

# 2020 S.F. Holding Co., Ltd. Sustainability Report



S.F. HOLDING CO., LTD.

# SUSTAINABILITY REPORT

# 2020

# CONTENTS

## 01

P003-P010

### Opening

P011-P022

### Chapter One

Supporting compliance and stable development

## 02

P023-P049

### Chapter Two

Caring for people



#### Duties and responsibilities

#### Chairman's speech

#### About the company

- Company profile
- Corporate culture
- List of awards

#### Progress of sustainable development goals

#### Sustainability performance overview

#### Pioneer of party building

#### 1.1 Standardizing corporate governance

#### 1.2 Sustainable development management

- 1.2.1 Sustainable development management structure
- 1.2.2 Stakeholder identification and communication
- 1.2.3 Materiality issues

#### 1.3 Internal control and risk management

- 1.3.1 Risk management system
- 1.3.2 ESG risk management

#### 1.4 Business ethics management

- 1.4.1 Integrity management system
- 1.4.2 Anti-corruption measures

#### Working together to fight the epidemic

#### 2.1 Employee development and care

- 2.1.1 Protection of rights and interests
- 2.1.2 Recruitment and promotion
- 2.1.3 Training and development
- 2.1.4 Health and safety

#### 2.2 Community investment and support

- 2.2.1 Empowering rural revitalization
- 2.2.2 Public welfare and charity

# 03

P050-P065

## Chapter Three

Offering a green and a better life

# 04

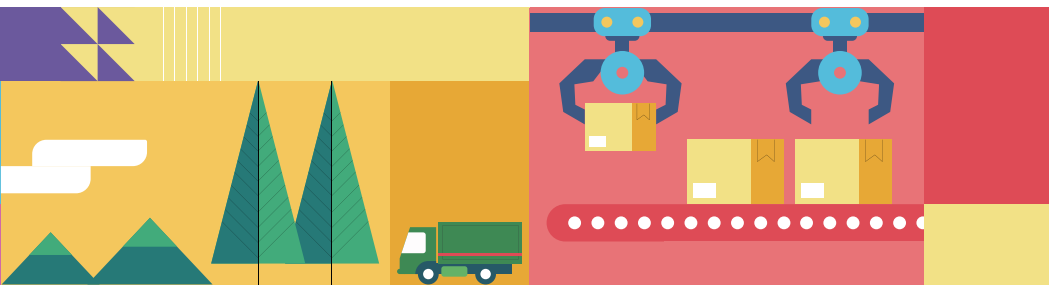
P066-P081

## Chapter Four

Supporting innovation smart industry

P082-P102

## Ending



---

### Green for every kilometer

#### 3.1 Sustainable transport

- 3.1.1 Green transportation
- 3.1.2 Green shipment
- 3.1.3 Green office

#### 3.2 Promoting circular economy

- 3.2.1 Green packaging

#### 3.3 Climate change response

- 3.3.1 Risk identification and assessment
- 3.3.2 Risk response

---

### Building the belt and road

#### 4.1 Industrial innovation

- 4.1.1 Building smart logistics
- 4.1.2 Safe delivery and transportation

#### 4.2 Customer service optimization

#### 4.3 Data and network security

- 4.3.1 Cybersecurity
- 4.3.2 Data and information security

#### 4.4 Supplier management

- 4.4.1 Supplier management system
- 4.4.2 Compliance and integrity procurement
- 4.4.3 Promoting supplier performance

---

### About the Report

Policy List

ESG Key Performance Tables

GRI Standards Index

Readers' Feedback

# Duties and responsibilities

2020 was a year of COVID-19 chaos, a year of a decisive victory in the fight against poverty, a year of proposing a carbon-neutral goal, and a year of showing corporate responsibilities of SF Holding. When the COVID-19 outbreak was at its worst, we provided the first “reverse flight” to Wuhan. In assisting rural revitalization, we launched the industrial chain solution for intelligent agriculture, and assisted farmers to practice agriculture. In response to the national carbon-neutral goal, we established a carbon-emission management system, based on the forward-looking layout of green packaging and new-energy capacity solutions. We have carefully studied and promoted the formulation and implementation of carbon-neutral goals. In the future, hundreds of thousands of our employees will continue to illuminate the society, deliver parcels, and also deliver duties and responsibilities.





# Chairman's speech

In the past year, the outbreak of COVID-19 across the globe has impacted and influenced businesses severely, and the global supply chain and logistics system has faced severe challenges. During the ongoing pandemic, we lived up to the trust and entrustment of the country, government, enterprises, customers and other stakeholders. We provided solid protection toward citizens' lives and maintained social harmony via our agile, efficient and intelligent logistics-service system.

**Delivering compliance and steady development.** We continued to build and iterate the risk management IT system, and have initially formed six functional modules, such as regular risk management, crisis management, risk assessment and risk management model. The system consists of 27 function points, which can be used for risk control and management, by means of science and technology. We fully integrate environmental, social and governance (ESG) risks into daily risk identification and control and actively respond to the uncertainties brought about by climate change. Last year, our risk-control training covered 100% new employees and the professional-risk training covered 100% on-the-job employees.

**Sending deep humanistic care.** Equal respect is our core value at SF Holding. We create an equal, harmonious and pleasant working atmosphere for our employees. The number of labor union members reached 203,373. We have established a diversified and personalized welfare system for our employees, to provide a broad range of non-statutory benefits. We have also established a three-tier safety management organization, consisting of the headquarters, regional departments and grassroots. We have passed the ISO45001 Occupational Health and Safety Management System certification, strictly guaranteeing employees' safety with standardized and systematic management. We also achieved the goal of zero major fire accidents and zero major casualties.

**Offering a green and better life.** China has determined the vision of achieving a carbon peak by 2030 and carbon neutrality by 2060. This put forward new requirements for energy conservation, emission reduction and sustainable development of every enterprise. We at SF Holding, pay attention to the impact of every business, and we continuously improve resource utilization rate and reduce energy consumption. In 2020, we launched 17,053 new-energy powered vehicles, representing a 50% increase compared to 2019, covering 185 cities. In terms of creating green packaging, we carried out a technical transformation of packaging, which saved approximately 26,000 tons of base paper, about 8,000 tons of plastic and nearly 70,000 tons of carbon emission.

**Building innovative and smart industries.** We addressed the by-line, "technology changes logistics, and logistics changes life," built diversified products, services and solutions under the logistics umbrella, such as the "Fengzhi Cloud Chain." We empowered order placement, transit, transportation, delivery and other operational tasks, to improve accuracy and efficiency. We strictly ensure the safety of product collection, dispatch and transportation. In 2020, we successfully removed 10,713 illegal and prohibited products. We qualified as the first drug third-party logistics issues by the "Notification Commitment Public Notice System," after the implementation of the new *Drug Administration Law of the People's Republic of China*. It allowed us to provide a comprehensive guarantee for the transportation of drugs and vaccines during the COVID-19 pandemic. Customers are our important stakeholders, and providing them with better services is our constant pursuit. During 2020, we ranked first in the industry for the 12th consecutive year, in the satisfaction survey conducted by the State Post Bureau of China.

Opportunities and challenges coexist under the impact of the COVID-19 pandemic. We will seize the opportunities and definitely overcome the challenges. We work hand-in-hand, with every member of SF Holding to provide greener, more efficient and safer products to all our stakeholders. We want your lives to go on smoothly, because of us.

# About the company

---

Founded in Shunde, Guangdong in 1993, SF Holding has become a leading integrated express and logistics service provider in China, that offers integrated logistics solutions.

## Company profile

At SF Holding, we focus on the customer-oriented, demand-oriented and experience-based characteristics of the industry. We explore the customer's end-to-end process contact point needs and other personalized needs under different scenarios. We design product services and solutions suitable for customers and continuously optimize the product system and service quality. At the same time, we use science and technology to enable product innovation and form industry solutions. We provide customers with integrated supply chain solutions and comprehensive supply chain services, realize intelligent logistics operators with network scale advantages, and have a strong management and control business model for the whole network.

We believe that sustainable environmental and social development and the happiness of our stakeholders is our responsibility alongside our duty to fulfill our business objectives and create long-term shareholder value. In 2020, under the background of striving for reaching CO<sub>2</sub> emissions peak before 2030 and achieve carbon neutrality before 2060, we continued to increase energy conservation and emission reduction, deepened the green enterprise transformation, actively established the industry benchmark, and contributed to the achievement of the carbon neutral goal.



Our company in being constantly developed over 28 years. We have cultivated a corporate culture with SF Holding's profound seal. For us, corporate culture is not just a belief, but a commitment and practice. It is embodied in the words and deeds of all SF employees and business operations. It has become a strong spiritual force and is deeply embedded in the cohesion, competitiveness and vitality of SF Holding.



## Corporate culture

Vision	SFers' common goals
Core Values	SFers' code of conduct
Basic Standards for Integrity	SFers' ethical base

## Core values

Customer Success	Create the best service experience by always giving the customer the priority
	Change on demand to achieve an outstanding level of service value
Innovation and Inclusiveness	Explore unknown possibilities through innovation
	Affirm the move towards innovation with inclusiveness
Equality and Respect	Treat others as how you want to be treated
	Show mutual respect and accept others through listening and understanding
Openness and Mutual Benefits	Embracing change and seek development in an open environment
	Establish common ground while allowing differences, and achieve future success through cooperation



## Principle of integrity

Act honestly and be open	Do not harm to costumers and corporate interests
Seek no gains at expense of others, and seek no personal gains using the company's name and resources	Be prudent in decisions and do not promise too much or break our word



## List of awards

### Awards we received in 2020

The second (2020) New Fortune "Best Listed Company"

All-China Federation of Industry and Commerce – Outstanding Case of Social Responsibility of Private Enterprises in China (2020)

2020 Caijing's Sustainability Efficiency Award

Tencent News 2020 "China Welfare Company" Corporate Social Responsibility Selection "ESG Outstanding Performance Enterprise" Award

2020 China Excellence IR Best Information Disclosure Award

2019-2020 China Cold Chain Industry Golden Chain Award "Top 10 Integrated Logistics Service Providers"

SF labor union was awarded the "Most Beautiful Home of Employees" by All-China Federation of Trade Unions

The official WeChat public account of SF labor union was awarded the "Internet + Top Ten Inclusive Service Enterprise of Trade Union" by the Central Information Office and the All-China Federation of Labor Unions

2019-2020 China New Energy Automobile Industry – Green Responsibility Award

2020 China Public Welfare Enterprise

SF Holding's Charity Foundation was listed on China Charity List 2020 Charity Model of the Year

SF Holding's Warmth Project was awarded with the 10th Shenzhen Caring Action Top 100 People's Satisfaction Project and the 5th Pengcheng Charity Award "Model Project Award"

SF Holding Foundation, "SF Lotus Education Assistance Project" was awarded the "Top 50 Poverty Alleviation Cases of Chinese Social Organizations"

The 5th Pengcheng Charity Award "Pengcheng Charity Donation Enterprise Gold Award"

Outstanding cross border e-commerce enterprises with social responsibility to fight COVID-19

2020 China's Best Employers of the Year-Top 10 National

2020 China's Best Employer of the Year-Outstanding Achievement Employer

2020 Logistics Technology Innovation Award

2020 China Post Industry Technology Research and Development Center

2020 Postal Industry Science and Technology Award

2020 World Expo Golden Bull Award – Innovative Enterprise of Smart Logistics Technology and Equipment

China IoT Technology Innovation Award

2020 Gold Ridge Award – Smart Anti-epidemic Special Award

2020 Top Ten Innovative Leading Enterprises in Intelligent Logistics

Guangdong Province Big Data Key Enterprises

2020 China Design Red Star Award (Five) – building distribution robot, unmanned express delivery cabinets, Ark garden unmanned, H4 four-rotor unmanned, SF one-click call

Yong Wang: The National 5.4 Youth Award; The national fight COVID-19 advanced individual; The person of year 2020 of "Touching China"

Yibiao Zhang or Chunrong Chen: the national labor model; Hua Liu/Cong Gu: National outstanding members of the Communist Youth League; Zhang Li won the National March 8th Red Banner Bearer

## Core goal



### Goal 4: Quality education

At SF Holding, we offer tuition to employees for supporting degree programs and certifications. We also set up scholarships for poor students to help employees and vulnerable groups acquire high-quality educational resources.



### Goal 8: Decent work and economic growth

At SF Holding, we offer suitable job and internship opportunities for veterans, people with disabilities and university students to ensure the decent employment and career development of special groups.



### Goal 11: Sustainable cities and communities

At SF Holding, we have developed a series of recycling containers, including Feng Box, built a recycling operation platform, and actively cooperated with related parties to help the realization of "no-waste city".



### Goal 13: Climate action

We reduce energy consumption from each link of express delivery and parcel transportation, identify climate change risks and take proactive measures.

## Direct goal



### Goal 3: Good health and well-being

We have set up a company-wide health and safety target, established a safety management system and passed the ISO45001 certification. We formulated measures of transportation, transit and warehousing.



### Goal 5: Gender equality

We strictly adhere to the principle of gender equality, prohibit any forms of discrimination, continue to expand the number of female employees and provide exclusive welfare and care for female employees.



### Goal 10: Reduced inequalities

We actively carried out poverty alleviation to help poverty-stricken areas increase economic income and reduce inequalities among regions.



### Goal 7: Affordable and clean Energy

We developed photovoltaic power generation projects in the industrial parks in Yiwu, Hefei and Hong Kong. We purchased many new-energy powered vehicles and charging pile equipment and built a clean energy fleet.



### Goal 9: Industry, innovation and infrastructure

We adhere to independent innovation and develop new products in collection, transfer, transportation and distribution to create intelligent logistics and empower the industry with intelligence.



### Goal 12: Responsible consumption and production

We actively promote green and circular packaging products in the logistics field. We strictly protect users' personal privacy and have established a sound data and privacy protection system.

# Sustainability performance overview

## Sustainability highlights in 2020

- During the most severe pandemic period in Wuhan, we delivered more than **816 tons** of **rescue materials** and more than 24.15 million parcels within eight days.
- The **awareness rate of our integrity reporting channel** increased to **92.7%**.
- Our labor union won **237 honors**, including Model Worker, May 1st Labour Medal, May 4th Youth Award and Worker Pioneer.
- More than 20,000 staff members of SF Holding joined the labor union volunteer team, and the cumulative number of **service times** reached **2.14 million**.
- SF Holding Foundation has provided **high school education subsidies** for a total of **73,516** students, with a total expenditure of RMB **123,571,000**. The total number of **scholarships granted to college students** was **4,934**, with a total expenditure of RMB **14,802,000**.
- The total **public welfare expenditure** of SF Holding Foundation was RMB **131,290,048.5**, and the volunteer service time was 1,580 hours.
- We further improved the professional safety team and added **43 professional safety management personnel**.
- We established the group's **safe operation information system** and **intelligent cloud platform** for internet of vehicles. All **11,502** vehicles across the network were installed with vehicle safety monitoring equipment.
- During SF Holding Safety Production Month, a total of **20,221** people completed the **safety responsibility book**. We carried out **7,935 safety training** sessions and **2,736 safety emergency drills**, with **531,223** participants.
- We launched **17,053 new-energy powered vehicles** in 2020, representing an **increase of 50%** compared to 2019, covering 185 cities.
- We saved approximately **26,000 tons** of **paper**, saving nearly **8,000 tons** of **plastic** and reducing about **70,000 tons** of **carbon emissions** in total.
- We ranked first in the industry for the **12th** consecutive year in the **satisfaction survey** conducted by the State Post Bureau.
- We conducted **2,100 on-site supplier audits** and **901 quality inspections** by third parties.

Indicator name	Data
Workforce signing the <i>Letter of Commitment to Anti-corruption</i>	89.1%
Hours of workforce training	1,905,093 hours
Number of union members	203,373
Employees receiving support for degree programs and certifications	1,191
Safety production investment	0.28 billion
Safety drills	6,000 times
Hours of safety training	7,993,041 hours
Safety training coverage rate	100%
Input of workforce welfare	0.68 billion
Reduced carbon emissions due to clean energy vehicles	78,000 tons
Reduced carbon emissions due to green packaging	Approximately 70,000 tons
Renewable energy generation capacity	1,577,170.5 kWh
Electronic waybill utilization rate	99.9%
Technology investment	4.27 billion
Number of patents granted	1,371
Signing rate of social responsibility clauses	100%



# Supporting compliance and stable development



Key performance indicators

Indicators	Data
Follow-up feedback rate of effective reporting	100%
Completion rate of "three ones" in handling complaints	95.0%
Rate at which the workforce signed the <i>Letter of Commitment to Anti-corruption</i>	89.1%
Hours of workforce anti-corruption education	17,500 hours



# Pioneer of party building

At SF Holding, we actively implement the education of party members and give full play to the role of party members as a role model, so that the party building power can go through all aspects of the company's operation, so that employees can experience "The party is always by your side" and put into the development of SF Holding with good work style and good status.

## Focusing on system construction and regulating party building

We focus to further standardize the work of the party organization, clarify the standards and requirements of the party building work, and strengthen the team-building of each branch so that the work of each branch can be regulated. We continue to strengthen the system construction according to its own situation. In 2020, we revised the *Operation Guidelines for the Use of the Seal of the Party Committee of SF Holding* and the *Measures for the Management of Party Building Work of SF Remote Enterprise Party Organization (for trial implementation)* and other rules and regulations in response to the increase in the number of party organizations and the unfamiliarity of the business of new branch members.

## Strengthening party member education through online and offline integration

Our party committee firmly adhered to the four consciousness and four self-confidence, firmly achieved two maintenance, and consolidated the educational results of the theme activities of "remaining true to our original aspiration and keeping our mission firmly in mind" under the two-pronged approach of offline education and online education.

The party committee of the company strengthened the daily education and management of party members by inviting the Secretary to give lectures on the party, organizing the training of party organization secretary and party affairs cadres, and carrying out the seven one recognition activity to integrate party-building work fully into all aspects of corporate development. At the same time, by applying the internet+ thinking, integrating educational resources, such as the smart party-building platform in Shenzhen and Xue Xi Qiang Guo app, we actively organized online activities, such as Three Meetings and One Class, Theme Party Day and Nineteenth National Congress of Knowledge Q&A-Online Battle. We regularly produced micro party lectures and videos and uploaded them to the internal party member network for party members to learn anytime, anywhere, forming a party member education management model combining face-to-face and click-to-click, strengthening education efforts and consolidating educational results.

In addition, 48 party organizations from the headquarters of SF Holding went to red education bases in Shanwei, Guangzhou and Zhongshan, to learn about the history of the party.

## Giving play to the pioneering role to promote business development

During the peak of businesses in 2020, such as double 11 and double 12, the party committee of SF Holding issued the Party Member Pioneer Action Initiative and called on the party members to charge forward. Members of the senior management of SF Holding have taken the lead and effectively stimulated the work enthusiasm of employees. At the same time, we focused on guiding party members to play a pioneering role in the field of R&D, building an iron army team of party members in the R&D field, innovating technical methods, and successfully overcoming the technical problems of express drones, laying a solid foundation for the company to develop the new business of express unmanned aerial vehicles.



On-site learning activities of party members

## Adhering to joint development and mutual promotion

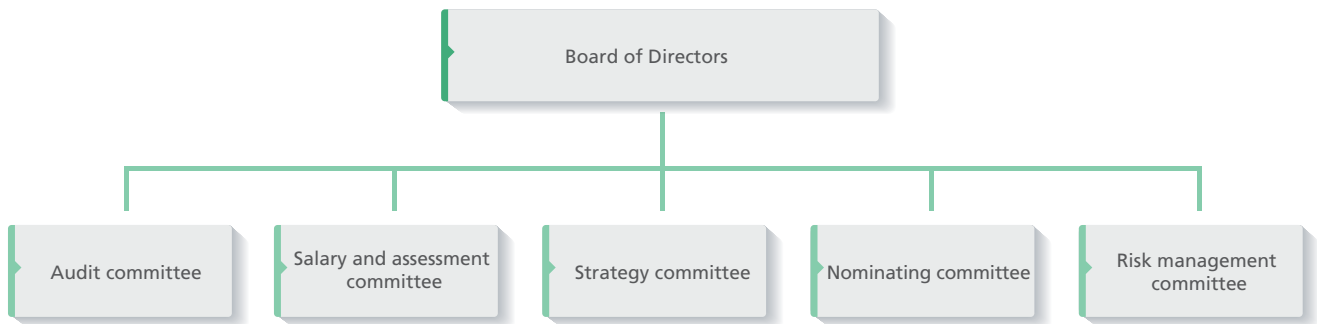
Our party committee adheres to establishing smooth communication channels for grassroots party organizations, party members and couriers, and regularly organizes special seminars. We have established a system for party members to contact the masses, using the "2+1" method (i.e. two party members contacting one branch model). We have set up person-in-charge for party-building work in branch outlets, set up suggestion boxes, and opened channels for people's appeal, effectively connecting the last kilometer of contact and serving the public.

We insisted on promoting party building and development and enabled the internal driving force of party building to let employees feel the "the party is always by your side" and help SF Holding's sustainable development.

# 1.1 / Standardizing corporate governance

In strict compliance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange* and other relevant laws and regulations promulgated by the China Securities Regulatory Commission and the Shenzhen Stock Exchange, SF Holding has formulated the *Articles of Association of SF Holdings Co., Ltd.* and other internal control rules and regulations. We improved the internal corporate governance structure and the internal management system to regulate the conduct of the company. We clearly define the responsibilities and authorities of decision-making, execution and supervision. SF Holding formed an effective division of labor and restraint mechanism among the shareholders' meeting, Board of Directors and Supervisory Committee.

