complaint handling process.</p> <p>Level III: post training, management system/post responsibilities and operation/system operation/business practice, mastering post skills.</p>
Cultural training (compulsory)	<p>Mode Setting: It is a course that all employees must meet the standards within one year of entry, helping new employees to quickly integrate and familiarize themselves with the enterprise.</p> <p>Cultural Remelting: It combines group building and business training to remold corporate culture, eliminate barriers between departments and enhance employees' sense of belonging.</p> <p>Cultural Reflection: The senior management team reflects on the corporate culture to achieve deep integration, eliminate barriers between business units, establish trust and enhance a sense of belonging.</p>
On-the-job training (compulsory)	<p>Staff development courses: "Wolf" training, "Seal" training.</p> <p>Cadre promotion courses: "Zijin" courses, "Jingying" courses.</p>
Cadre (talent) growth	<p>Yulinwei Training Camp (Level 2): From the employees "Mode Setting" long list, to the Wolf/Seal training selection short list, then to the Yulinwei Training Camp.</p> <p>Jinyiwei Growth Camp (Level 1): From the cadre "Mode Setting" long list, to the Zijin training selection short list, then to the Jinyiwei Growth Camp.</p> <p>Jinwuwei Evolution Camp (VP): From the "Cultural Reflection" long list, to the Jingying training selection short list, then to the Jinwuwei Evolution Camp.</p>
Knowledge sharing and public sharing (optional)	<p>Knowledge sharing: Academy Open Lecture, Reading Club, BOSS Speaking, Tiger's Sniffing, Learning Club, etc.</p> <p>Knowledge public sharing: Supporting the departmental systems and operational knowledge.</p>

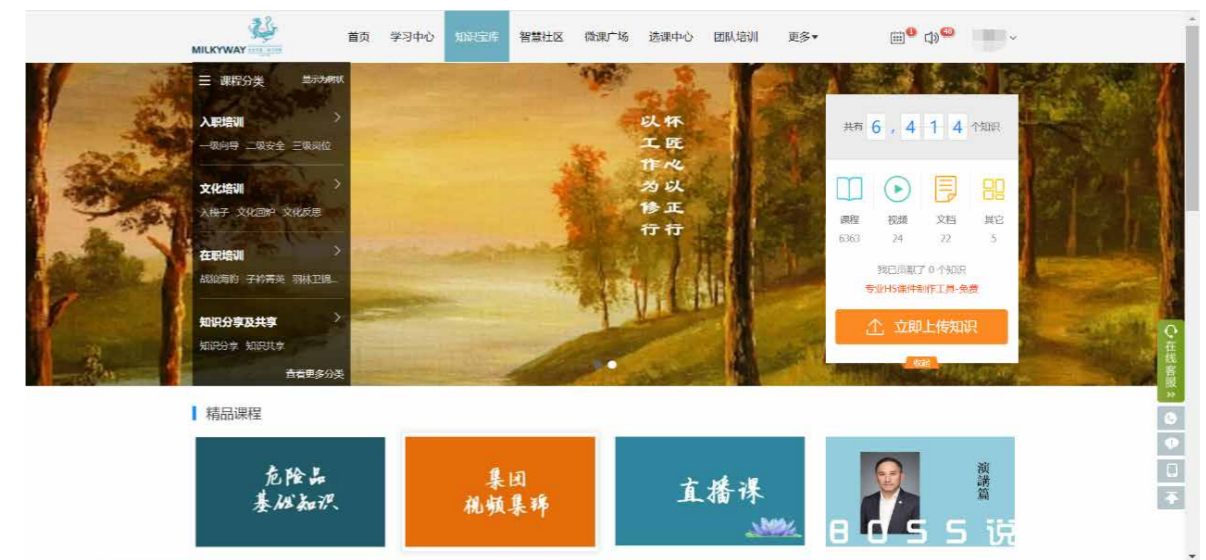
Teaching staff and platform construction

In order to make full use of internal intellectual resources, Milkyway has set up an internal training platform "Yanji Academy" and formulated the *Management Measures for Teachers, Lecturers and Tutors*. The Company actively promoted the selection and teaching of teachers, which not only improved the theory and teaching level of teachers themselves, but also provided a way for the effective transmission of intellectual resources accumulated by enterprises themselves.