The SF Holding board comprises 12 directors, of which one is female. The Board of Directors has established five special committees, namely the Audit committee, the Remuneration and Appraisal committee, the Strategy committee, the Nomination Committee and the Risk Management Committee. In 2020, we held a total of 8 board meetings, 8 supervisory committee meetings and 2 shareholders' meetings.



Board composition of SF Holding



# 1.2 / Sustainable development management

We are committed to the integration and unity of corporate value and social value to promote the sustainable development of the industry and actively exploring the path for sustainable corporate development.

## 1.2.1 Sustainable development management structure

We have established a three-tier sustainability structure. The Office of the Board of Directors serves as the leading group for sustainable development, which is responsible for coordinating the sustainable development of SF Holding, collecting and reviewing the suggestions from various stakeholders on various sustainable development work, and presenting them to the Board of Directors. They also lead and review the preparation of the sustainability report, which is ultimately submitted to

the Board of Directors for review and approval. As the main body of the sustainable development work, all functional departments related to the sustainable development work – business group (BG) and business unit (BU) representatives – formed a sustainable development working group. It is responsible for implementing the daily sustainable development work and providing relevant information and data for the preparation of the sustainable development report.

## 1.2.2 Stakeholder identification and communication

We give great importance to communicating with stakeholders. We have established diverse communication channels catering for different parties. Through these, we listen to the suggestions and opinions of all relevant parties to understand their expectations and requirements

and improve our sustainable development governance and operation. We promptly disclose relevant information about areas, including policy updates, daily operations, development changes and special changes to inform relevant parties about our sustainable development work.

Stakeholder communication list

Stakeholders	Main concerns	Form of communication	Response measures
<b>Government and regulatory bodies</b>	Observing disciplines and laws Paying taxes in accordance with laws Supporting local economic development	Information disclosure Special report Statistical statement	Operating in compliance with laws Preventing major safety accidents Increasing the local employment rate Promoting industrial poverty alleviation
<b>Investors</b>	High economic value creation Corporate governance Compliance and risk management Responsibility management	Information disclosure Shareholder's meeting Roadshow On-site inspection	Establishing and improving the scientific decision-making and supervision mechanism Strengthening risk management Disclosing proper information Organizing and participating in activities targeting different types of shareholders
<b>Employees</b>	Diversity and human rights protection Employee dedication Employee care Training and development Occupational health and safety management	Staff congress SFIM platform Employee engagement surveys Discussion, communication and other activities	Protecting employees' rights according to the law Offering training programs Improving the talent promotion and salary mechanism Strengthening occupational health and safety management Promoting diversified employee benefits
<b>Community residents and charitable organizations</b>	Charity and volunteering services Helping community development	Communication mechanism building On-site investigation Volunteer communication	Carrying out various charity activities Intensifying industrial poverty alleviation Encouraging employees to take part in voluntary services
<b>Customers</b>	Optimizing products and services Safe delivery and transportation Data security Protecting privacy	Customer satisfaction surveys on delivery services Establishing customer communication and complaint channels	Providing efficient, reliable, and fast logistics services Enhancing the customer claims process Building a safe ecosystem
<b>Partners and industry associations</b>	Sustainable supply chain Open and fair procurement Enhancing international communication and cooperation	Reaching agreements or contracts Conducting supplier training Holding summit	Sunshine procurement Eliminate commercial bribery Participating in industry exchange activities
<b>Media and public</b>	Information transparency Interaction with the media	Information disclosure Building a communication mechanism	Active communication through websites and other official internet platforms Providing external publicity materials

### 1.2.3 Materiality issues

As there was no significant change in the business operations and sustainability management of SF Holding this year, we invited professional consultants to review and assess SF Holding's annual sustainability management issues to make sure issues are highly relevant to the industry in which SF Holding operates. We took references of

domestic and foreign peer companies and capital market concerns of sustainable development. Based on the materiality issues of last year, we formalized materiality issues of 2020. The result was submitted to the Board of Directors for confirmation and approval.

#### SF Holding material issues for sustainable development in 2020

1	Improving energy efficiency and coping with climate change
2	Occupational health and safety management
3	Employee training and development
4	Complete corporate governance
5	Anti-corruption
6	Customer data security and privacy protection
7	Employee diversity and human rights protection
8	Building green and intelligent industrial chain
9	Compliance and risk management
10	Continuing to obtain economic benefits
11	Safe delivery and transportation
12	Product and service optimization
13	Promoting green packaging
14	Pollutant discharge and environmental protection management
15	Focusing on employee dedication
16	Employee care
17	Fulfilling social responsibilities
18	Recycling and management of waste
19	Environmental protection activities
20	Managing the use of water resources
21	Carrying out charity and voluntary services
22	Management and development of the labor union
23	Help local communities grow

# 1.3 / Internal control and risk management

SF Holding uses an internal control and risk management system to meet regulatory and compliance requirements. We identify and evaluate the ESG risks in company operation and development. We also clarify our ESG risk management strategies to mitigate controllable risks.

## 1.3.1 Risk management system

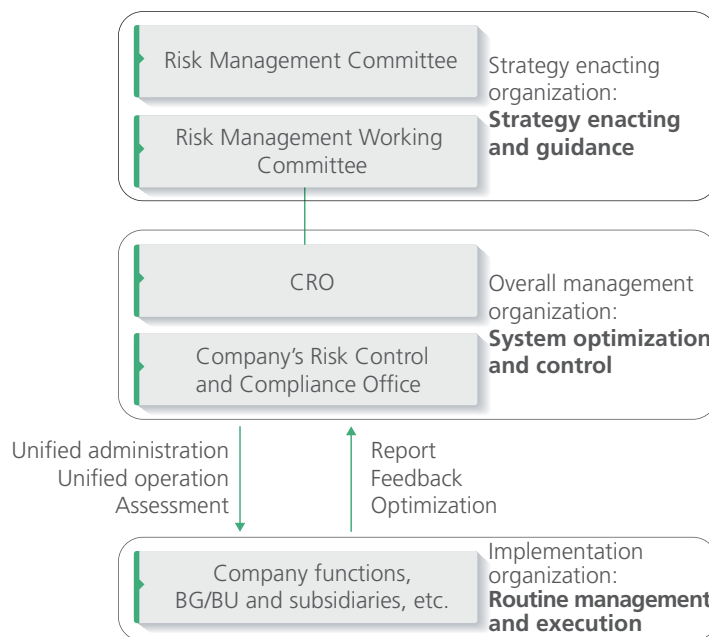
In accordance with the *Basic Standards for Enterprise Internal Control*, the *Guidelines for Standardized Operation of Companies Listed on the Small and Medium-sized Board of the Shenzhen Stock Exchange* and other laws and regulations, and with reference to the *Enterprise Risk*

*Management Framework and the Articles of Association of SF Holding Co., Ltd.*, we have formulated the *Management System of Company Risk Control* and the *Management System of SF Holding Crises* to ensure the effective identification and monitoring of risks in a systematic manner.

In 2020, risk control training covered 100% of the new employees and training on various risks covered 100% of the on-the-job personnel.

We have established a risk management organizational structure led by the Risk Management Committee of the Board of Directors. The Risk Management Committee of the Board of Directors is responsible for formulating risk management strategies and coordinating the prevention, control and response of major risks. The Risk Management Committee reports to the Risk Management Committee of the Board of Directors quarterly and annually. Our Chief Risk Officer (CRO) is responsible for implementing the company's risk management strategy, guiding and evaluating the establishment and improvement of risk management mechanisms across functions, BG, BU and other regions.

Our Risk Control and Compliance Office coordinates risk control and compliance work. The leader of each functional department, BG, BU, and the region is responsible for related risk control in their work area, introducing risk management and implementation rules. They are also responsible for identifying, evaluating and controlling daily risks. ESG risks are also managed under this risk management organizational structure. In 2020, we deepened front-line risk management and control, initially set up regional risk management teams and integrated risk management resources in business regions.



SF Holding risk management organization structure



Every two years, we identify and analyze the risks in the course of achieving our objectives based on the changes in the internal and external environment. We use our technical expertise to build and upgrade the risk management IT system with six major modules and 27 functions. These include conventional risk control, crisis management, risk assessment, and a risk control model. In 2020, our big data, AI and other information technologies continued to explore intelligent risk management and control. We designed corresponding risk management models, real-time early warning and monitoring risks for key business scenarios.

We focused on raising risk prevention awareness among employees, including course training, orientation sessions and knowledge maps during onboarding for new employees. We have also produced risk management induction courses and special training programs for those in high-risk departments, including online learning and examinations to improve employees' risk control management capabilities. In 2020, we held 33 special risk management empowerment courses, covering 200 person-times, covering key risk areas, such as safety production, customer complaint risk management and sales risk management.

### 1.3.2 ESG risk management

We have integrated ESG risks into our risk management process. Such ESG risks show up in strategic, legal, compliance and operational divisions. We categorized ESG risks into three levels and then formed an ESG risk information base. We have identified 15 secondary ESG risks in areas, including intellectual property, natural disasters, production and labor safety, and human resource management. Our

ESG risk management structure is consistent with our risk management organization structure. As the highest-level risk management organization, the Risk Management Committee is responsible for determining our ESG risk identification, prevention, and control. It also manages regulatory, reputational and market risks related to climate change.

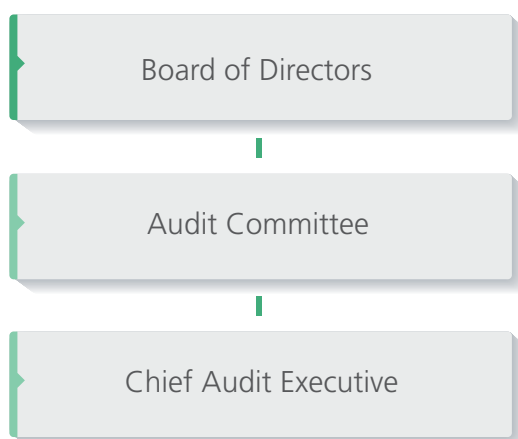
#### Climate change risk identification and response

Our existing risk database has incorporated climate change-related risks, such as natural disaster risks caused by the typhoon, rainstorms, earthquake, volcanic and other natural disasters, and the resulting safety risks of human diseases, injuries and deaths.

Like other types of risk, we identify and evaluate climate change risk in line with our risk assessment process. As the highest risk management agency, the Risk Management Committee has a clear understanding of climate change risk and creates strategies to address them. The Risk Control and Compliance Office is responsible for preparing the overall risk report, including climate change risks. It submits the report to the CRO, who then reports to the Board of Directors. For more climate change risk response measures, please refer to the Climate Change Response chapter.

## 1.4 / Business ethics management

At SF Holding, we comply with all relevant laws and regulations. We are committed to maintaining our operational integrity by addressing major business ethics risks, for which our Board of Directors and Audit Committee are ultimately responsible. The Chief Audit Executive (CAE) manages our business ethics affairs and regularly reports to the Audit Committee. We created the 369 Code of Conduct for primary-level managers. It eliminates three violations of business ethics, requires six affairs to be made public, and establishes nine guidelines for managers to lead by example in business ethics management.



**Business ethics management structure**

We identify potential business ethics risks using regular internal ethical risk assessments in each business department. Monthly meetings help us to agree on improvement measures. Employees can consult the labor union, human resources or other relevant departments with ethical concerns and report issues through our hotline. These measures ensure that our employees' behavior complies with regulations while deepening their understanding of various regulations and requirements.

We also worked closely with external organizations to eliminate unethical business practices. On 18 June 2015, we, along with several listed companies, jointly initiated the China Enterprise Anti-fraud Alliance, and released the Alliance Member Information Sharing System (also known as the Blacklist System) in 2017, aiming to increase the social cost of dishonest acts.

### China Enterprise Anti-fraud Alliance

Every year, the China Enterprise Anti-fraud Alliance collects typical cases and advanced management experience of enterprises regarding business ethics and anti-fraud to prepare the blue paper of the anti-fraud investigation report of Chinese enterprises. In 2020, the Anti-fraud Investigation Report of Chinese Enterprises 2019 was officially released. The survey report provides the best management practices of business ethics management for various industries through various real cases, creating a fair and honest business environment with honesty and integrity.



**China Enterprise Anti-fraud Alliance issues investigation reports**



## SF Holding mainly participated in the project deployment of the International Anti-fraud Working Group

In 2020, the Shenzhen Institute of Standards (hereinafter referred to as the "Shenzhen Institute") cooperated with the International Anti-fraud Working Group (ISO/TC309) and domestic technical work, and cooperated with representatives from various fields to participate in the International Special Fraud Control Working Group and the International Organization for Standardization to discuss proposals on new work projects of international fraud control. SF Holding acted as the deputy leader of the working group, and the chief audit executive of SF Holding acted as the deputy leader of the working group. To strengthen the communication and exchange of domestic experts, Shenzhen Institute, in collaboration with the domestic anti-fraud alliance and SF Holding, jointly prepared the articles of Association of the Technical Committee of Institutional Governance and Anti-fraud Working Group, the Working Rules of the Secretary Office and the work plan.

### 1.4.1 Integrity management system

We strictly abide by the *Company Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and other laws and regulations, and have formulated the *SF Holding Anti-Corruption Management System* and the *Rewards and Penalty Management Regulations* and other systems covering the whole company. The company clearly sets out the definitions of "corruption act," "conflict of interest" and "convenience fee" in the *SF Holding Integrity Handbook* and the *Administrative Measures for Relatives Avoiding* to avoid conflict of interest between public and private sectors.

To ensure the effectiveness of the integrity management system, we will analyze the causes of corruption incidents annually to confirm whether there are any defects in procedures and systems. We also assessed whether the system needs to be iterated and updated. In 2020, we further revised the *Administrative Measures for Relatives Avoiding*, refined the situation of avoidance of relatives. We added new content for the declaration of employee's personal and family relationship investment and appointment to ensure the comprehensive prevention of dishonest behavior. We experienced no legal proceedings related to unfair competition or monopoly in 2020.

#### Definition of anti-corruption practice

- **Bribery or corruption:** commercial bribery, bribery, acceptance of bribe, and professional embezzlement as defined in laws and regulations, including the *Anti-Unfair Competition Law* and the *Criminal Law*.
- **Conflicts of interest:** personal activities and relationships that may affect employees' objective and fair performance of their work responsibilities, such as operating the company's own business or with partners.
- **Facilitation payments:** cash or equivalents paid under guises, including sponsorship fees, consulting fees, commissions, and expense reimbursements.

#### Coverage

SF Holding all workforce<sup>1</sup>

We have established a group-level prevention and control system from the Board of Directors, the Audit Committee, the regulatory department of the headquarters to the business areas. We also set up the Senior Executive Disciplinary Inspection Committee led by our Chief Executive Officer (CEO), Chief Human Resources Officer (CHO) and CAE, along with the Employee Disciplinary Inspection Committee. These committees are responsible for managing the integrity of senior management and other employees, respectively.



<sup>1</sup> The workforce managed by SF Holding includes regular employees and other logistics industry employees under the flexible employment model.

## 1.4.2 Anti-corruption measures

We are committed to enhancing our anti-corruption countermeasures by building a complete value chain management mechanism comprising back-end risk research, mid-level risk platform monitoring and front-end audit project output. Data and technology drive an anti-corruption management operation that produces practical measures.

### Creating a culture of integrity

At SF Holding, we are committed to preventing violations through clear communication and guidance. Our *Integrity Handbook* (in Chinese and English versions) and our *Employee Handbook* define our expectations

for acceptable internal and external behavior, providing guidelines of acceptable behavior with corresponding penalties.

We have established an integrity culture system to promote the company's anti-corruption atmosphere actively. We carried out positive publicity on integrity culture and anti-fraud case warnings for grassroots employees and management of business areas through online cases and offline training. We also conduct anti-corruption induction training for new employees and encourage them to confirm and sign the *Letter of Commitment to Anti-corruption* annually. In 2020, the signing rate of the *Letter of Commitment to Anti-corruption* was 89.1%.

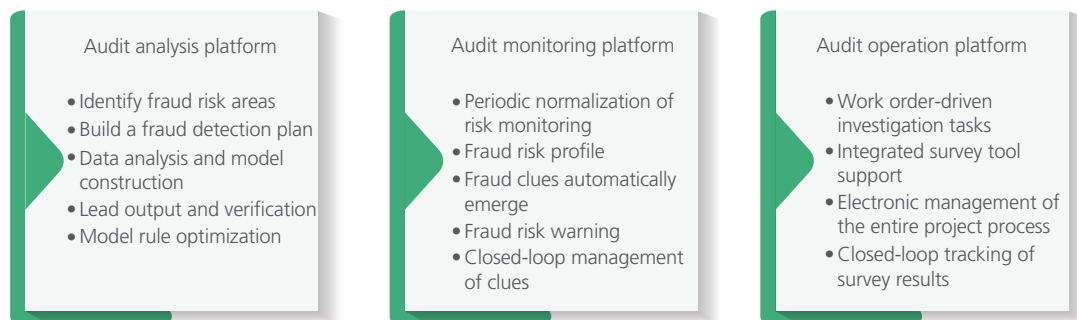
#### **Letter of Commitment to Anti-Corruption:**

- I will refuse to engage in any bribery, acceptance of bribery, embezzlement or other improper business activities during my employment.
- I will refuse to engage in any behavior that conflicts with the company's interest during employment unless the company's written intention is obtained in advance.
- During employment, if any unit or individual related to the company's business provides or requests any gifts to anyone, I will refuse it on the spot and promptly report to the company.

In 2020, SF Holding held seven special training sessions on integrity, including functional line, sales line, shipping pipeline and personnel line employees. An integrity education module was set up in the induction training for new employees, with a total of over 66,000 person-times and a total of 17,500 hours of training. Twenty-two special publicity issues were released through Fengsheng's "Integrity and SF" channel, with a cumulative reading of 1.02 million.

### Corruption risk identification and assessment

We actively explored the digital anti-corruption initiative, established a digital audit office, and built a big data audit platform consisting of an audit analysis platform, an audit monitoring platform and an audit operation platform.



The digital audit found fraud clue

## Reporting and handling corruption

SF Holding has formulated the *Reporting Management Measures* and the *Employee Communication Management Regulations* to encourage employees, suppliers, business partners and other stakeholders to supervise the integrity of the company's operations. We require relevant, informed persons to assume the responsibility for protecting and keeping confidential. In the management of normalization, we carry out complaint report analysis every month, report the analysis results

to the company's audit department, and the company issues "Monthly Integrity Briefing" to all employees. In 2020, SF Holding added a monitoring management system – a regional complaint management platform to understand the key points of complaints. Currently, the five main reporting channels of SF Holding are the official website, reporting hotline, SFIM platform, regional complaint management platform, email and letter.

Channels for reporting violations		Target group
<b>SFIM platform</b>	Microservices – I want to report	All internal workforces
<b>Monitoring system internal management platform</b>	Regional Complaint Management Platform	All internal workforces
<b>Hotline</b>	400-688-3783	All internal workforces, third parties and other external stakeholders
<b>E-mail</b>	sf5198@sf-express.com	All internal workforces, third parties and other external stakeholders
<b>Mailing address</b>	Audit Department of SF Holding	All internal workforces, third parties and other external stakeholders
<b>SF Holding's official website in mainland China</b>	www.sf-express.com	All internal workforces, third parties and other external stakeholders

In 2020, SF Holding normalized the integrity index survey and distributed a total of 0.51 million and recycled 0.31 million questionnaires. According to the result, employees were rated for two consecutive years in three key dimensions, namely "the current integrity atmosphere of the company," "confidence in future integrity construction" and "the integrity atmosphere of the organization". The workforce awareness of our reporting channels reached 87%.

We prohibit retaliation against whistleblowers per the *Notice on Issuing the "Self-declaration of 842 Employees With No Worries" Independent Reporting Mechanism*. The Notice clarifies that the organizations' heads are ultimately responsible for whistleblower protection and require them to take reasonable measures to guarantee whistleblowers' basic rights and interests. All personnel involved in the reception, acceptance and investigation of a report and subsequent disciplinary measures must protect the whistleblower's personal information and the content of the complaint along with the whistleblower's legitimate rights and interests. If the reporting clues provided by employees are true after investigation and make contributions to our anti-corruption work, they will be rewarded in accordance with the *Reporting Management Measures*. Depending on the level of contribution, a maximum of 20% of direct economic loss recovered by the whistleblower can be given as a reward.

Following the principle of "unified management, centralized handling and hierarchical responsibility," we have formulated the *Employee Communication Management Regulations*, which clearly stipulates that the Supervision Office of the Audit Department takes the lead

in coordinating. Each business area is responsible for handling complaints in the region, and the Audit Department of the Group has established a closed-loop handling system from receiving reports, filing investigations, issuing investigation reports, handling responsible persons, and then closing and responding to ensure that the incidents are handled effectively. We also created the "Three Ones" principle to ensure the effectiveness of the incident handling process. It requires each department in charge to respond to the whistleblower within one working day, confirm whether to initiate an investigation within one week, complete the investigation within one month, reply to the whistleblower and publicize the results.

We conduct an investigation on corruption and issue a written investigation report. If the actual problem is found to be in violation, a punishment proposal will be given in accordance with the *Rewards and Penalty Management Regulations* or transferred to the judicial authority according to the law. Once suppliers who violate business ethics and other corporate integrity are found and recorded in the black suppliers by the procurement department, they will be frozen or removed from the qualified supplier resource pool.

In 2020, we achieved a 100% effective reporting feedback rate. We handled 95% of these incidents within our "Three Ones" parameters.

02

# Caring for people

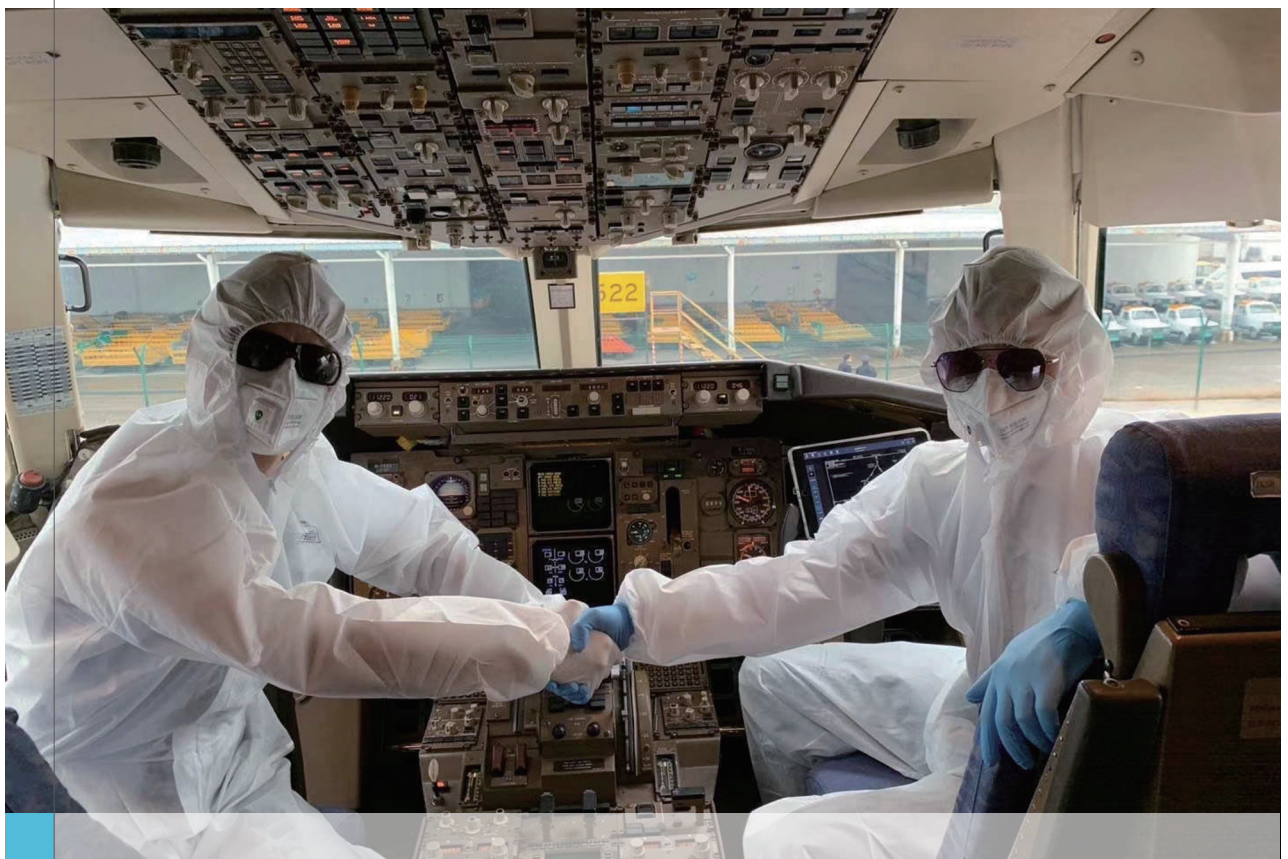


Objectives	Objectives of 2020	Progress in 2020	Objectives of 2021
	Targets to reduce health and safety incidents:  1. Prevent fire accidents;  2. Prevent major casualty accidents;  3. Reduce personal injury accidents by over 10%, personnel safety index rises more than 10% in 2020 compared to 2019.	Targets to reduce health and safety incidents:  1. 0 major fire accidents;  2. 0 major injuries and fatalities;  3. In 2020, the total number of personal injury accidents decreased by more than 12% compared to 2019.	Targets to reduce health and safety incidents are as follows:  1. 0 major fire accidents;  2. 0 major injuries and fatalities;  3. In 2021, the total number of personal injury accidents decreased by more than 10% compared to 2020.
Key performance indicators	Indicators		Data
	Total workforce		634,328
	Workforces trained		486,895
	Investment in workforces training		150 million
	Workforces receiving financial support for degree		1,191
	Labor union members		203,373
	Percentage of female workforces		14.7%
	Percentage of rural workforces		70.7%
	Courier turnover rate		19.2%
	Injury rate		0.004%
	LTIR trend based on 2019		Decreased by 20%

## Working together to fight the epidemic

On 24 January 2020, SF Airlines' first flight for transportation of anti-pandemic supplies departed from Shenzhen, becoming the first "reverse flight" to Wuhan in China. Amid the pandemic, SF Holding flew the most flights to Wuhan among all logistics and express companies. At the height of the pandemic, SF Holding used drones to deliver medical and anti-pandemic supplies directly to the medical staff of Jinyintan Hospital to ensure the timely delivery of rescue and relief supplies. In 2020, thousands of SF Holding's employees contributed to overcome the severe outbreak of COVID-19, with their fearless and self-giving spirit.

In 2020, SF Charity Foundation donated 20 million to Ezhou, Hubei Province and launched the SF Holding Hubei Public Welfare Program. The total public welfare expenditure amounted to RMB52.91 million.





## Speed assurance

**Delivery of medical supplies.** In order to ensure the delivery of anti-pandemic and medical supplies, SF Holding conducted key monitoring and priority processing of the supplies. At the beginning of the pandemic, SF Charity Foundation instantly launched a disaster response mechanism, assigning all transportation of rescue and relief supplies provided by the government and charitable organizations to the Charity Foundation. The company also reviewed the qualifications of philanthropic transportation units and goods. Besides, the Charity Foundation was in charge of placing orders, which facilitated the donation process of the government and charitable organizations. From the lockdown of Wuhan to its release, SF Charity Foundation received a total of 103,419 orders for philanthropic transportation and 3,464 tons of anti-epidemic supplies.

**Smooth supplies procurement.** Since the outbreak of COVID-19, SF Holding has flown a total of 5,200 drones to carry out shuttle missions in Wuhan, Shiyan, Ganzhou, Wenzhou and Harbin, with a flying distance of 22,000 kilometers. A total of 20 tons of protective clothing, gloves, food, medicine and other materials were delivered to alleviate the pressure of material transportation in the affected areas.

## Life assurance

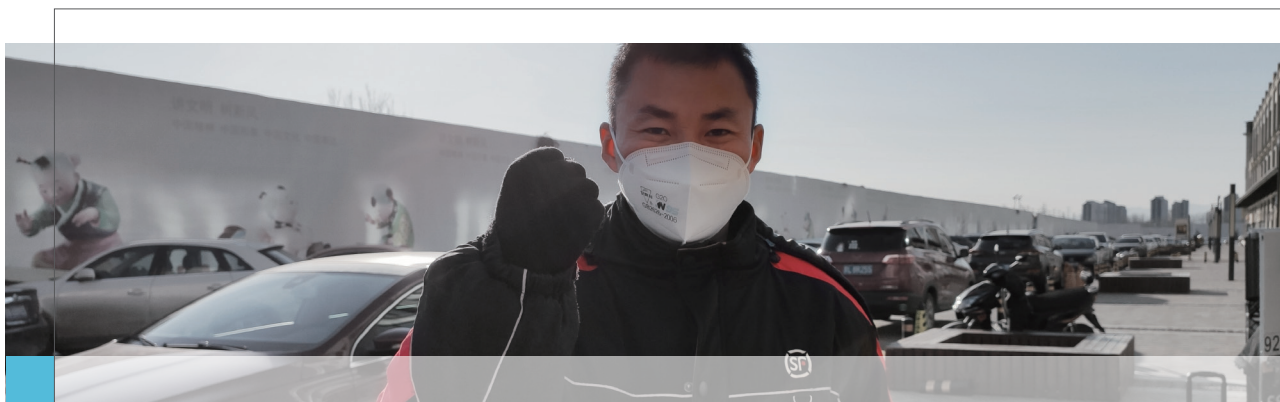
**Supporting the community.** SF Charity Foundation launched a series of SF Holding Hubei public welfare programs, including: 1. Providing free delivery of return luggage for medical teams; 2. Cooperation with 22 communities in Wuhan to provide 1,000 elderly people with life care packages for one year; 3. Cooperation with educational philanthropic organizations to provide online one-on-one tutoring for 328 primary school students in Wuhan by recruiting 625 university students.

**Help the vulnerable.** The SF Charity Foundation has provided support for vulnerable groups in respect of the prevention, and control of COVID-19 and has subsidized 3,826 new students in 39 project counties. In addition, in cooperation with the Hubei Provincial Office of Poverty Allowance, the Company launched the SF Lianhua Education Assistance Program and the Anti-pandemic Special Program in eight poverty-stricken counties that were seriously affected by the pandemic. The program supported 4,379 students and provided a grant of 14.01 million.

## Safety assurance

**Employee safety.** SF Holding strictly abided by the *Operation Guideline 2.0 on Strengthening Inspection of On-site Personnel of Property Management* during the Epidemic Prevention Period and other regulations. Every employee was required to follow the guideline, as well as carry out information registration every day. We carried out all-round disinfection in public areas, operating areas, office areas and other places to ensure occupational safety of employees.

**Service safety.** SF Holding quickly established a research and development project team for epidemic packaging and issued 28 types of 43 scheme standards in 4 categories within a month, such as the *Operation Guidelines for Medical Alcohol Packaging*, etc. We also carried out cooperative research on bacteriostatic and degradable plastics with universities. Meanwhile, SF Holding had strict vehicle disinfection standards for overseas express delivery vehicles. The company conducted partitioned management of express delivery vehicles from different risk districts to standardize vehicle disinfection procedures. For express delivery vehicles located in risk areas, additional disinfection treatment was required in addition to locally required disinfection procedures.



# The most beautiful fighter

# 01

We hereby recall the thrilling days fighting against the pandemic via photos, which is a struggle of ability and also a battle of spirit. We believe that what motivates us all is our heartfelt sense of responsibility, love, justice and dedication. Our persistence and efforts have won recognition and respect from society.

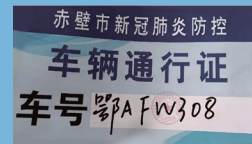
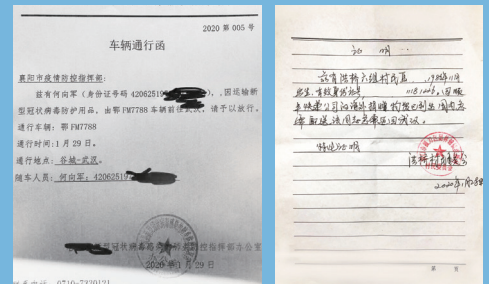


The day before Lunar New Year's Eve, Hubei SF held a key decision-making meeting

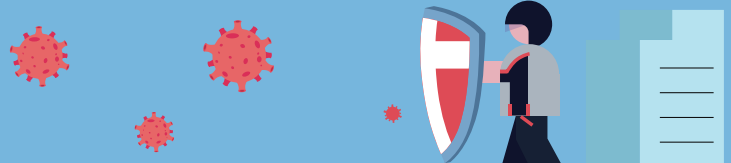
Hubei SF Trade Union started first fight against the epidemic



Employees from different places return to work



"I did what I could without regret." Since New Year's Eve, Wang Yong, a courier of SF Holding in Hubei Province, started his charity work by sending medical staff of Wuhan Jinyintan Hospital to work and provide supplies and meals for them, offering as much support as possible. Due to these generous actions, Wang Yong was awarded the '24th China May 4th Youth Medal', the Most Beautiful Volunteer for Epidemic Prevention and Control, the National Advanced Individual in fighting against COVID-19 and the person of year 2020 of "Touching China".



"People's Daily" praised Wang Yong as a "life ferry man" during the anti epidemic period, while "CCTV News" evaluated him as "gathering warmth and guarding heroes"







On January 24, 2020, Lunar new year's Eve, two flights of SF Airlines full of epidemic prevention materials arrived at Wuhan Tianhe Airport. Among them, Shenzhen-Wuhan flight became the first domestic flight to Wuhan



SF quickly gathered the strength of various business sectors, taking life as the first, and transported epidemic prevention and living materials day and night



Couriers were transported across locations by foot



The courier delivery boys encouraged themselves



The government and customers' affirmations were our highest praise



湖北省新型冠状病毒肺炎疫情防控指挥部

感谢信

尊敬的顺丰快递集团领导： 贵集团作为物流行业龙头，在疫情防控阻击战中，充分发挥了主力军作用，为武汉市民和企业提供了及时、高效的物流服务，为打赢疫情防控阻击战做出了重要贡献。特此致以诚挚的感谢和崇高的敬意。

武汉市新型冠状病毒肺炎疫情防控指挥部物资保障组

感谢信

顺丰快递集团： 贵集团作为物流行业龙头，在疫情防控阻击战中，充分发挥了主力军作用，为武汉市民和企业提供了及时、高效的物流服务，为打赢疫情防控阻击战做出了重要贡献。特此致以诚挚的感谢和崇高的敬意。

中央广播电视总台

感谢信

顺丰快递集团： 贵集团作为物流行业龙头，在疫情防控阻击战中，充分发挥了主力军作用，为武汉市民和企业提供了及时、高效的物流服务，为打赢疫情防控阻击战做出了重要贡献。特此致以诚挚的感谢和崇高的敬意。

荆门市人民政府

感谢信

顺丰快递集团： 贵集团作为物流行业龙头，在疫情防控阻击战中，充分发挥了主力军作用，为武汉市民和企业提供了及时、高效的物流服务，为打赢疫情防控阻击战做出了重要贡献。特此致以诚挚的感谢和崇高的敬意。

湖北省邮政管理局

感谢信

顺丰快递集团： 贵集团作为物流行业龙头，在疫情防控阻击战中，充分发挥了主力军作用，为武汉市民和企业提供了及时、高效的物流服务，为打赢疫情防控阻击战做出了重要贡献。特此致以诚挚的感谢和崇高的敬意。

武汉市交通运输局

感谢信

顺丰快递集团： 贵集团作为物流行业龙头，在疫情防控阻击战中，充分发挥了主力军作用，为武汉市民和企业提供了及时、高效的物流服务，为打赢疫情防控阻击战做出了重要贡献。特此致以诚挚的感谢和崇高的敬意。

武汉市邮政管理局

感谢信

顺丰快递集团： 贵集团作为物流行业龙头，在疫情防控阻击战中，充分发挥了主力军作用，为武汉市民和企业提供了及时、高效的物流服务，为打赢疫情防控阻击战做出了重要贡献。特此致以诚挚的感谢和崇高的敬意。

宜昌市邮政管理局

感谢信

顺丰快递集团： 贵集团作为物流行业龙头，在疫情防控阻击战中，充分发挥了主力军作用，为武汉市民和企业提供了及时、高效的物流服务，为打赢疫情防控阻击战做出了重要贡献。特此致以诚挚的感谢和崇高的敬意。

## 2.1 / Employee development and care

We regard employees as one of the most valuable 'Jewels' and core competitiveness in our company. We fully respect and strictly protect the rights and interests of employees, and are committed to creating a fair and just workplace, a safe and healthy working environment and a diverse and inclusive corporate culture for all employees. Meanwhile, we help employees develop in an all-round way by providing diversified training support and building a broad platform for employees to display their talents and creativity. Besides, we repay every employee for their hard work and devotion through a market-competitive salary and comprehensive welfare system. In the future, we will continue to care for all employees with heart, and work together to write a new chapter for our achievement.

### 2.1.1 Protection of rights and interests

Based on our core values and through a diverse and inclusive culture, SF Holding has communicated better with stakeholders such as employees, customers, suppliers and communities, and empowered them with our own strength to achieve mutual growth. We treat all employees equally. Human resource management measures related to recruitment, training, promotion, welfare, occupational safety and health are not differentiated according to the types of employment. We strictly protect the rights and interests of all workforce.

#### Human rights protection

Our development is rooted in a thriving culture of diversity and inclusiveness. The diverse backgrounds and abilities of our employees are the sources of innovation and vitality of the Company. Diversity and inclusiveness help us better understand and meet our customers' needs and contribute to the economic sustainability by creating a harmonious working environment. SF Holding deeply recognized that building a diverse workforce begins with equal and open talent recruitment, after which we rewarded employees based on their skills, knowledge, experience and performance.

We are committed to protecting human rights throughout our global operations and communities in which we operate. We act pursuant to domestic and international regulations including the *Labor Law of the People's Republic of China*, the *Law on the Protection of Minors*, the *UN Global Compact* and the *Universal Declaration of Human Rights*. We have developed rules and regulations including the *Employee Handbook (Chinese and English version)* and the *Labor Contract*. The *Employee Handbook (Chinese and English version)* and *SF Recruitment Management System* prohibits child and forced labor, discrimination and differential treatment. It mandates measures including equal pay for men and women, limitation of working hours, protection of female employees' rights and interests and the promotion of employment for people with disabilities. If violations of child labor are found, we will immediately deal with the relevant persons according to the circumstances, report the situation to the labor security administrative department and actively assist in contacting the legal guardian.

Our labor union represents and protects the interests of all employees in accordance with the law. It supervises the protection of our employees' rights and interests and participates in related decisions. The labor union also offers suggestions to the management on increasing employee diversification, occupational health and safety, employee welfare and communication.

#### Our policies to address human rights

SF Holding regarded human rights protection as the minimum standard for providing an equal working environment and made the following policies to human rights protection in the *Employee Handbook* and the *Labor Contract*. The policies apply to all directors, officers and workforces of SF Holding and its subsidiaries, whether working for the Company on a full-time, part-time or other ad hoc basis.

- **Ensure equal opportunities:** Treat and respect every employee equally, regardless of their rank or position. Selections and appointments must follow the principles of fairness, impartiality and openness.
- **Protect against discrimination and differential treatment:** Prohibit discrimination on the ground of any legally protected characteristics such as gender, nationality, beliefs and age.
- **Prohibit the employment of child labor:** Explicitly stipulate that persons under 16 years old are not allowed to be employed.
- **Prohibition of human trafficking:** Prohibition of slavery or human trafficking in any part of the Company's business and supply chain.
- **Collective agreements and freedom of association:** We respect employees to freely connect with third-party organizations in accordance with local laws, as well as join, form or not join labor unions. Employees may join the collective bargaining agreement contracts voluntarily. Employees have the right to participate in or form associations that comply with the laws and regulations of the countries in which they operate.
- **Self-expressed opinions:** SF Holding respects employees' freedom of speech within the legal boundaries and encourages employees to give feedback and actively communicate with the management.
- **No harassment:** Being rude to colleagues, verbal provocation and other disrespectful behavior and verbal harassment of colleagues, customers or external partners are not allowed by the system.
- **Prohibition of forced labor:** SF Holding does not intentionally engage in forced, compulsory or other labor against the will of employees, and resolutely prohibits threatening or restricting their actions.
- **Rights to rest and vacation:** All employees are entitled to paid leaves such as annual leave, sick leave, marriage leave and maternity leave.
- **Privacy protection:** Disclosure of any employee's personal information to others is prohibited without the authorization of the Company and the employee.

SF Holding clearly stated in the contract signed with suppliers that suppliers shall respect human rights, implement fair and compliant employment measures. They will also provide preventive maintenance and safe working procedures, as well as continuous safety training to ensure the occupational safety of employees.



- In 2020, SF Holding had no major labor disputes and received no complaints on human rights issues.
- In 2020, SF Holding has 112 labor unions, 199 full-time labor union personnel and more than 20,000 labor union representatives active in the business organization at all levels. The labor unions have 203,373 members, and the membership rate of all workforce is 32.1%; The coverage rate of collective agreements is 31.0%,<sup>2</sup> and 100% of employees had signed labor contracts.

In terms of the working hours of employees, SF Holding stipulates the working hours in the *Employee Handbook, Regulations on Attendance Management and Labor Contract*. We have established the *Irregular Working Hours System* to provide convenience for employees with demand for special working hours. We supplement employees in some temporary and auxiliary jobs during peak demand in the express delivery business using third-party companies or direct recruitment of flexible personnel. This reduces the workload for employees and protects their rest and recreation time. SF Holding treated all workforce equally and adopts the same management standards as SF Holding's own employees. We or third-party companies sign legally compliant contracts or agreements with all temporary employees and pay reasonable remuneration according to the regulations. We or the third-party companies will purchase employer's liability insurance (including accident insurance) or work-related injury insurance for all temporary employees.

In case of major restructuring or changes at SF Holding, we provide 30 days' notice of labor contract termination to the labor union and all employees. We will consider suggestions from the labor union or employees before making a final decision on layoffs.

## Remuneration and performance

SF Holding clarified the value contribution management rules and evaluation procedures through the Measures for the *Management of Value Contribution*. We strictly safeguarded fair, just and open evaluation of employees' performance and determined employees' remuneration based on their positions. For employees with high-value contributions, we provided a market-competitive salary. We attracted and retained the core talents through differentiated, diversified long-term and short-term incentive mechanisms.

Variable remuneration mainly consists of monthly, quarterly, half-yearly and annual performance bonuses. The distribution cycle and performance evaluation standard of performance bonuses are determined according to the examination plan of the corresponding position. In 2020, SF Holding updated the *Implementation Rules for Performance Management of Functional Employees*, supplementing the monthly rating rules, improving the specific rules for the correlation between performance and results and further standardizing various fragmented performance management.

### SF Holding's talent retention measures

Employees with outstanding performance evaluation results are our most important strategic resources. Our *Regulations on the Management of Outstanding Employees* help us identify, develop and retain talents while offering timely incentives.