Case Wisdom gathering

In 2023, 71 teachers completed compulsory courses and became certified teachers of colleges to help newcomers integrate into enterprises. 19 senior lecturers actively participated in providing professional knowledge sharing for the cadre training courses held in the Company.

With rich practical experience, colleagues share professional knowledge to the academy platform, providing space for newcomers to learn independently. From enterprise strategic planning to practical operation skills of each post, the Academy Platform provides a large number of learning resources for all partners eager to grow. At present, Yanji Academy training platform has 1,077 internal courses and 870 external general courses.



Training platform

Hierarchical training

In order to improve the professional ability of employees, Milkyway has carried out systematic professional training for employees at all stages. According to the characteristics and job responsibilities of each business department, the Company has planned training plans and skills training plans for relevant professional knowledge to promote the overall development of employees. Through diversified education and training, the Company helps employees cultivate professional ability, so that employees can continue to grow and strengthen, and improve learning efficiency.

Case Cultural Mode Setting for integration and development

During the reporting period, the Company held 11 "Mode Setting" training sessions, involving new employees and new cadres, with a total of 639 participants, of which the training duration for employees was 1.5 days and that for cadres was 3.5 days. The cultural "Mode Setting" training not only helps trainees to deeply understand the connotation of corporate culture, but also provides employees with opportunities for cross-department communication and display, and guides the self-drive and development of new employees with culture.



Cultural "Mode Setting" training

Key performance

In 2023, the Company trained **3,612** people, with a total training duration of **45,599.9** hours and an average of **12.6** hours of training per capita.

Unblocking development channel

In order to improve the internal training mechanism of talents, Milkyway has established corresponding career development promotion plans according to different sequences of employees. We have set up different career development channels such as safety sequence, management sequence and technical sequence, and carry out three-dimensional cultivation and development of talents through horizontal ability development and vertical career promotion. At the same time, the Company specially focuses on the cadre training of Yulinwei, Jinyiwei and Jinwuwei, from introduction to growth, selecting excellent ones and screening out them layer by layer, forming a healthy, effective and continuous cadre training mechanism. In addition, in order to encourage employees to actively participate in job rotation and competition, the Company has developed a corresponding curriculum system according to different positions of employees. This ensures that employees have both vertical ladders and horizontal flexibility in the promotion channel, so as to accelerate the growth of talents and the development of the enterprise.

Case Masters gathering for growth breakthrough

During the reporting period, the Company carried out the eighth "Zijin" cadre training session, which was taught face-to-face by lecturers such as the Chairman and Vice President. Through training, cadres' theoretical and practical abilities have been effectively improved, and knowledge in the fields of organization management, investment budget, marketing, safety science and technology has been gained. In addition, the company also invited masters in the chemical and logistics industry to communicate and share face-to-face with the trainees, broaden their thinking and horizon.



"Zijin" Cadre training

Employee Career Development Paths and Promotion Channels

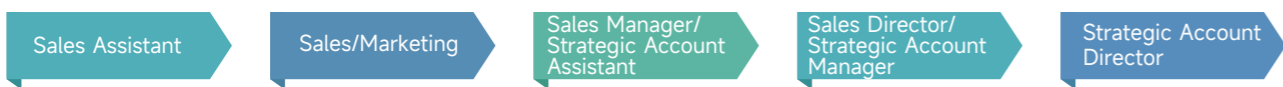
Category	Induction	Cultural training	In-service training	Cadre (talent) growth	
Management (including sales)	Induction training	Mode Setting for employees	Wolf/Seal	Yulinwei Training Camp (Level 2)	CEO Program
		Mode Setting for cadre	Zijin Courses	Jinyiwei Growth Camp (Level 1)	
		Cultural Reflection	Jingying Courses	Jinwuwei Evolution Camp (VP)	
Technician/craftsmen		ibid.	ibid.	Selection for First-Class "Master Sergeant" and specialists through practice process and self-cultivation	