Measures we have taken to retain outstanding talent include:

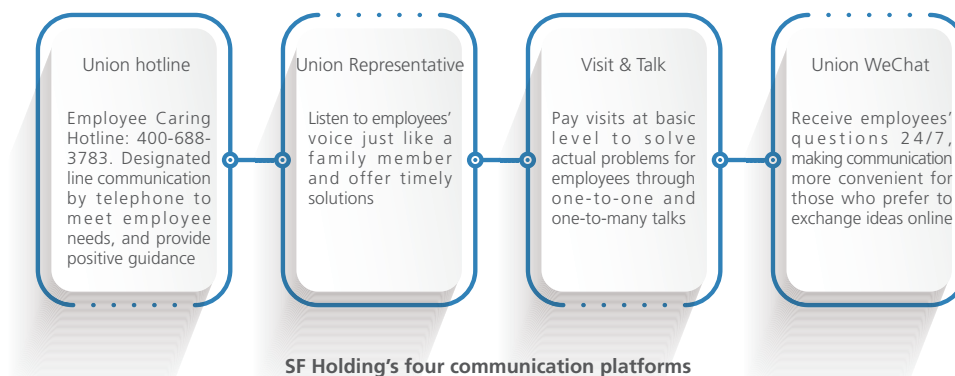
- Special training or personalized external training in addition to regular training;
- A mentoring system;
- An additional two days of paid leave;
- Other spiritual and material rewards.



<sup>2</sup> By the end of the reporting period, 18 of SF Holding's 58 independent labour unions have signed collective agreements with the Company on behalf of employees.

## Democratic management

During the year, SF Holding updated the *Guidelines for the Work of SF Labor Union Representative Democratic Management Committee*, focusing on guiding employees to participate in the Company's operation and construction. We have formulated the *Employee Communication Management Regulations* to clarify the communication methods of employees and follow-up measures and encourage employees to communicate with other employees, mentors, supervisors, labor unions, etc. In 2020, SF Holding launched democratic communication projects such as Focus on Communication, Appeal Seminar and District General Open Day. Among them, 119 sessions of Focus on Communication were held with over 5,000 participants, Appeal Seminar converted employees' demands into productivity in favor of the Company's operation and management, 14 District General Open Day were carried out to facilitate smooth communication between the management and employees.



In 2020, SF Holding accepted approximately 21,000 workforce communication and suggestion items with a resolution rate of about 96%.<sup>3</sup>

SF Holding carries out an employee engagement survey every year and forms a results report. The improvement measures are output based on the research situation and publicized to allow employees to fully supervise. In 2020, SF Holding conducted an employee engagement survey through the internal platform. The survey covers all workforce managed by SF Holding and the results served as an important reference for each department to carry out its management work. The 2020 employee satisfaction result was 88.1%, and the Internal Employee Recommendation Rate is 85.7%.

## Welfare and care

SF Holding has formulated the *Welfare Management System for Employees of Express Business Group*, the *Supporting Management Guidelines for Employees with Severe Diseases* and *Emergency Care and Handling Mechanism for Employees*. We established a broad range welfare and care system. The welfare system was not only designed for all employees but also some targeted welfare provided for different groups, so as to integrate all types of employee and provide effective benefits.

The system throughout the employee's whole life cycle process, special scenarios, critical moments, major family affairs and other major nodes and scenes of all employees. We have also established and improved the employee incentive and welfare mechanism to enhanced diversity. Through the multi-dimensional and sinking-mode system, we help employees solve practical problems and enhance their belonging and happiness.

In 2020, SF Holding invested 0.68 billion in employee welfare, including 76.25 million in employee care, and showed solitude for more than 2.4 million employees.

<sup>3</sup> Data of employee communication and suggestion incidents and communication resolution rate are provided by the labour union.

### SF Holding's Welfare and Care System

Objects of welfare	Details of welfare	Performance in 2020
<b>All employees</b>	<ul style="list-style-type: none"> <li>Insurance welfare: We pay social insurance for all employees who establish an employment relationship</li> <li>Festival welfare: Present gifts and blessings to employees during their birthdays and festivals</li> <li>Skill competition: Enhance employees' professional capabilities through skill competition and model worker sharing sessions</li> </ul>	<ul style="list-style-type: none"> <li>Organized more than 5,000 birthday parties with an accumulated expenditure of 19.64 million</li> <li>Upgraded 50 staff libraries on World Reading Day and presented books to 100 model workers</li> </ul>
<b>Couriers</b>	<ul style="list-style-type: none"> <li>Special seasons: Providing hand-held fans, heatstroke prevention medicine, hot drinks and food and other supplies for extreme weather conditions</li> </ul>	<ul style="list-style-type: none"> <li>Special season allowance amounted to 7.08 million<sup>4</sup></li> </ul>
<b>Female employees</b>	<ul style="list-style-type: none"> <li>Festival welfare: Provide exclusive gifts and strictly protecting statutory parental leave</li> <li>Maternity welfare: Visit employees who are going to be new parents with maternal and child supplies</li> </ul>	<ul style="list-style-type: none"> <li>Launched the "Most Beautiful Female Employees Selection" and "Most Beautiful Family Selection" activities, which selected 106 most beautiful female employees and 36 most beautiful families</li> <li>Published 8 posts on female employees through WeChat Official Account Platform</li> </ul>
<b>Disabled/seriously sick employees</b>	<ul style="list-style-type: none"> <li>Special care: Engage in the employee care group to provide specific employee care and subsidies</li> </ul>	<ul style="list-style-type: none"> <li>Visits and condolences to 52 employees with critical illness</li> </ul>
<b>Employees with family difficulties</b>	<ul style="list-style-type: none"> <li>Golden Autumn Education Assistance scheme: Provide tuition support for employees with family difficulties and their children and carrying out activities such as home visits, realizing dreams and sending school supplies</li> <li>Care and condolence: Caring employees in difficulties and their families through home visits, distributing allowance and sending daily supplies during the Spring Festival</li> </ul>	<ul style="list-style-type: none"> <li>Helped 4,030 employees in difficulties and invested 9.54 million in poverty alleviation</li> </ul>
<b>Retired or near retired employees</b>	<ul style="list-style-type: none"> <li>Retirement ceremony, thank you letter, commemoration, retirement and reemployment policy</li> <li>Interviews about resignation, gratitude and blessings, return channels for old employees, SF Alumni Association</li> </ul>	<ul style="list-style-type: none"> <li>Resignation interviews cover 100% retired employees</li> <li>Re-employ 24 people after retirement</li> </ul>
<b>Single employees</b>	<ul style="list-style-type: none"> <li>Organizing dating events for single employees</li> </ul>	<ul style="list-style-type: none"> <li>Held 117 dating events with a total of 4,000 employees participated</li> </ul>

<sup>4</sup> The number of Special season allowance is provided by SF Holding Labor Union.

In addition, we have specially set up the NuanFeng Program with the theme of “cultivating physical and mental health,” paying attention to the mental and physical health of employees. The NuanFeng Program consists of six modules, namely NuanFeng Physical and Mental Health Hotline, NuanFeng Fill Circle, NuanFeng Lecture, NuanFeng Ambassador, NuanFeng Mental Decompression Chamber and NuanFeng Health Assessment, providing employees with all-round physical and mental health support. In 2020, the NuanFeng platform received 417 consultations. We also carried out mental health projects such as online counseling and sharing, online course live broadcast and offline lectures. Therein, 108 offline lectures were held, covering 30,000 employees.

SF Holding organized a variety of activities every year to support employees to develop their own hobbies. In 2020, the theme of SF Holding’s cultural activities was “Growth, Upward and Progress”, focusing on online talent contest, cultural vitality run, headquarters winning the battle of 618, building university atmosphere, online celebration and other activities.



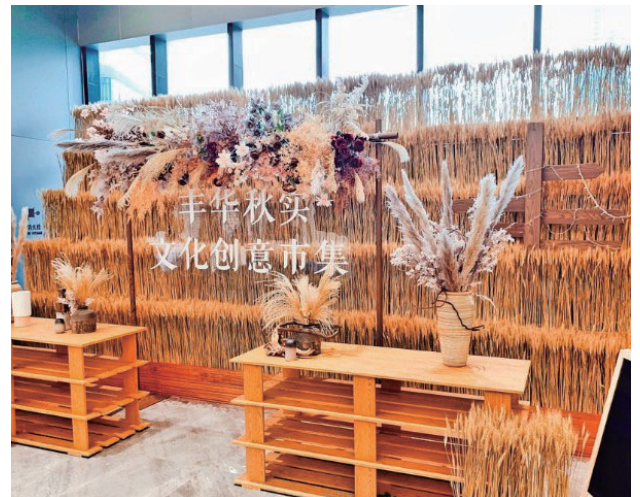
Activities of Football Association



SF University



SF Talk Event



"Fenghua Qiushi" Creative Market Event

## 2.1.2 Recruitment and promotion

We planned our recruitment annually according to our development needs and labor market changes with diversification in mind. Female members occupied an important position in our Board of Directors. We submitted our annual employee recruitment plans to the Board of Directors for resolution.

### Staff recruitment

SF Holding recruited new employees through campus recruitment, internal referral and online recruitment. We strived to ensure the delivery of high-quality and suitable talents through a strict, fair, just and open standardized recruitment process to meet the Company's demand for talents in a timely manner. At the same time, SF Holding had established various talent recruitment channels such as the recruitment of veterans and disabilities. We also conducted the targeted promotion and channel deployment for them. In 2020, the courier turnover rate was 19.2%.<sup>5</sup> In 2020, SF Holding won the "2020 China's Best Employers of the Year-Top 10 National", "2020 China's Best Employers of the Year-Outstanding Achievement Employers", "2020 China's Top 50 Excellent Employers", and "2020 China's Best University Students "Top 100 Employers" and many other awards.

SF Holding workforce data in 2019-20				
	Category	Unit	2019	2020
	<b>Total workforce</b> <sup>6</sup>	Persons	522,912	634,328
<b>By gender</b>	<b>Male</b>	Persons	450,106	540,956
	<b>Female</b>	Persons	72,806	93,372
<b>By job functions</b>	<b>Management employees (including primary-level managers)</b>	Persons	18,313	20,351
	<b>Functional employees</b>	Persons	33,203	36,722
	<b>Primary-level employees</b>	Persons	471,396	577,255
<b>By educational background</b>	<b>Bachelor's degree or above</b>	Persons	34,729	41,577
	<b>College degree</b>	Persons	83,641	105,869
	<b>High school/technical secondary school and below</b>	Persons	404,542	486,882
<b>By age</b>	<b>Aged below 30</b>	Persons	236,703	288,316
	<b>Aged 30-40</b>	Persons	224,313	275,765
	<b>Aged 40-50</b>	Persons	57,572	65,920
	<b>Aged over 50</b>	Persons	4,324	4,327
<b>By geographical region</b>	<b>Chinese</b>	Persons	–	633,363
	<b>Non-Chinese</b>	Persons	–	965

<sup>5</sup> Only covers couriers.

<sup>6</sup> Due to the flexible industry characteristics of the express logistics a combination of multiple workforce modes is usually adopted. The number of workforces here is the total number of workforces serving SF Holding.



## SF Holding employee diversity program

We value diverse talent and will never restrict recruitment or employment due to personal characteristics such as gender, region, nationality, religious belief, or economic capability. In 2020, over 14.7% of our workforce was female, and 23.7% of management was female. Over 71% of our workforce was rural. Our workforce on the Chinese mainland spanned 45 nationalities.

We targeted special groups including veterans, people with disabilities and overseas employees in our recruitment to optimize our workforce, increase the local employment rate and demonstrate corporate responsibility.

**Recruiting veterans** SF Holding adopted the recruitment policy of prioritizing recruitment, accelerating growth and breaking promotion. After joining the Company, professional skills training and education to improve academic qualifications were carried out. We properly arranged management positions for outstanding veterans. In 2020, SF Holding recruited nearly 10,000 veterans.

**Recruiting persons with disabilities** SF Holding acknowledges the need for work and study among people with disabilities. We employ members of this community in less physically demanding environments like call centers. By the end of 2020, SF Holding recruited hundreds of people with disabilities.

**Local recruitment** We recruit overseas operating personnel from their local area, employing them in areas including human resources, administration, finance, marketing and operations. We benefit from their understanding of the local culture, market and policies. This also increases the local employment rate. We had nearly 1,000 foreign employees by the end of 2020.

## Employee promotion

SF Holding has developed a *Talent Promotion Management System* and derived the *Guidelines for Non-Senior Management Promotion* and the *Operational Guidelines for Senior Management Promotion*. We clarify the promotion requirements for different categories of employees. Our promotion mechanism emphasizing value and contribution is a strong talent retention tool.

SF Holding continued to improve the dual-channel promotion mechanism, establishing management development channels, so that employees with certain management ability can participate in corporate operation and management through such channels. Establishing professional development channels to enable technical staff to become experts in various fields through continuous improvement of their personal skills and accumulation of professional experience.

### 2.1.3 Training and development

SF Holding adheres to providing a scientific, comprehensive and up-to-date training system for employees and providing a newly revised the *SF Instructor Management System* and the *Course Management System* during the year. SF Holding adheres to complementary external training and internal training and provides personalized training content to create a comprehensive and appropriate training system for employees. In 2020, we adjusted and updated the organizational structure and functional teams of SF University based on the construction goal of internet university and continued to build a training platform.

In 2020, SF Holding trained 205,127 new employees and 486,895 employees in total, provided 1,905,094 hours of off-line training. We conducted 6,238,439 online training sessions. We invested 150 million in training.<sup>7</sup>

<sup>7</sup> Online training refers to the number of document and course learning in the KMS learning platform. Offline training refers to the duration of class hours in which employees participate. The data does not include special training in the business field.



SF Holding workforce training data in 2020

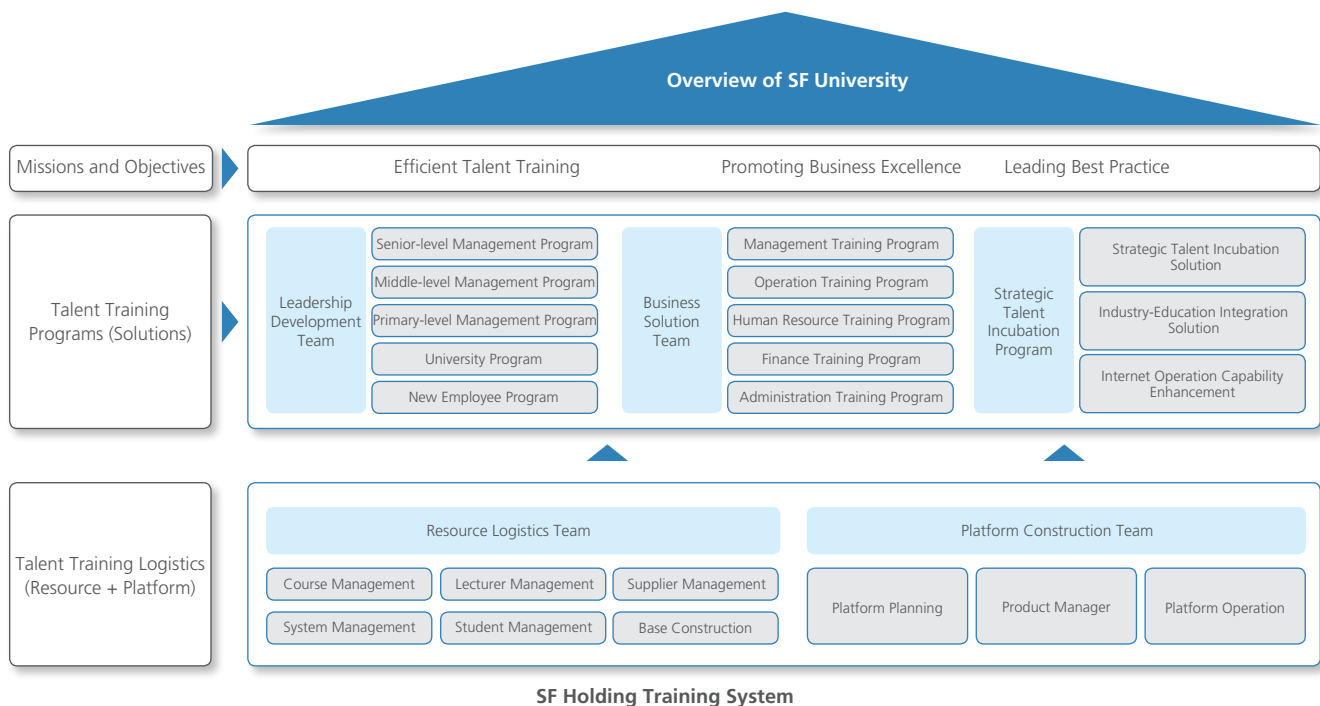
Category	Training coverage		Online training sessions		Hours of offline training hours per person		
	2019	2020	2019	2020	2019	2020	
By gender	Male	81.9	77.2	3,345,835	5,126,141	5.1	3.2
	Female	69.2	68.6	696,463	1,112,298	4.1	1.7
By job function	Management employees <sup>8</sup>	97.5	98.3	577,037	1,022,739	18.4	11.5
	Functional employees	87.0	90.4	792,194	1,261,115	5.8	2.1
	Primary-level employees	79.1	74.3	2,673,067	3,954,585	4.4	1.4

Note: In 2020, due to COVID-19, the number of offline courses reduced. SF University developed more online courses for employees to learn.

## General training system

We have established an SF University ecological training system covering employee induction, promotion and education. This training system and its content is open to all our workforces.

We offer a wide range of training and employment opportunities, especially for college students and fresh graduates. We have in place a system of on-the-job tutors to match college students with suitable SF Holding tutors, who will provide guidance throughout the training process. Tutors are also responsible for guiding college students in their transition from college to society, offering feedback on their training program performance.



<sup>8</sup> Includes primary-level managers.

## SF Holding Leadership Training Program 2020

The SF Holding training system helps fresh graduates' transition from student life to the workforce and accelerates the growth of former graduates. In 2020, we focused on three leadership training programs; Branch Person-in-charge Program, Back-up Department Person-in-charge Program and Senior Management Program.

- **Branch Person-in-charge Program:** For the on-the-job, newly appointed and back-up person-in-charge, we provided targeted resources and training programs through 464 cases and 64 courses to help the person-in-charge of branches improve their practical business capabilities.
- **Back-up Department Person-in-charge Program:** Trainees were classified and encouraged to study online anytime and anywhere. SF Holding offered learning resources covering 24 courses and 236 practical cases. In order to urge students to speed up the learning and training cycle, they were required to conduct the key node assessment in the way of defense. In 2020, 344 people participated this program.
- **Senior Management Program:** The training content is mainly about strategy and operation, and in the form of a combination of internal organization and external expert sharing, so as to improve the external vision of senior management and realize the compound talent strategy. During the year, the Senior Management Program covered more than 500 students and a total of 24,580 person-times participated in various online and offline courses.



## Education promotion training

SF Holding supported employees for degree programs and certifications, providing reimbursement of learning expenses. SF Holding's degree programs and certifications are applicable to all workforces. Education certification includes on-the-job education with state-recognized academic/degree certificates, like junior college, undergraduate, postgraduate/MBA, doctoral/EMBA, etc. Skills certification includes a number of job-related skills certifications such as forklift operation qualification certificate, human resources manager certification examination and PMP project management qualification certificate.

SF Holding also provided financial support to poor university students through SF Charity Foundation to help them complete their studies. In 2020, SF Charity Foundation granted 4,934 scholarships to university students, with a total expenditure of 14.80 million.

By the end of 2020, SF Holding supported a total of 1,191 employees for degree programs and certifications with a total amount of RMB7.47 million.

## Training resource management

In 2020, in order to realize the integration of training projects and accumulate training data, SF Holding established the SF University New Training Platform. In terms of training courses, we continued to expand the depth and breadth of our courses. Guided by the demand for key talent training and combined with talent training programs, we provided flexible, timely and diversified learning resources to meet the learning needs of various groups. A total of 414 courses were newly added. In addition, we attached great importance to the training of lecturers, added a lecturer incentive system and carried out the recruitment and training of lecturers throughout the network in a coordinated manner. During the year, a total of 2,292 certified lecturers were added. We created the Xiao Mi Feng app as the main learning platform for couriers, who are often under significant time pressure. Much of its training content can be read in under a minute and is precisely targeted to each courier's needs.

## 2.1.4 Health and safety

SF Holding adheres to the policy of people-oriented and safety first, always prioritizing employees' safety. The Company strictly abides by the *Law of the People's Republic of China on Production Safety*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Measures for the Management of Emergency Plans for Workplace Safety Accidents* and other laws and regulations. SF Holding has obtained ISO45001:2018 (GB/T 45001: 2020) certification, which covers activities involved in the operation and management of express delivery services consistent with that of SF Holding.

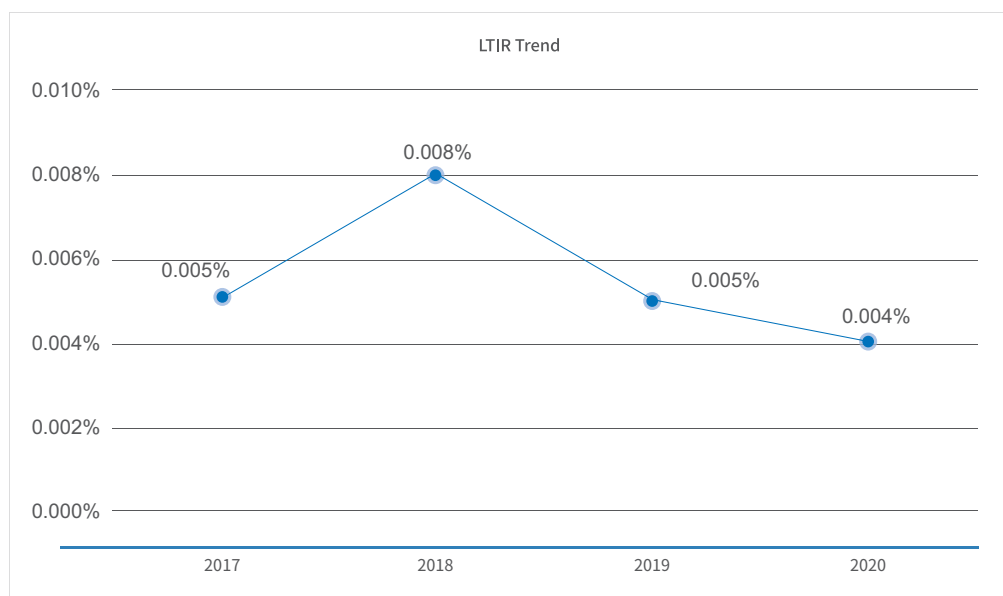
### Safety management objectives

SF Holding set employee health and safety objectives. To achieve the annual safety management objectives, SF Holding has formulated a comprehensive safety management system and structure. We have identified three business scenarios with higher risks, namely vehicle safety, transit safety and site safety, and consolidated the safety management foundation through technology-empowered safety management. Potential hazards are eliminated through identifying and eliminating safety risks as well as the cultivation of safety awareness. For key operational risks, such as fire and major casualties, we conduct regular tracking to evaluate the progress of key objectives and the effectiveness of system implementation, so as to timely identify existing problems and take corrective measures to ensure the achievement of objectives. We conduct real-time and dynamic tracking and monitoring of safety incidents through the AESP system, and output daily reports on safety anomalies. SF Holding performs monthly assessments on the achievement of key in-house and regional indicators such as lost days per million shipments, site-responsible fire accidents, self-combustion of express and orders backward districts to report improvement of safety performance to the Safety Production Management Group of the headquarters.

SF employee health and safety objective tracking and setting		
Targets of 2020	Progress in 2020	Targets of 2021
1. Prevent major fire accidents.	1. Zero major fire accidents.	1. Prevent major fire accidents.
2. Avoid major casualties.	2. Zero major injuries and fatalities.	2. Prevent major injuries and fatalities.
3. Reduce personal injury accidents by over 10%, personnel safety index rises more than 10% in 2020 compared to 2019.	3. Reduced personal injury accidents by over 12%, personnel safety index rose more than 10% in 2020 compared to 2019.	3. Lost days per million shipments decrease by 20% as compared with the previous year.

At the same time, we continue to track quantitative health and safety metrics related to employee health and safety, such as personnel safety index and number of on-site fire accidents. The Lost Time Injury Rate (LTIR) had been declining year by year, demonstrating the improvement of safety production performance.

SF Holding's tracking quantitative health and safety metrics			
Quantitative indicators	2018	2019	2020
Personnel safety index	-	900	1,700
Number of major on-site fire accidents	0	0	0
Million-kilometre responsibility rate of self-operated vehicles	0.7044	0.5968	0.5065



## Safety management system

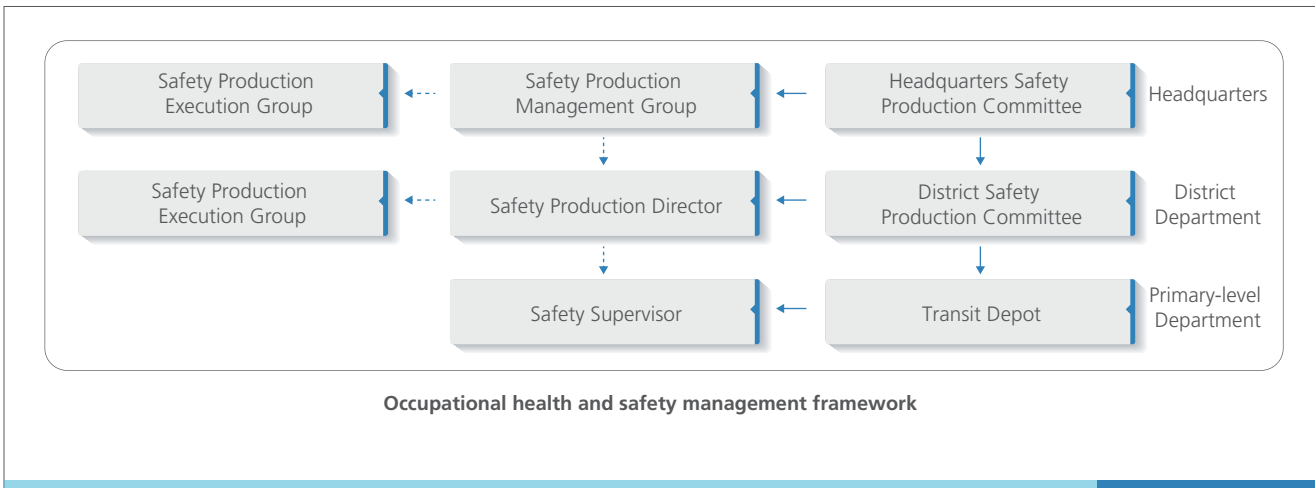
SF Holding has formulated internal systems such as the *Occupational Health and Safety Management Manual and the Measures for the Management of Fire-fighting Facilities*. The Equipment on Property Sites helps to clarify various occupational health and safety management systems and actively incorporates stakeholders such as customers, employees, suppliers and market supervision departments into the scope of safety management considerations.

In order to ensure the effectiveness of the safety management system, the Company adopted a combination of a regular update system and a special update system. The regular update is to evaluate the appropriateness, reasonableness and effectiveness of the safety management system issued annually and determine the plan for system revision according to the evaluation results. The special update includes failure of risk management and control, changes in laws and regulations and changes in organizational safety responsibilities, etc., which is updated immediately. In 2020, SF Holding closely monitored the safety management and operational development. We added two internal systems and revised six existing systems, including the *Post Safety Operation Regulations* and the *Measures for the Safety Management of Self-operated Vehicles and Drivers*.

## Safety management framework

SF Holding has established a top-down organizational framework for safety management, which clearly defines three-tier management organizations consisting of Headquarters, District Department and Primary-level Department. During the year, we added full-time safety production director positions to 33 key districts. We formulated the *Safety Production Responsibility System* to stipulate the safety responsibilities of organizations, positions and employees at all levels. In particular, the CEO, one of the members of the Board of Directors, is the primary person responsible for production safety of the Company, preventing occupational injury and health damage, providing safe and healthy workplaces and activities, assuming the highest responsibility for production safety and making commitments to provide safe and healthy working conditions.

Production safety was listed on the important agenda of the quarterly meetings of the Chief Operating Officer (COO), who regularly reviews safety management and discusses and makes decisions on major production safety issues. In 2020, we analyzed the Company's safety production situation and reported 6 special reports on safety production to the CEO in total.



We sign the *Safety Production Responsibility Letter* once a year to decompose safety responsibilities at all levels to every employee. In 2020, SF Holding strengthened the safety assessment and incentive mechanism and added *the Safety Assessment and Incentive Management Regulations* to clarify the scope and standards of safety performance assessment for employees at all levels. As a result, we clearly make the compensation linked with maintaining current health and safety. For example, major safety accidents affect executive performance and remuneration. The safety index represents 10%-15% of the performance evaluation for regional leaders and human resources managers.

### SF Holding promotes safety production performance through safety production incentives

SF Holding has formulated a safety production incentive scheme at all levels from the management to all employees, enabling all employees to carry out safety production more effectively and efficiently. In 2020, SF Holding distributed over 1.7 million of safety production incentive funds to employees.

- **Regional safety management personnel:** To motivate the regional implementation of safety production, SF Holding provides financial support of RMB3,000 per month for 60 regions.
- **Outstanding employees:** SF Holding rewards employees with outstanding performance in participating in the activities of Safety Production Month.
- **All employees:** In order to mobilize the enthusiasm and awareness of employees to report safety hazards, conduct safety inspections, participate in regional competitions and drills and put forward safety suggestions, SF Holding grants RMB5,000 per month for safety production activities in 60 regions.

### Safety management measures

SF Holding has formulated a safety management system. We reduced and prevented accidents through safety risk management and control, potential hazard investigation and management, safety technology innovation and information system construction.

In 2020, SF Holding invested 0.28 billion in safety production.

**Transportation Safety – vehicle safety.** We ensure fleet safety by inspecting our vehicles against 17 items across five categories. In order to achieve this, we developed the Marvin Platform.

### SF Holding continued to optimize and promote the vehicle safety management platform – Marvin Platform

In 2020, SF Holding continued to optimize the Marvin Platform and achieved online and information-based functions of 11 systems including risk intervention, risk prediction model and electronic accident reporting. In addition, the Marvin Platform was further expanded into the Internet of Vehicles Intelligent Cloud Platform, which comprehensively monitors the real-time location, trajectory, high-risk road sections and other operational conditions of each vehicle. As of the end of 2020, a total of 11,502 operating vehicles were installed with the Marvin Platform and 1,902 vehicles were on trial in Dongguan, Guangzhou, Henan and Nanjing. The results of the pilot showed that the 100-vehicle accident rate using the Marvin Platform is 10% lower than the accident rate of vehicles without the Marvin Platform.

**Transportation safety – aviation safety.** We established a Safety Management System to ensure aviation safety. Our air transportation has operated safely since its first flight, totaling approximately 0.44 million hours. In 2019, the Civil Aviation Administration of PRC named us Safety Responsibility Compliance Entity in Central and South China for the 10 consecutive years.

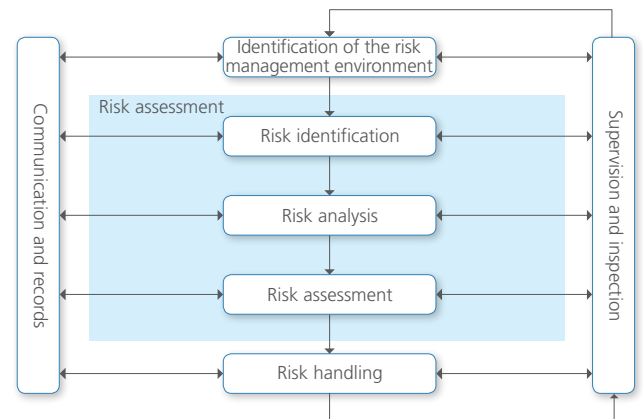
**Transit safety.** In response to the situation of high safety risks of sorting equipment, SF Holding has formulated operational guidelines *Safe Operation of Belt Conveyor (Sorting)* and the *Safe Operation Procedures for Forklifts* and invested special funds in research and development. In 2020, we carried out a special activity on the inspection and management of safety hazards of belts. More than 48,600 belt conveyors were investigated and 2,005 safety hazards were found.

**Site safety.** In accordance with the *Fire Safety Management System* and the *Measures for the Management of Fire-Fighting Facilities and Equipment on Property Sites*, SF Holding standardized the electricity consumption and fire safety of the sites and set up a fire emergency leading group and voluntary fire brigade. As of the end of 2020, SF Holding set up over 300 volunteer fire brigades, including nearly 3,000 volunteer firefighters and all transit sites were equipped with professional rescue facilities such as micro-fire stations.

In 2020, SF Holding continued to improve the intelligence level of fire warnings. We upgraded and renovated the firefighting equipment in 761 indoor charging room and added wireless intelligent smoke detectors. SF Holding has installed the AI Argus at 1,398 sites, which uses videos and images to automatically analyze violations of site safety and achieve real-time intervention.

In 2020, we experienced 0 major fire accidents and 0 Level One or Two accidents on our sites.

**Safety hazard identification.** Hazard identification is a fundamental task in corporate safety management. We developed the *Regulations on Safety Inspection, Hazard Identification and Risk Management*. We identify potential risk factors in various positions and ask the relevant departments to rectify them in a stipulated time limit requirement. As for key safety hazards, at least one internal safety audit led by CHO is conducted per year.



**Key safety hazard identification and rectification management procedure**



We conduct internal safety audits of all operations at least once every year. In the internal safety audit, SF Holding evaluates and classifies the risks from multiple dimensions such as the status of risk control measures, the frequency of personnel exposure to hazardous environments and the consequences of accidents. In 2020, we identified 898 sources of risks and classified them into four colors according to the degree, namely red, orange, yellow and blue. We have implemented headquarter-district-branch-position four-level management and control of the risk sources.



Prevent risks, eliminate hazards, curb accidents and ensure safety – Special safety activity



Invite police to conduct special training on delivery safety for the person in charge of the outlet

**Contractor safety management.** SF Holding formulated the *Regulations on Safety Management of Logistics Suppliers* and signed the *Safety Management Agreement for Logistics Handling and Sorting Services*, the *Safety Management Agreement for Cargo Transportation Services by Road* and other safety management agreements with contractors. We also refined the safety management content into the contract terms according to specific business scenarios. SF Holding has signed safety management agreements with 100% of the contractor lines. Meanwhile, SF Holding conducted reviews on suppliers' qualifications and licenses, safety management status, insurance conditions and major customers before admission according to the regulations. We also conducted regular and unscheduled safety inspections in the course of cooperation.

## Safety awareness training

SF Holding emphasizes the training of employees on safety awareness and continuously improves the emergency preparedness programs. In order to prevent safety accidents, the Company implements targeted safety training measures, standardizes the safety training content and effectively raises employees' safety awareness and skills to prevent safety accidents.

**Improve emergency response capabilities.** SF formulated the *Emergency Preparedness Program Management System*. Through a well-established management system, we stipulated the process of responding to emergencies, established the response capabilities of regular tests and drills and revised measures when necessary. In 2020, SF Holding carried out more than 6,000 emergency drills, including on-site fire, traffic accidents involving human injuries special equipment (forklift) accidents, vehicle spontaneous combustion accidents, traffic accidents and assembly line accidents involving human injuries, covering 0.1 million person-times.

**Conduct safety training.** SF Holding formulated the *Regulations on Safety Education and Training Management* and *Working Guidelines for Regional Production Safety Officers* in 2020. SF Holding's safety training included three categories, namely new employee training, special operation personnel training (drivers and special equipment operators, etc.) and regular employee training. Assessment methods such as written tests and practical operation tests were adopted. In 2020, SF Holding organized 12 safety training sessions covering 60 regions.



SF Holding carried out a fire drill

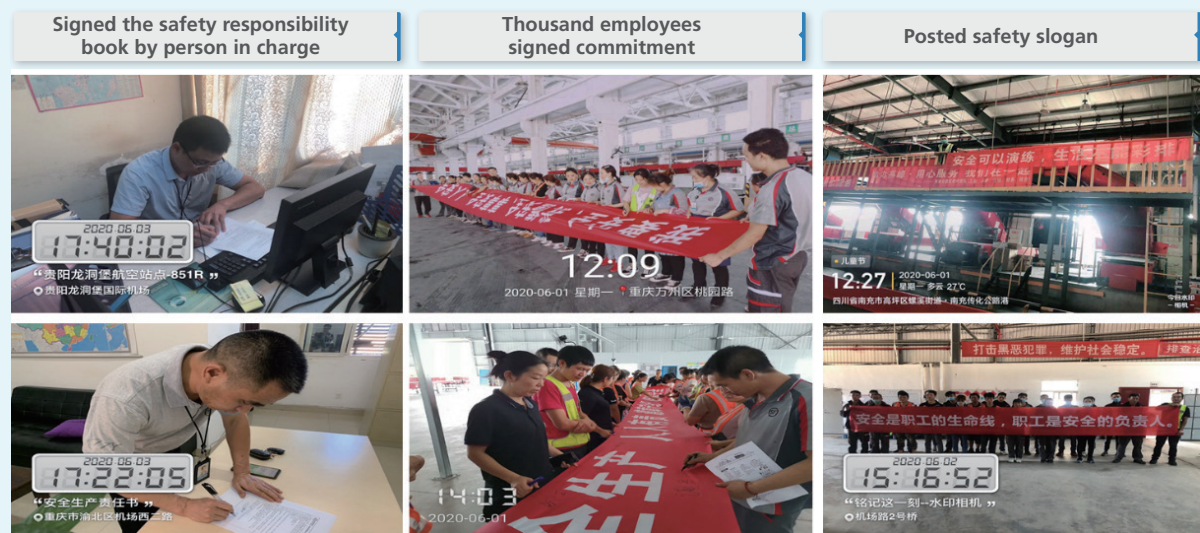
We cooperated with professional external safety training organizations during the year to jointly create the *Program for Safety Professionals' Ability Improvement*. We created the Four-in-One training covering the aspects of risk identification, safety management, accident handling and emergency protection as well as safety empowerment.

In 2020, SF Holding held 85 sessions of safety knowledge publicity and training with 3,063,985 person-times participated.

We also release all kinds of safety information via channels including our SFIM Official Account, our Xiao Mi Feng app, a safety knowledge map, a safety reminder on the start page of couriers' HHT<sup>9</sup> and safety signs, to ensure that the publicity and implementation of safety information cover 100% of employees. In 2020, SF Holding produced 22 safety training videos and 2 safety management professional training videos through multimedia teaching materials such as videos and animation.

### SF Holding launched the Safety Production Month

With the goal of "eliminating potential hazards and curbing accidents", SF Holding launched the 2020 Safety Production Month. Safety Production Month was carried out in four stages, including nine activities such as The Most Beautiful Safety Practitioner and Shooting Video, Developing Concepts, covering all branches and transit sites. During the activity, a total of 20,221 people signed safety responsibility letters; we conducted 7,935 safety training and 2,736 safety emergency drills of various types, with 531,223 person-times.



SF Holding launches Safety Production Month activities in all operations

<sup>9</sup> The "HHT" system is a set of data acquisition and transmission system that connects mobile phones or PDA terminals as carriers for data storage to bar code scanning guns.



## 2.2 / Community investment and support

In 2020, SF Charity Foundation revised the *Articles of SF Charity Foundation* and the *Management System of SF Charity Foundation Volunteer Association*, added the incentive projects. SF Charity Foundation further improved and standardized the operation and management.

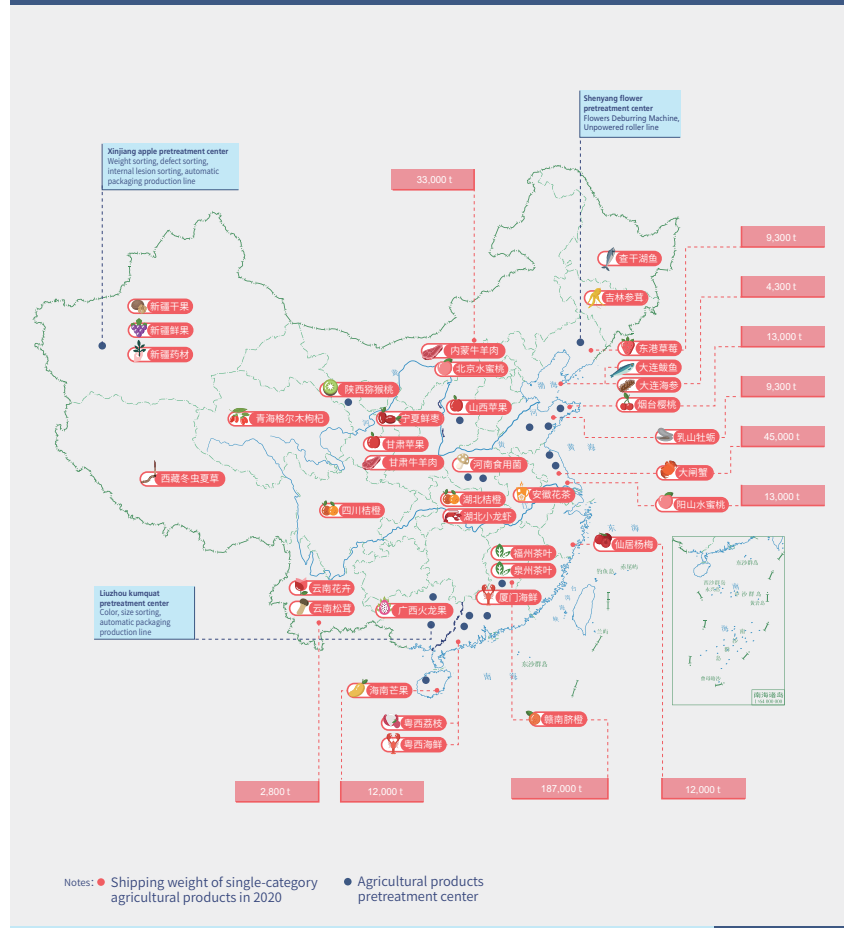
At the beginning of 2020, the COVID-19 pandemic spread across the world, causing impacts and damages to many vulnerable groups without effectively guaranteed medical care and living. Therefore, SF Charity Foundation quickly adjusted the working direction and devoted to education and public welfare, children medical assistance and support for epidemic prevention. In 2020, none of our operating sites had significant negative impacts on local communities. For more information on SF Holding's philanthropies, please refer to the 2020 Work Report of SF Charity Foundation.

In 2020, the SF Charity Foundation spent 131,290,048.5 on public welfare, involving 21 volunteer associations, 585 volunteers and 1,580 hours of volunteer service.

### 2.2.1 Empowering rural revitalization

SF Holding adhered to the concept of exporting quality agricultural products and promoting better brands of agricultural products. SF Holding helped farmers expand their sales and logistics networks by leveraging air and refrigerated transport, packaging technologies and rapid distribution advantages. In 2020, SF Holding continued to explore the transportation market of special agricultural products and the up-down service network for agricultural products covers 2,834 county-level cities across the country, serving a total of more than 4,000 fresh produce. In order to better help farmers, resume work and production from the impact of COVID-19, SF Holding actively responded to the local government's policy of helping farmers. A special subsidy mechanism was established in time to support farmers, investing RMB30,000,000 in promoting sales of agricultural products from 584 poverty-stricken counties at the national level and more than 240 poverty-stricken counties at the provincial level, with 1,157 businesses were subsidized. The mechanism boosted a total of 36.44 million deliveries, generating an income of about RMB1,156,000,000 for local farmers.