Promotion Path Diagram

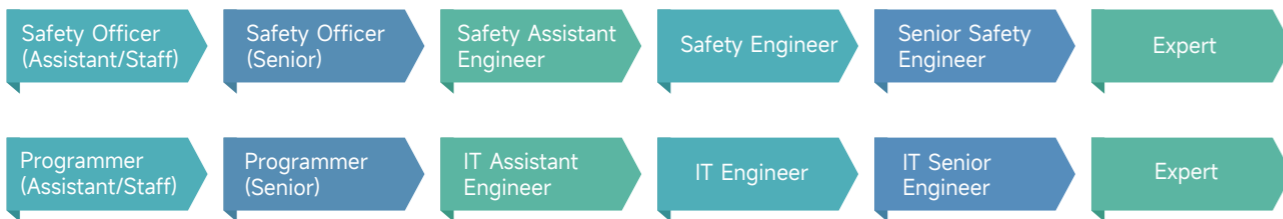
Management



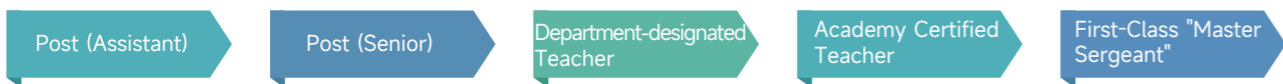
Sales



Technical



Craftsmen



Giving Back to the Community

Milkyway actively practices its social responsibility and makes its contribution to the development of sports. We firmly believe that through the combination of sports and public welfare, we can promote the healthy development of social welfare undertakings and let more people experience the happiness and well-being brought by sports and health. The Company will continue to innovate and improve public welfare programs and contribute more to the social progress and development.

Case Milkyway and Golf World Champion/Grand Slam winner Yin Ruoning successfully completed contract renewal

On the afternoon of October 30, 2023, Milkyway successfully renewed the contract with golf world champion Grand Slam winner Yin Ruoning, marking a solid step forward in supporting and promoting the development of sports.

Through this cooperation, Milkyway will give full play to its brand influence and resource integration advantages to help Yin Ruoning achieve more outstanding results on the road of professional golf, and at the same time, it will further enrich the core of corporate social responsibility, promote sportsmanship, and stimulate public attention and love for golf.

In the future, Milkyway will continue to care for and support the development of sports, promote the deep integration of sports and enterprises through diversified cooperation, and make positive contributions to the progress of China's sports industry.



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	Responding to Climate Change	3-3, 305-1, 305-2, 305-3	E5.1-5.3, E5.5-5.6, V4.1, V4.3
	Practicing "Green Logistics"	3-3, 302-1, 302-2, 302-5	E2.1-2.2, E2.4, E2.6
	Strengthening Waste Management	3-3, 306-2	E3.1, E3.3, E3.5
Shared Prosperity, as a Trusted Employer	Adhering to the Principle of Employment	3-3, 401-1, 401-2, 401-3, 405-1, 406-1, 408-1, 409-1	S1.1-1.5, S1.7-1.8, S1.10
	Strengthening Staff Communication	3-3	S1.6
	Accompanying the Employees' Growth	3-3, 404-1, 404-2	S2.1-2.4
	Giving back to the Community	3-3, 413-1	V3.5
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Appendix II: Feedback

Thank you for reading Milkyway Intelligent Supply Chain Service Group Co., Ltd. Sustainability Report 2023. In order to continuously improve ESG work and further enhance sustainability management, we invite you to answer the questions in the Feedback Form and return to us via the following channels.

Your comments are an important basis for us to continuously improve ESG work and further enhance our sustainable development management. Thank you for your strong support to our ESG work!

You can call us, email us or send us feedback at:

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Postal code: 201206

Tel: 021-80228498

Email: ir@mwclg.com

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1. Which of the following stakeholders do you belong to:

Employees Customers and consumers Shareholders or investors Suppliers Governments and regulators Media/industry associations Others (specify)

2. Your overall evaluation of this year's ESG report:

Very good Good Fair Relatively Poor Very poor

3. What do you think of this report on:

Information disclosure

Very good Good Fair Relatively Poor Very poor

Format design

Very good Good Fair Relatively Poor Very poor

Readability

Very good Good Fair Relatively Poor Very poor

4. What topics attract your most attention? (3 options)

Energy saving and emission reduction Climate change Green logistics Safe operation R&D and innovation
 Quality service Standardized governance Employee rights Employee care Community care

5. Is the information you are concerned about reflected in this year's ESG report:

Yes No (What else would you like to see_____)

6. Do you have any comments or suggestions on our ESG report or ESG work and sustainable development management?