#### SF Farmer Supporting Map



<sup>10</sup> Due to the prevention and control of the COVID-19 pandemic, the number and duration of organized offline volunteering activities significantly reduced in 2020 compared to 2019. By the end of 2020, the system of SF Charity Foundation recorded 13,001 registered volunteers.

## Case: SF Holding's unmanned aerial vehicles (UAVs) support special areas and goods delivery

For customers located in remote areas or areas with inconvenient transportation, SF Holding provides fast, convenient and high-quality logistics services using logistics UAVs. In addition, SF Holding's UAVs also deliver special goods inside and between cities. In December 2020, SF Holding was approved to operate several UAVs in Shenzhen and the Greater Bay Area, becoming the first company using UAVs to carry out the regular commercial operation in the city.

**Beef and mutton:** Etuoke Qianqi in Inner Mongolia is a famous place of origin of beef and mutton, of which 560 mu of grassland has been recognized as organic grassland by the state. Aerbasi mutton as a local specialty has a delicious taste and high nutritional value, thereby known as "Ginseng of the Meat." However, Inner Mongolia is a vast and sparsely populated area with inconvenient traffic, which makes it difficult to collect and transport goods. Therefore, SF Holding piloted the large FH-98 UAVs to support the operation, increasing the average transport efficiency of beef and mutton by 60%.



SF Holding transported beef and mutton from Inner Mongolia by drones

**Seafood and aquatic products:** Zhoushan is rich in seafood, but the geology of numerous islands in Zhoushan makes transportation inconvenient. Besides, the transportation of seafood has high requirements on time and conditions. Therefore, difficult transportation has become a major obstacle to increasing local fishermen's income. Consequently, SF Holding cooperated with the Zhoushan government to implement the program of transporting seafood by drones, investing in a variety of UAVs to support the operation and effectively meeting the various transportation needs of the scattered islands in Zhoushan. With the transportation by drones, the time from fishing boats to docks has been decreased from 3 hours to 12 minutes.



SF Holding provided seafood transportation in Zhoushan by drones

## Case: Shanxi Cherry Pretreatment Center helps alleviate the poverty of industries in Baqiao

In order to improve the automation level of production in Baqiao, SF Holding invested in three automatic sorting lines that fruit farmers can use free of charge, which improved the sorting efficiency of cherry specifications while ensuring the quality of fruits and promoting the brand building of Baqiao. In addition to investing in transportation supplies such as three cherry specialized machines and 30 cold storage vehicles. In 2020, SF Holding transported 0.38 million boxes of Baqiao cherries, helping local poor farmers increase income by 30 million.



Pre-treatment center in place of production

In addition to providing efficient logistics and distribution, SF Holding actively assisted local governments in building regional public brands to make more agricultural products known to consumers. Over the years, SF Holding cooperated with governments and local associations to organize activities themed on logistics, production and sales, and created featured economic projects such as Yangcheng Lake hairy crabs, Yantai Cherry, Lingnan Lychee, Yunnan Flower and Ganzhi Matsutake.

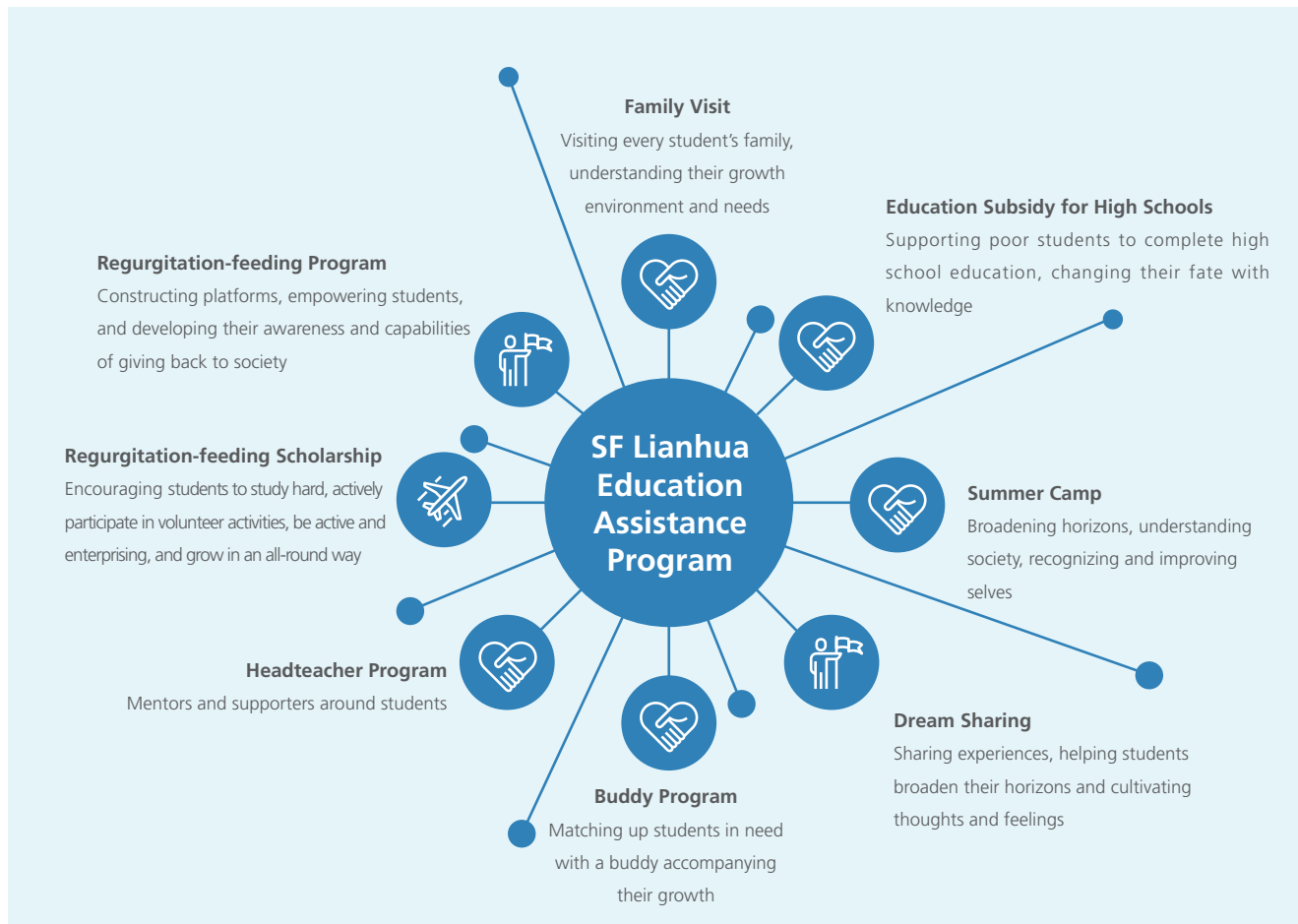
## 2.2.2 Public welfare and charity

SF Charity Foundation focused on the promotion of education development, children medical assistance, poverty alleviation and other public welfare activities. The major public welfare programs included SF Lianhua Education Assistance Program, SF Nuanxin Children Medical Assistance Program, SF Lianhua Primary School Program and SF Liangshan Charity Class Program.

### Education and public welfare

In terms of education and public welfare, the SF Charity Foundation mainly carried out three projects in 2020, namely SF Lianhua Education Assistance Program, SF Lianhua Primary School Program and SF Liangshan Charity Class Program.

**SF Lianhua Education Assistance Program:** The SF Lianhua Education Assistance Program was launched in 2012 and is mainly dedicated to providing financial support for poor high school students, as well as carrying out various projects such as summer camps, dream sharing, headteacher programs, buddy programs and regurgitation-feeding programs. In 2020, the SF Lianhua Education Assistance Program added 3,826 sponsored students in 39 project counties across the country.



SF Lianhua Education Assistance Program Framework

In 2020, SF Lianhua Education Assistance Program donated a total of 44.14 million (including 14.01 million for anti-pandemic grants).

### Story of stakeholder: A special donation

At the end of 2020, SF Charity Foundation received a special donation of RMB768.95. The donor, Han Xu, was the first batch of students funded by the SF Lianhua Education Assistance Program in Longxi County, Gansu province. He applied for the Program because of temporary family difficulties.

In 2018, Han Xu was admitted to Xi'an Jiaotong University and joined the SF Lianhua Education Assistance Regurgitation-feeding Program. He organized and participated in a number of activities in Shaanxi. In 2019, Han Xu participated in the 2019 Shenzhen Summer Camp of SF Lianhua Education Assistance Program as a volunteer, changing from a recipient to a helper. This donation was his first-month salary earned by working part-time at SF Holding under the SF Lianhua Education Assistance University Student Training Program.



Han Xu served the 2019 SF Lianhua Education Assistance Program Summer Camp (Shenzhen) as a volunteer

**SF Lianhua Primary School Program.** The SF Lianhua Primary School Program was established in 2013, which not only supported the poor rural primary school students, but also benefited the teachers in the mountainous areas. As of the end of 2020, the construction of 10 SF Lianhua Primary Schools in which SF Charity Foundation participated was fully completed. In addition, SF Charity Foundation organized a 27-day rural summer camp for university students from 5 SF Lianhua Primary Schools in Guizhou, Hunan and Gansu provinces. A total of 53 college students participated in the camp and provided educational support to 342 primary school students.

As of the end of 2020, the total construction cost of the SF Lianhua Primary School Program was RMB18,626,468.2.

### Story of stakeholder: Regurgitation-feeding Summer Camp

From July to August 2020, the SF Charity Foundation successively launched the Regurgitation-feeding Summer Camp for Hunan Longhui SF Lianhua Primary School, Guizhou Rongjiang SF Lianhua Primary School and Gansu Gangu SF Lianhua Primary School. With training and financial support from the SF Charity Foundation, the summer camp lasts for 14 days. Through participatory and experiential teaching such as hand-drawn paintings and situational stories, primary and secondary school students were guided to explore self-recognition, emotional management and interpersonal communication.



SF volunteers participated in the summer camp

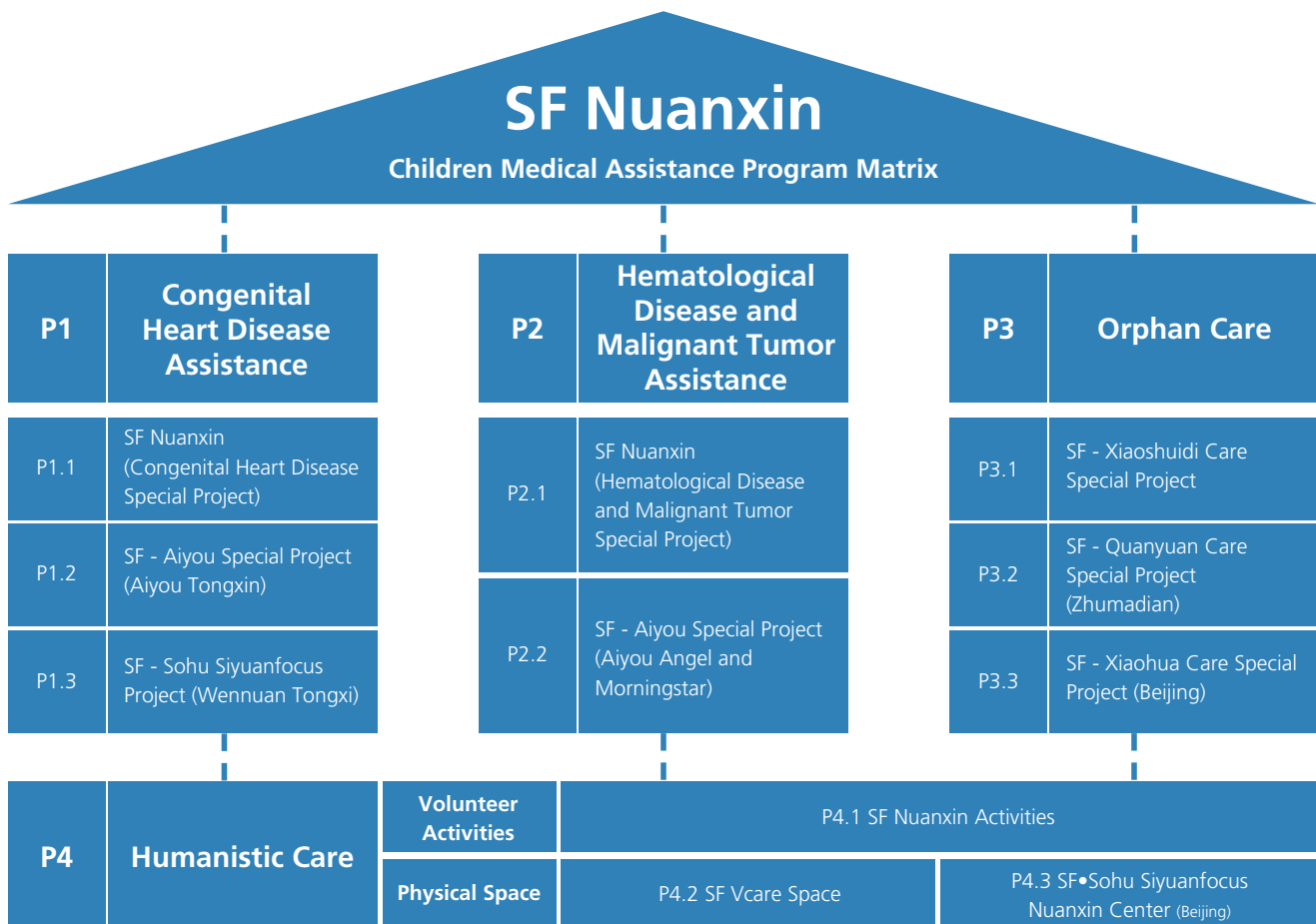
**SF Liangshan Charity Class Program.** SF Liangshan Charity Class Program in cooperation with the Liangshan Ma Wei Social Work Development Center, started in 2010. The program focuses on the living and learning conditions of the abandoned children (children who lose their father or mother and no one to rely on) and the underprivileged girls in Liangshan.

As of the end of 2020, the SF Liangshan Charity Class offered a total of 21 courses and helped 1,157 abandoned children and underprivileged girls in Liangshan. In 2020, the program invested 1,173,173.3.

## Children medical assistance

SF Nuanxin Children Medical Assistance Program was launched in 2014. The program includes three major modules, namely children congenital heart disease assistance, children hematological disease, malignant tumor assistance and orphan care. Meanwhile, the program integrates humanistic care in each module and forms a matrix of the SF Nuanxin Children Medical Assistance Program in parallel with several sub-projects, providing timely and efficient medical assistance and humanistic care services for orphans and poor children. In 2020, the SF Nuanxin Children Medical Assistance Program invested 40.25 million in helping 2,432 children and orphans.

## Program Matrix



SF Nuanxin Children Medical Assistance Program Matrix



As of the end of 2020, the SF Nuanxin Children Medical Assistance Program invested a total of 0.28 billion in helping 12,115 children and orphans.

### Story of stakeholder: Provided children medical assistance

"I would like to express my gratitude to SF public welfare and medical personnel for saving my child. Your enthusiasm and kindness gave the health and hope of babies." These are the words left by Xiaolan's father from Guilin, Guangxi province, before his child was discharged from the hospital.

Xiaolan was diagnosed with congenital heart disease several days after her birth and had serious complications. She was not effectively treated in three local hospitals in Guilin. Under the joint efforts of the SF Nuanxin Children Medical Assistance Program and other parties, Xiaolan was transferred from Guilin to Shenzhen Children's Hospital by a third-party medical team via high-speed rail and underwent the operation smoothly. The SF Nuanxin Children Medical Assistance Program participated throughout the whole process and determined the amount of subsidy in time according to the cost of surgery, so that the treatment process of Xiaolan was not affected by the high treatment costs.



Volunteers and doctors of the SF Nuanxin Children Medical Assistance Program visited sick children





**Offering a green  
and a better life**

	2020 goals	2020 achievement	2021 goals
<b>Goals</b>	<p><b>Green packaging target:</b> By 2025, The Green Packaging Material Program will reduce greenhouse gas emissions (GHG) by 400,000 tons.</p> <p><b>Land transportation target:</b> We used 30% more clean-energy powered vehicles for goods delivery by 2020, based on purchasing and renting 11,000 new energy vehicles in 2019.</p>	<p><b>Green packaging target:</b> In 2020, the GHGs reduction achieved by green packaging materials was approximately 70,000 tons.</p> <p><b>Land transportation target:</b> In 2020, we invested in 17,053 new-energy powered vehicles, representing an increase of 50% as compared to 2019, which exceeded the target.</p>	<p><b>Green packaging target:</b> In 2021, The Green Packaging Material Program will reduce GHGs by 600,000 tons.</p> <p><b>Green transportation target:</b> Taking 2020 as the base year, the company plans to add 8,000 new-energy powered vehicles in 2021.</p>
<b>Key performance</b>	<b>Indicators</b>		<b>Data</b>
	Reduced GHGs through green packaging		Approximately 70,000 tons
	Reduced GHGs through green transportation		78,000 tons
	Renewable energy generation capacity		1,577,170.5 kWh
	Total GHGs		5,426,964.7 tCO <sub>2</sub> e
	GHG intensity		48.4 tCO <sub>2</sub> e/million revenue generated



# Green for every kilometer

In line with the environmental protection theme of “green logistics and low-carbon life,” at SF Holding, we care about the environmental impact created by each express delivery in the whole process of pick-up, transportation, shipment and delivery. We continuously improve the resource utilization rate, reduce carbon emissions and curb energy consumption. This helps us to fulfill our social responsibility of environmental protection and sustainable development of the society.

## Pick-up



At SF Holding, we reduced and recycled packaging materials and improved the suitability of environmental-friendly materials. We optimized and upgraded the cartons, tapes, document seals, fillers and woven bags. This led to a decrease in the use of raw materials. We researched and developed recycling express containers such as Feng BOX, unit load devices (ULDs), roll containers and circular document seals, to convert used packaging materials into renewed packaging material. We promoted the establishment of an intra-city express packaging-and-recycling ecosystem. We also replaced traditional printing ink with laser engraving technology to save the consumption of printing ink. This generated higher economic value, while achieving environmental protection goals.

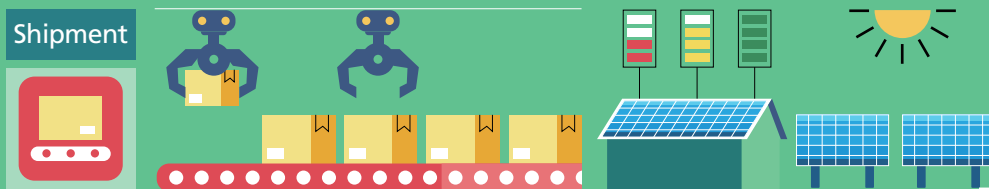
## Transportation



**Air transportation:** We built a “green fleet” and introduced large cargo planes with higher carbon emission efficiency and lower fuel consumption (per hour, per ton of load), under a fully loaded condition, such as 747 tons, 757 tons and 767 tons. We adopted a series of measures such as taking a straight route and second dispatch, to continuously reduce the aircrafts’ energy consumption.

**Land transportation:** We continued to invest in new-energy powered logistics vehicles with an investment scale of 17,053 vehicles in 2020, covering 185 cities. In addition to this, we continued exploring the application and promotion of natural-gas powered vehicles. We added 20 hydrogen-fuel light trucks in Shanghai and two liquefied natural gas (LNG) tractors in Beijing. We will keep expanding the application scenarios and regions in the future.

## Shipment



We promoted the use of renewable energy in industrial parks, transit yards and other scenarios, to reduce GHG. At present, we have established photovoltaic power stations in three industrial parks at Yiwu, Hefei and Hong Kong, to replace electricity generated from fossil fuels. Each industrial park saved water and electricity by installing a constant-pressure water-supply device, optimizing secondary water-supply equipment and upgrading sensor switches.

## Delivery



In the last kilometer of express delivery services, we actively invested in electric tricycles and motorcycles. This activity aimed to reduce the use of fossil energy, as well as air pollutant emissions. By the end of 2020, a total of 27,000 tons of carbon emissions were reduced by the renewable-energy powered (four-wheeled) vehicles, aligned to the collection and delivery process.

We expect to co-build, share technology and innovation, with more partners in the industry in all aspects of its business. Our aim is to help the express logistics industry develop in an active and healthy way, and make more contributions to the national carbon-neutral goal.

# 3.1 / Sustainable transport

At SF Holding, we have implemented a plan to reduce GHG across the logistics life cycle, using green packaging, green transportation and green shipments. We have established environmental and energy management systems. SF Holding obtained ISO14001 and ISO50001 certifications in July and December 2020, respectively. To better address carbon neutral goals and climate change risks in 2020, we expanded the coverage of carbon-emission data, and included more leased or outsourced energy consumption, in the scope of statistics and management.



## SF Holding environmental and energy management system certification entity

Name of certification	Corporate entities	Scope of certification
Environmental Management System ISO14001	Shenzhen SHUNFENG Tai Sen Holdings (Group) Limited	Environmental management activities involved in the operation and management of express services
Energy Management System ISO50001	SF Airlines Limited	Covering the energy management activities and the application of energy-saving technologies, in the service process of SF Aviation's logistics business



Environmental Management System ISO14001



Energy Management System ISO50001

### 3.1.1 Green transportation

In terms of land transportation, we continued to promote the investment and use of new-energy powered vehicles. We also cooperated with suppliers to develop new-fuel powered vehicles (such as hydrogen-and natural-gas powered), to cater to our different express delivery business scenarios. With regards to air transportation, we reduced energy consumption and protected the blue sky by updating the route, increasing direct flights and reducing the using time of auxiliary power devices.

SF Holding's 2019–20 land and air transportation resource consumption

	Unit	2019	2020 <sup>11</sup>
Electricity consumption of land transportation	kW•h	74,324,061.4	117,336,376.5
Gasoline consumption of land transportation	L	206,472.0	69,067,775.7
Diesel consumption of land transportation	L	151,920,855.0	913,116,365.4
Total GHGs from land transportation	tCO <sub>2</sub> e	477,390.9	2,705,510.6
Kerosene consumption of aviation	T	240,125.0	500,657.7
Water consumption of ground aviation	T	39,557.5	39,116.0
Electricity consumption of ground aviation	kWh	4,072,429.9	7,731,677.5
Gasoline consumption of ground aviation	L	94,105.8	81,891.6
Diesel consumption of ground aviation	L	753,549.7	1,149,079.0
Total GHGs of land and air transportation	tCO <sub>2</sub> e	760,028.5	1,585,863.2

#### Land transportation

In 2015, we officially began purchasing new-energy powered vehicles in bulk and set up the “Fengneng” team, which was responsible for all the new-energy generation projects. In addition to strengthening energy management and control, we also effectively managed the water resources consumed during vehicle cleaning.

We at SF Holding widely applied new-energy powered vehicles in transportation scenarios. The vehicles had a daily mileage of less than 180 km, covering feeder transport, heavy goods collection and delivery, and ordinary collection and delivery. In order to match the heavy-goods delivery business, we customized and developed heavy-goods delivery vehicles with mainstream manufacturers, and gradually started to launch them. For long-haul transportation in northern cold areas, we introduced the pilot of hydrogen-fuel powered and LNG-powered vehicles. In 2020, SF Holding invested in 20 light-duty trucks for hydrogen fuel supply in Shanghai and two LNG tractors in Beijing.

To control the new-energy powered vehicles better, we set up a new-energy powered vehicle platform. The platform can reflect the number and usage of all new-energy powered vehicles comprehensively and in real-time. The system automatically compares the utilization rate of vehicles and reflects the usage of vehicles and charging piles at each node, to coordinate the use of vehicles in a timely manner.



New energy vehicle system platform

<sup>11</sup> Land transportation data covers the energy consumption in China mainland, Hong Kong and Macao. Ground aviation data covers air terminal in China mainland. Data of electricity consumption of land transportation, gasoline and diesel in 2020 newly added leased operating vehicles and four-wheel delivery vehicle in China and some overseas area. Data of kerosene consumption of aviation in 2020 newly added leased aviation all-cargo aircraft. Ground aviation gasoline usage is the gasoline consumption of administrative vehicles in the airport and diesel consumption is the consumption of special operation vehicles in the airport.



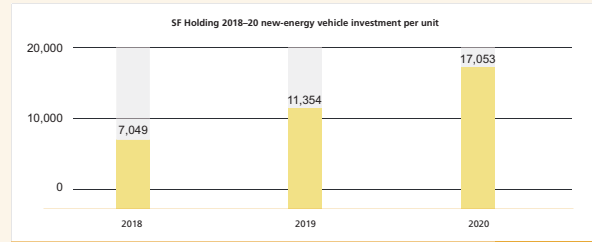
For traditional-fuel powered vehicles, we carried out trainings on how to drive by saving fuel, how to maintain a vehicle and use new technologies. We combined online, theoretical and practical training to reduce the fuel consumption in vehicles during routine use. In 2020, we completed six online trainings, covering 915 vehicle management personnel.

### SF Holding’s continual investment in new energy-powered vehicles and fuel-powered vehicle improvement

**New-energy vehicles:** Since the three-year action plan to fight air pollution was announced, SF Holding has increasingly invested in new-energy powered logistics vehicles. The scale of new-energy vehicle adoption has been at a leading level in China. In 2020, 17,053 new-energy vehicles were put into operation, representing an increase of 50% compared to 2019, which involved 185 cities.

**Traditional-fuel powered vehicles:** SF Holding is committed to reducing pollutants and GHG emissions during transportation. In 2021, SF Holding plans to invest more fuel-powered vehicles with high emission standards and large models to improving fuel efficiency and reducing carbon emissions. It is expected that the launch of new models will reduce carbon emissions by 1,800 tons of carbon dioxide equivalent in the year.

In 2020, SF Holding’s new-energy vehicle investment led to a total reduction of 78,000 tons of GHG emissions. It won the “2019-20 China New Energy Vehicle Industry – Green Responsibility Award” in recognition of our strong promotion in the field of new-energy powered vehicle investment.



SF Holding won the 2019–20 China New Energy Automobile Industry – Green Responsibility Award

In terms of energy saving and consumption reduction in the last kilometer, we relied on new-energy powered electric vehicles (four-wheeled vehicles), electric tricycles and motorcycles. In 2020, we launched the “Two-and-three-round collection and delivery vehicle intelligent module system” project to further monitor and manage the operational energy consumption data. As of the end of the reporting period, we at SF Holding had approximately 8,200 new-energy powered electric vehicles (four-wheeled vehicles), 195,000 electric tricycles and 38,000 motorcycles.



SF Holding’s electric tricycles and motorcycles

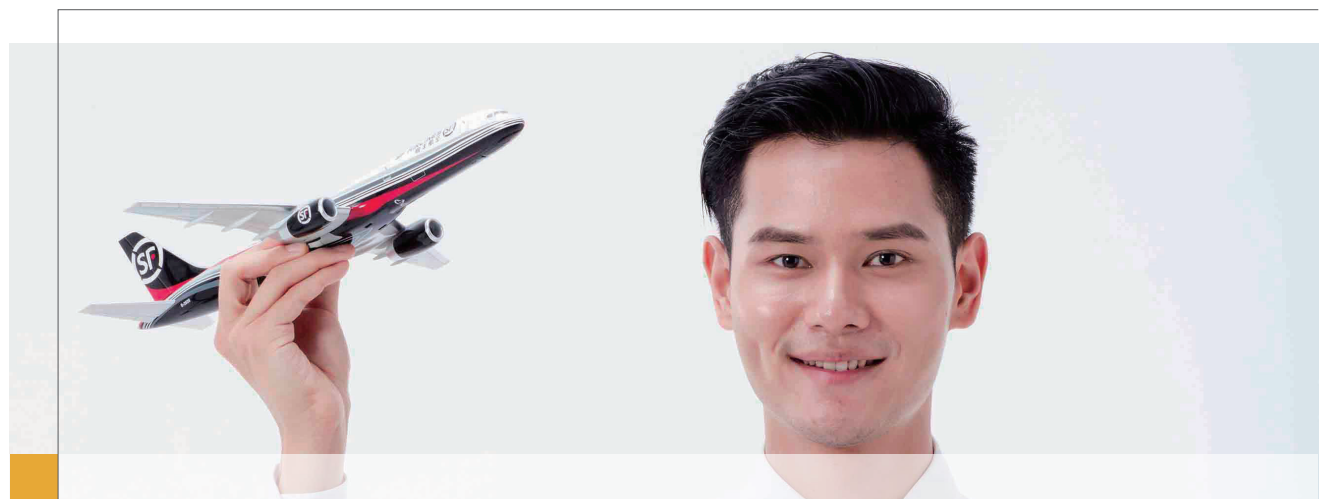
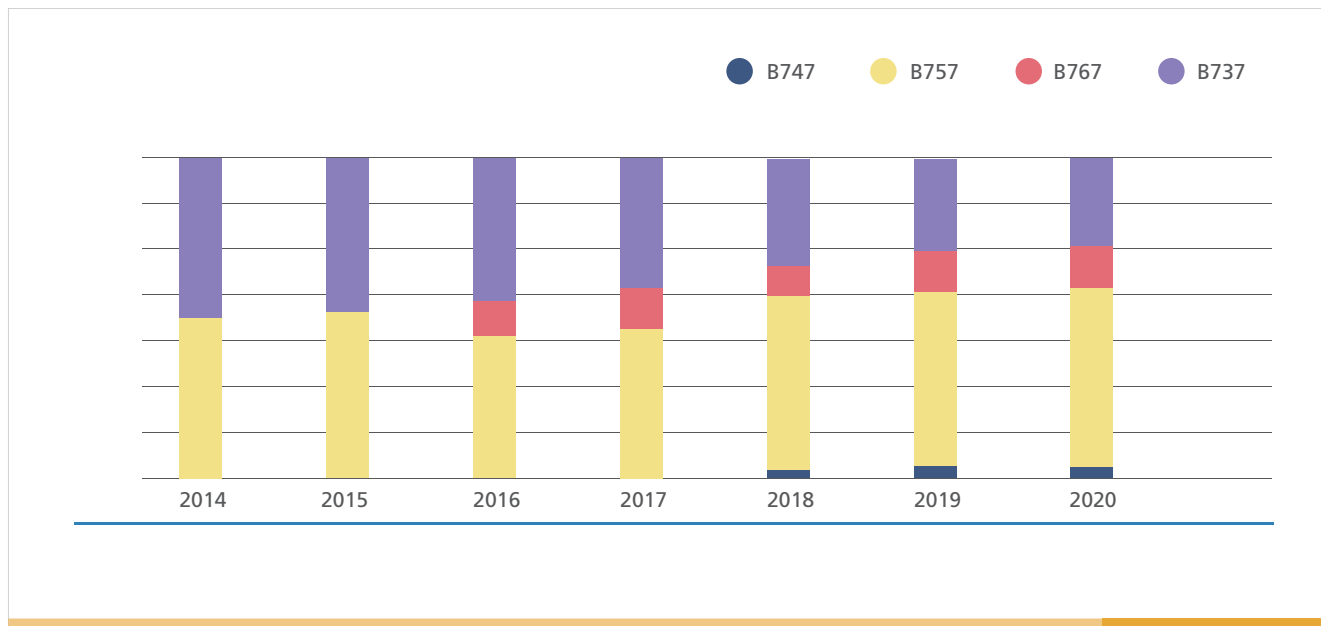
## Air transport

We comply with the requirements of the *Energy Conservation Law of the People's Republic of China*, the regulations of Guangdong province on energy conservation and the interim measures for the management of monitoring carbon dioxide emissions from civil aviation flight activities. We established the *Energy Measurement Management System* and the emission-reduction reward and punishment system. In addition, we set up an energy-saving fund to commend and reward departments and individuals, that have made outstanding achievements in energy conservation.

We established an aviation energy management framework, by forming a leading group to direct the energy management working group and review its proposals. The working group develops specific energy management work plans and measures, analyzes energy data such as, aviation kerosene, gasoline, diesel, gas, water and electricity and reports the progress to a leading group. We audit and verify annual aviation kerosene, water and electricity consumption data, in line with the Civil Aviation Administration of China (CAAC) requirements to ensure its accuracy. We report the audited data to the CAAC for inspection by relevant government departments.

**Upgrade to “green fleet”** At SF Holding, we are committed to building a “green fleet” with low-energy consumption and high efficiency. Since 2018, we have actively introduced large cargo planes such as 747, 757 and 767. The newly acquired large cargo aircraft has higher carbon-emission efficiency and lower fuel consumption per-ton-per-kilometer, when compared to the traditional 737 freighter. In 2020, we introduced three B757 freighters and held a cargo fleet of 61 self-owned aircrafts.

The proportion of SF Holding’s own large models increased from 2014 to 2020



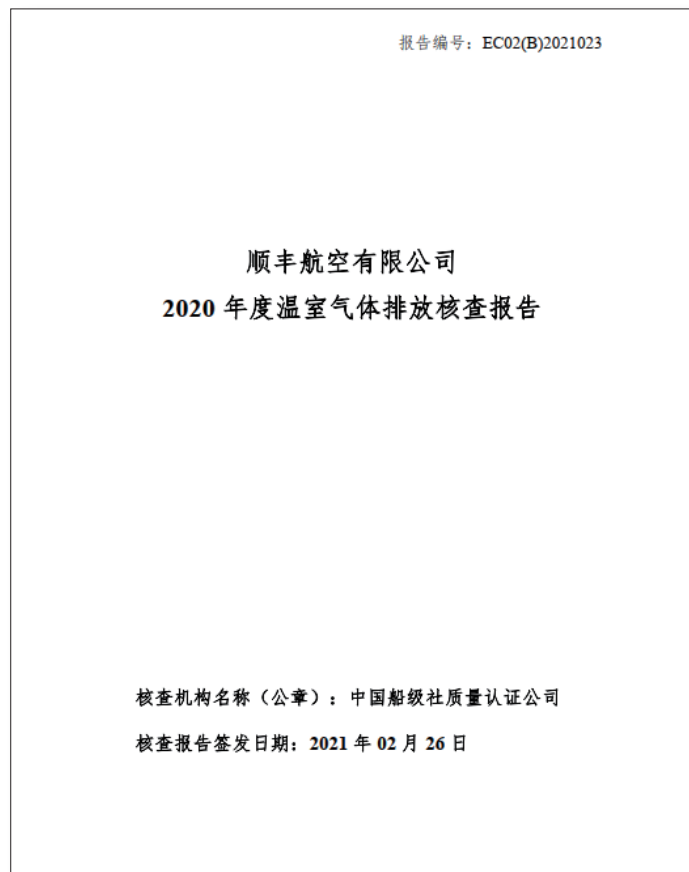
**Apply energy saving technology** At SF Holding, we adopted a number of energy-saving and emission-reduction measures such as optimization of flying height, refinement of business load, dynamic allocation of aircraft models based on forecast business load, second dispatch, straight route selection and switch-off auxiliary power devices to reduce fuel consumption. For example, at SF Holding we received the approval for operating B757 model Lhasa airport RNP AR, which can shorten flight distance and reduce fuel consumption. We also optimized electronic flight bags to replace traditional paper documents and reduce aircraft weight. We coordinated with Shenzhen Air traffic control for building a parking lot closer to the runway to reduce ground taxi time. In 2020, our energy consumption intensity indicator at SF Airlines was 4.16 tons of standard coal per ten-thousand-ton kilometers, representing a 9.6% decrease, compared to 2019.

**Prevent pollution from maintenance** In response to the waste engine oil generated during the aircraft maintenance process, at SF Holding we have formulated the *Waste Oil Management Regulations*, which clearly stipulates the treatment of waste oil, hydraulic oil and lubricants released during aircraft maintenance. We require the maintenance personnel to regulate the management of waste oil stored in accordance with the *Dangerous Goods Management Procedure*. In 2020, we switched to tap water instead of detergent to clean engines and reduce adverse environmental impacts during aircraft maintenance.

**Promote energy conservation** At SF Holding, we've established the *Regulations on Energy Conservation Publicity, Education and Training* and have regularly organized energy-conservation publicity activities. This helped integrate the idea into daily training and guide our employees to actively participate in energy conservation and low-carbon work.

**Ground energy saving and consumption reduction** We use vehicle monitoring, route planning and clean-energy powered vehicles to reduce energy consumption in our airport ground vehicles. We've also developed the operation plan and management measures for clean-energy powered vehicles in the field and trained staff in the use of clean-energy powered vehicles.

**External audits on energy conservation** In accordance with interim measures for the management of monitoring carbon-dioxide emissions from civil aviation flight activities, we at SF Airlines submit the previous year's *SF Holding* aviation GHG monitoring system to CAAC before 30 April every year. To ensure the authenticity and reliability of the data, we have invited a third-party inspection agency to conduct a regular audit every year and have issued an audit report to CAAC since 2020.



SF Holding's aviation GHG monitoring report in 2020

### 3.1.2 Green shipment

At SF Holding, we actively established green industrial parks, reduced environmental pollution caused by express transit, reasonably improved the space layout of warehouses and improved express-transit efficiency and energy-saving efficiency.

We promoted the installation of constant-pressure water-supply devices and the optimization of secondary water-supply equipment in each industrial park, to enhance water efficiency. At the same time, we upgraded the manual light switches to sensor switches, automatically turning off lights when there's no staff or sufficient light. We installed time-controlled switches and adjusted the automatic-switching time of lights according to seasonal changes and the duration of sunlight, to realize the effect of energy conservation.

SF Holding's industrial park and transit depots environmental data for 2019-20<sup>15</sup>

	Unit	2019	2020
<b>Water consumption</b>	t	326,459.5	620,251.7
<b>Waste generation</b>	kg	12,331,681.4	16,703,832.4
<b>Renewable energy generation capacity</b>	kWh	1,296,826.4	1,577,170.5
<b>Electricity consumption</b>	kWh	44,872,756.0	299,143,742.3
<b>Total GHGs</b>	tCO <sub>2</sub> e	36,494.5	265,091.6

At SF Holding, we actively increased the use of renewable energy and carried out renewable energy plans to reduce GHG emissions. We've built photovoltaic power stations in Yiwu, Hefei and Hong Kong, generating 1,577,170.5 kWh of total electricity. The use of clean energy accounts for 5.4% of the electricity consumption in the whole industrial park.



Photovoltaic power station at Yiwu Industrial Park



Photovoltaic power station at Hefei Industrial Park



Photovoltaic power station at Hong Kong Industrial Park

<sup>15</sup> Environmental data related to the Industrial Park cover SF Holding industrial parks in China mainland and Hong Kong. Environmental data for external tenants in the industrial park is not included. The electric power and water resources consumed by the ground aviation of SF Airlines in South China HUB industrial park are also excluded. This part of data is included in the table SF Holding 2019-2020 land and air transportation resources consumption and ESG key performance tables.  
Data of water consumption, electricity consumption and GHGs in 2020 newly added transit depots in China mainland.



### Case: Energy efficiency management of photovoltaic power station in Yiwu Park

SF Holding used a smart-electricity monitoring platform to install metering and monitoring meters on the two sets of photovoltaic grid-connected cabinets, realizing real-time viewing of photovoltaic power generation data. With the assistance of a smart-electricity monitoring platform, the power generation and the operation performance of the photovoltaic system can be viewed in realtime on a mobile phone. Also, the monthly operation report of the photovoltaic power station can be analyzed, based on the daily event processing and the daily generation data, which ensures its stable operation.



Smart-electricity monitoring platform for mobile terminals





### 3.1.3 Green office

We have established internal systems such as the *Measures for Office Space Management* and *Measures for the Management of Water and Electricity* to effectively promote remote-office normalization and use of office space efficiently. At SF Holding, our operation does not involve the use of a large amount of water, or pollution to water resources.

SF Holding's office and service network environmental data for 2019-20<sup>14</sup>

	Unit	2019	2020
Paper used	kg	26,249.6	31,961.5
Electricity consumed	kWh	5,459,125.6	252,084,789.6
Office waste produced	kg	1,528,800.0	4,098,124.8
Water consumed	t	72,174.9	43,600.3
GHGs	tCO <sub>2</sub> e	4,567.7	216,385.5

We've been actively promoting the culture of green office, energy conservation and environmental protection. Through various resource conservation measures, our SF Holding operation sites saved 3 million fee of water and electricity in 2020.

- **Water management:** We regularly inspected water equipment in every operation network. We also reported and repaired defective equipment on time. Maintenance was usually completed within a day to reduce the unnecessary waste of water. We commenced the installation of water-saving devices in 2020, covering 60 regions across the network.
- **Energy consumption management:** We actively improved the management of electricity consumption at operation sites and installed intelligent management systems on it at certain sites, to reduce future energy consumption. In 2020, Wenzhou, the first pilot unit of SF Holding's smart meters completed the installation of 168 smart meters. In December 2020, the bidding for smart meters in Henan and Suzhou areas was completed. The installation and pilot projects are being planned in 2021. In the future, based on the pilot evaluation, we will continue to promote the smart-meter mode across more sites.
- **Decoration management:** We regulated the construction of office premises by using energy-saving lamps in the decoration sites and strictly complying with the local requirements on noise management, without affecting the lives of local residents. The decoration garbage, wastewater, etc. generated during the decoration process were discharged in accordance with green construction standards or recycled by professional third-party companies, to minimize environmental pollution.

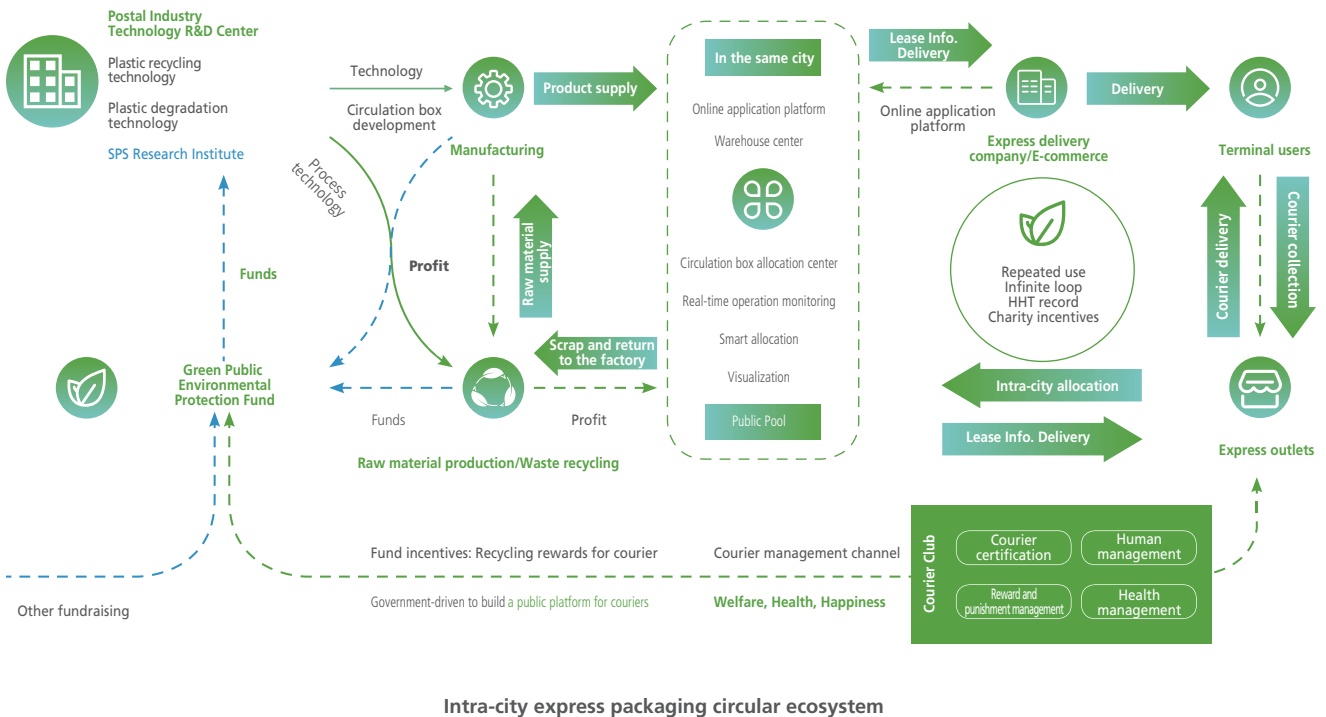


SF Holding carried out water-saving and energy-saving publicity

<sup>14</sup> Data of electricity consumed and greenhouse gas emissions in 2020 newly added service network and office in China mainland. Data of paper used, office waste produced and water consumed covered the sites used by SF Holding in Shenzhen Software Industry Base Building, Shenzhen Man Kee Commercial Building, Shenzhen Richinfo Technology Building and Shenzhen Chuangzhi Tiandi Building (collectively referred to as headquarters office).

## 3.2 / Promoting circular economy

At SF Holding, we are committed to research and development (R&D), application of sustainable packaging products and establishing R&D channels for reuse, reduction and recycling, to promote circular economy and the construction of waste-free cities. Meanwhile, we actively cooperated with upstream and downstream industry chains including, packaging materials manufacturers, logistics enterprises, consumers and recycling enterprises, to promote the recycling of green packaging in the whole society by connecting all the links. As of December 2020, we've invested in 27.6 million recycling products in the society, with a total of 93.5 million recycling times.



### 3.2.1 Green packaging

In 2020, eight ministries and commissions including, the National Development and Reform Commission, the State Postal Bureau and the Ministry of Industry and Information Technology, jointly issued the Opinions on accelerating the green transformation of express packaging, to promote the green revolution of express packaging. In line with the development trend of green packaging, SF Holding continued to promote the implementation of green packaging plans.

#### R&D of green packaging technology

At SF Holding, we set a target to reduce GHG emissions by approximately 50,000 tons in 2019. We scheduled to realize the target through three measures:

- Reduced packaging
- Circular packaging
- Environmental-friendly packaging materials

In 2020, we carried out technical transformations on packaging, saving approximately 26,000 tons of base paper and 8,000 tons of plastic, and reduced 70,000 tons of carbon emissions in total which exceeded the targets set in 2019.

At SF Holding, we are committed to empowering the express delivery industry with technological innovation and exploring the direction of green development for the express delivery industry. We had more than 99 patents related to green packaging at the end of 2020, covering fields such as reusing, plastic reduction and green printing. Meanwhile, we also won four national green product awards in 2020.

SF Holding's packaging material consumption for 2019–20

	Unit	2019	2020
<b>Express envelopes</b>	kg	77,556,302.1	75,051,139.1
<b>Paper packaging materials</b>			
<b>Waybills</b>	kg	18,569,099.2	22,287,605.8
<b>Cartons</b>	kg	235,122,326.8	231,477,670.1
<b>Plastic foam packaging materials</b>			
<b>Plastic bags</b>	kg	21,099,363.4	26,761,002.0
<b>Scotch tape</b>	kg	23,360,289.1	26,316,984.3
<b>GHG emissions from packaging materials</b>	tCO <sub>2</sub> e	631,110.9	654,113.9

**Reduced packaging:** At SF Holding, we launched the Fengjing program in 2018, to develop green-packaging solution and carbon emission evaluation standard. We improved our resource-usage efficiency, using data-based management models. In 2020, on the basis of the work done during the previous two years, we promoted the optimization and modification of code scanning and electronic-shipping orders. We also built a physical performance database for bulk packaging materials, laying a foundation for the quantitative revision of standards and the reduction of excessive packaging.

**Circular packaging:** At SF Holding, we developed four types of recycling express containers, including Feng BOX, ULDs, roll containers and circular document seals. We also built our recycling operation platform for data management. We actively worked with stakeholders to build an express packaging recycling ecosystem to minimize the environmental impact. By the end of 2020, we had launched eight recycling products, with a total of 93.5 million circulations. In 2020, Feng BOX recycled approximately 8 million times.

**Green packaging materials:** We pioneered ink-free printing cartons (i.e., laser cartons) in the express delivery industry and replaced traditional printing ink (which can save 100% of the consumption of printing ink) and meanwhile have the advantages of being difficult to wear, high processing precision and fast printing speed, so as to achieve green and environmental protection, while having a high economic value. In 2020, we successfully launched a pilot program for ink-free printed cartons and document seals, and we are gradually promoting the whole network.



Feng BOX



Laser cartons



ULD C-box

## Green packaging activities

At SF Holding, we've always been committed to advocating and promoting the development of green logistics. We promote environmental protection activities at all levels of operation within the company, to reduce GHG emissions and also actively promote the concept of environmental protection at a social level.

In 2020, SF Holding participated in the formulation or revision of three national and industry standards.

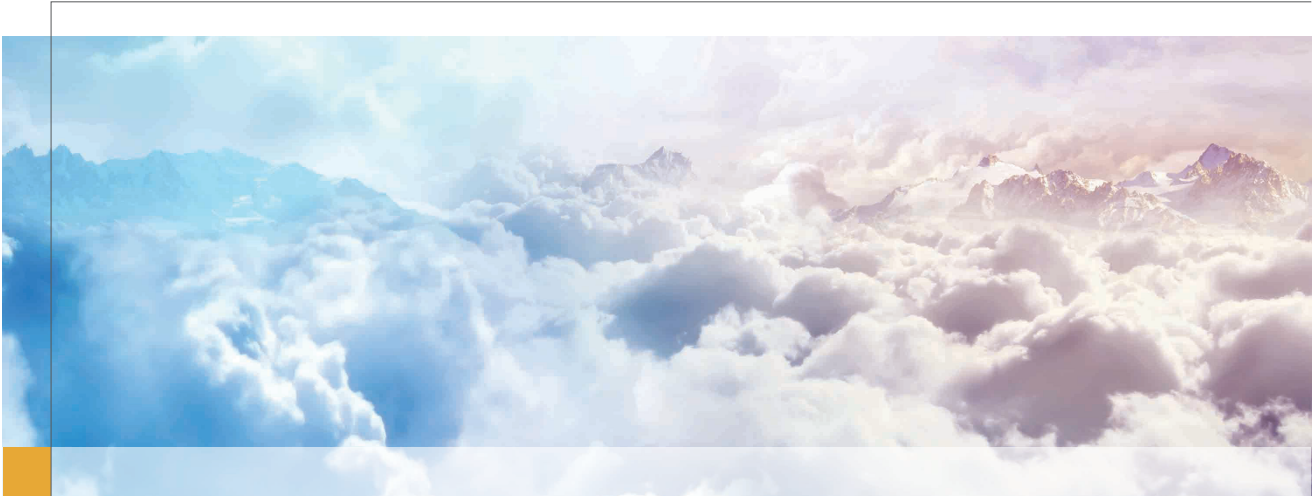
At SF Holding, we actively cooperated with government departments and universities and took advantage of SF Holding's own corporate advantages, to hold green-packaging competitions and to enhance social awareness about environmental protection. We held a design competition and six large-scale brand exhibitions in 2020. Additionally, we actively participated in industry exchanges, to empower our knowledge and capabilities. As the main speaker, we participated in training activities such as the green-packaging training of the Postal Bureau and the Asian Corrugated Packaging Association. We also discussed the green-packaging technology and packaging recycling mode with relevant parties, to jointly promote the development of green packaging in the whole society.



Green-packaging design competition

## 3.3 / Climate change response

Climate change is an issue that has attracted worldwide attention. Enterprises must evaluate the medium- to long-term impacts of climate change on production and operation, to identify the related transition and entity risks. At SF Holding, we are keen on improving energy efficiency, reducing GHGs and coping with extreme weather, as these are important sustainable development measures, that will enhance our competitiveness.



### 3.3.1 Risk identification and assessment

At SF Holding, we've actively carried out the identification of climate change risks and opportunities, integrated climate change risks into the corporate risk database and conducted sound and effective identification and control. Through feedback from aviation and land transportation personnel, we were aware that climate change factors such as rainy weather, typhoon, extreme cold weather and GHG emissions bring many safety and operational risks. By identifying and assessing regular risks, we recognized the below risks related to climate change.

#### Transformation risks

- **Policy risk:** The Paris Agreement has a long-term goal of restricting average temperature rise within 2°C from pre-industrial levels. Member governments are implementing various policies and regulations to support this goal and capital markets and industry associations will follow suit. This creates a potential policy and standard compliance risk.
- **Cost risk:** Express transportation consumes a large amount of energy, including gasoline, diesel and aviation oil. This consumption is one of the most important sources of GHGs. As the world pays increasing attention to environmental protection, renewable energy has been given a higher priority. Compared to fossil energy, renewable energy may require enterprises to purchase new transportation vehicles or retrofit existing ones, presenting potential cost risks.

#### Physical risk

- **Extreme weather:** Climate change increases the frequency of extreme weather events such as thunderstorms, rainstorms, hail and clear air turbulence, leading to volatile weather conditions, that affect transport safety. Under extremely cold weather conditions, the temperature and activity of battery packs decrease, resulting in a significant decrease in vehicle charging efficiency and battery life. Increasing low-visibility can cause substandard takeoff and landing, affecting the on-time rate of flight departure, aggravating flight delays and increasing the flying-risk exposure.
- **Global warming:** As the climate becomes warmer and the density of the atmosphere decreases, the lift generated by the wings will decrease. Due to the high temperature, a fully loaded aircraft cannot take off safely at certain times and must be reduced or delayed. During hot summers, purely electric new-energy powered vehicles are prone to spontaneous combustion and fire accidents during charging, and also while driving due to a change of voltage and temperature in the battery box.



## 3.3.2 Risk response

**Participation in the formulation of standards and reduced policy risks:** We helped in the formulation and implementation of policies and standards in the postal-express industry and national transportation. We closely follow policy trends to avoid operational risks from policy changes in the future.

**Development of green supply chain and promotion of industry reforms:** We provided our customers with a recycling-packaging ecosphere and green supply-chain solutions, in terms of green packaging and land transportation. We also cooperated with upstream and downstream customers to deepen the impact on energy conservation and emission reduction in the industry.

**Strengthen energy conservation and emission reduction, and reduce greenhouse gases:** We adopt green logistics measures across the entire package life cycle, including green packaging, transportation, and shipment. We purchase clean energy vehicles and implement energy conservation and emission reduction programs for aircraft fuel. These measures improve energy efficiency and reduce greenhouse gas emissions from each package.

### **Coping with extreme weather and reducing business risks:**

- We arrange our transportation operations based on data from the meteorological system, approved by the civil aviation authority. At SF Holding, we control the overall flight operation via the operation control center and forecast weather via the weather seat, to ensure safe and punctual flight operations.
- While introducing vehicles, we at SF Holding explicitly required vehicles in northern and cold regions to increase the power heating function. For some areas with low temperature in winter, combined with the release of extended-electric vehicles and fuel-cell powered vehicles, we at SF Holding replaced electric vehicles with poor performance metrics, to lessen the risk of vehicle use in extremely cold weather.

### **Estimation of weather changes and early response:**

- We appropriately arranged transport operations based on meteorological data provided by the meteorological system, approved by the civil aviation authority. At SF Holding, we controlled the overall operation of flights through the operation control center and forecasts made by meteorological seats<sup>15</sup>, to ensure the secure operation of flights.
- In response to the flood in the Yangtze River, we launched a flood prevention emergency. We flagged-off safe operation with regard to early warning, inspection, material reserve, personnel escape routes, settlement point sorting and safety reporting during the flood season. Total 161,010 people in the Yangtze River Basin participated in the flood-control knowledge assessment. For some areas affected by flooding that resulted in losses, we at SF Holding obtained claims through our insured insurance system, to reduce losses.

---

<sup>15</sup> Weather seat refers to the meteorological management department of Air Traffic Management Bureau, which manages all kinds of support systems including, radar, satellite and service terminal. Its main responsibilities include the forecast and release of meteorological data.



**Supporting innovation  
smart industry**

<b>Objective</b>	Bring customer service dissatisfaction to under 5% in 2021.	
<b>Key performance indicators</b>	<b>Indicators</b>	<b>Data</b>
	Social Responsibility Clause signing rate	100%
	Supplier Integrity Agreement signing rate	100%



## Building the belt and road

In 2013, China proposed an important international cooperative initiative to construct the Belt and Road and actively developed economic partnerships with countries along the route.

At SF Holding, we began to expand our international business as early as 2010, providing convenient and reliable international express delivery, e-commerce, freight forwarding, warehousing, along with freight forwarding services for domestic and foreign manufacturing companies, trading companies, cross-border e-commerce businesses and consumers. We tailor an integrated import and export supply-chain solution, including market access, transportation, customs clearance, delivery, warehousing and systems according to customer needs, aiming to help outstanding enterprises and commodities in Mainland China go global and also bring in high-quality overseas companies and commodities. Following the launch of the Belt and Road initiative, we leveraged our advantages to actively expand our presence in overseas markets, to help Chinese-funded enterprises expand overseas. We also provided customized cross-border supply-chain solutions based on the diversified needs of enterprises to build an international end-to-end one-stop integrated logistics service capability.

### Stable international air network

The international air network is the core capability of SF Holding in providing international logistics and supply-chain services. We have developed into the largest cargo airline in China with 61 self-operated all-cargo aircraft. In the first half of the year, a total of 3,532 aircraft were executed on international routes, representing a year-on-year increase of 353%.

### Reliable overseas ground network

At SF International, we have established branches in over 20 overseas countries and regions. We have also established 10 overseas warehouses, such as the ones in Moscow, Russia, Frankfurt, Germany, Los Angeles, the US, Liverpool, Thailand, Bangkok and Sydney, Australia, gradually building a reliable service network and a localized service team around the world.

### Self-owned customs clearance assurance capabilities

At SF International, we have established six international operation centers in Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Qingdao, etc., and opened more than 20 customs clearance ports in China with AEO (Authorized Economic Operator) certification, which can provide various customs declaration methods according to customers' needs. SF Holding has currently obtained self-operated customs clearance qualifications and commenced customs clearance business in various self-operated ports, such as the United States (Electronic Container Freight Station customs clearance qualification), Singapore, South Korea, Mongolia and Malaysia.

By the end of 2020, the SF International Express business of SF Holding covered 78 countries and regions, including the United States, the European Union, Russia, Canada and Japan, and the international small package business covered 225 countries and regions.



SF Holding's overseas outlets



SF Holding's overseas employees

### Case: SF Holding vigorously expanded its international logistics business and contributed to the Belt and Road initiative.

In 2018, we formed a joint venture company A with X Group in Indonesia to gradually establish express, warehousing, international express, and freight businesses in Indonesia. We continued to expand the scale of investment cooperation and further provided power for constructing the Belt and Road.

- **2018:** Company A was established. With the assistance of SF International's technology team, the company's operating system was quickly built.
- **2019:** Established joint venture company B to operate the warehousing and distribution business.
- **2020:** Company A was among the top 10 local express delivery companies with an average daily delivery volume of 0.25 million orders and over 4,000 employees. Company A won the Indonesia Digital Innovation Award and the Best Brand in 2020.
- **2023:** Company A plans to add at least 2,000 to 2,500 jobs and become the best express delivery companies locally to provide high-quality, affordable express services for local people.

## 4.1 / Industrial innovation

At SF Holding, we establish diversified product services and solutions through logistics products, such as “Feng Zhi Yun Chain.” We use technology to empower order placement, transit, transportation, distribution and other operational links to improve business accuracy and efficiency. We have established a sound intellectual property protection system and innovation mechanism and enhanced internal innovation vitality through micro-innovation work review and annual innovation competition.

### 4.1.1 Building smart logistics

We continue to distribute a diverse range of products and build a smart logistics system to improve industry efficiency.

In 2020, SF Holding Technology invested 4.27 billion in science and technology, including 3.00 billion in R&D.

#### Diversified logistics products

At SF Holding, we adhere to the customer-centric, demand-driven and experience-based product design thinking, and strive to create diversified product services and solutions. In 2020, we developed a smart supply-chain platform – Feng Zhi Yun Chain – which can provide customers with end-to-end one-stop intelligent whole-chain solutions to improve logistics efficiency, and achieve cost reduction and efficiency enhancement in all aspects from the formulation of supply-chain plan to the actual transportation and warehousing.

#### Building a smart logistics system

Through technological innovations, we empower the logistics industry with intelligent, digital, visual and customized transformation. We have independently researched and developed a complete set of smart network platforms, integrating our core operation systems (including ordering, receiving, transferring, transporting and dispatching), the SF Map, big data, information security and smart O&M management platforms. These platforms have covered all business segments and scenarios to enable business in a fast, flexible, safe and comprehensive manner. In addition, these platforms have promoted information interconnection of the whole logistics chain, which has created a smart and solid foundation for the company’s diversified business development.

In addition, couriers can learn more easily and quickly through internet means, such as socialization, gamification and video streaming. In 2020, through new online training, the collection and distribution efficiency of express delivery personnel increased by 7%, while the accuracy rate of one-off delivery orders increased by 27%.

#### Case: SF Holding deepened technology-enabled logistics in 2020.

##### Blockchain tracking platform

In 2020, we established a blockchain traceability platform for local characteristic agricultural by-products. The platform provides the only source code for products, tracking products’ flow from field to table. It helped to achieve automatic data collection of transparent and traceable information, such as food quality, safety and source of each link, for the end-to-end industrial chain of agriculture.. In particular, during COVID-19, the whole process of agricultural by-products can be traced as a strong guarantee for implementing epidemic prevention and control.

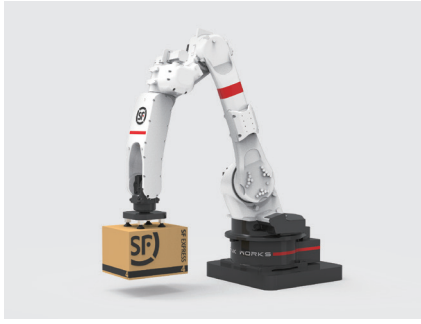
##### Automation and robotics

Through independent innovation and R&D, we gradually solved the technical problems in the unmanned logistics scenario and actively promoted unmanned logistics in the application scenarios of warehousing, packaging, transportation, distribution and other fields. In 2020, we continued to build an unmanned transit yard to reduce workforce input and improve supply efficiency through a fully self-owned unmanned upstream system. The development and introduction of error-division detection and intelligent scanning system have effectively realized the refinement and quality improvement of the automatic sorting process management of small pieces, leading to the development direction and standard formulation of industry technology.





Building Robot



Sorting robotic arm



Cold chain environmental information recorder

## Internal innovation-driven mechanism

At SF Holding, we pursue innovation in three ways – cultivation, generation, and application.

- **Cultivation:** Starting from improving employees' basic innovation ability and creating an innovative atmosphere, we encourage employees to strengthen the cultivation of innovative thinking and methods through training, building a closed-loop platform for discovering, digging, discussing and giving feedback.
- **Generation:** We provide a display platform by reviewing micro-innovative works in daily work and annual innovative competitions and adopting high reward and daily incentive mechanism.
- **Application:** We pay close attention to the establishment of intellectual property mechanism. By tracking and sorting out each product, we focus on high-value intellectual property rights to achieve 100% application of intellectual property rights before the market-oriented products and enhance the application value of intellectual property rights.

In 2020, we added the Technology Application and Innovation Incubator project to open the bottom-up innovation incubation channel. We have established a series of processes, including recruitment team, training empowerment, business research, mentor assistance, process management, project review and approval, and incentive production, to form a systematic and comprehensive innovation mechanism and stimulate independent innovation. A total of 11 project teams have joined the project, with more than 100 participants. By the year-end, four teams have officially passed the project establishment, covering core businesses, such as digital management, business opportunity exploration, express delivery staff collection, delivery devices, supply chain, and the scientific and technological innovation mechanism has achieved initial results.

In 2020, SF Holding got 1,195 innovative solutions, through an innovation-driven mechanism. The number of participants reached 85%, and 3,027 patents were obtained and applied for.



SF technology 2020 Innovation Competition

## Intellectual property protection

SF Holding strictly abides by the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. It has formulated internal systems, such as *Management System Trademark*, *Group's Patent (Software Copyright) Achievement Management System*, and *Operation Guidelines for Handling Group Infringement Incidents*, to regulate the management of patents and the use of the company's trademarks (trade name) and prevent and deter infringements.

By the end of 2020, SF Holding was granted 1,371 patents, 1,562 software copyrights and 4,237 trademarks. Among them, there were 420 new authorized patents in 2020, and the number of patents held ranked in leading position in the domestic express delivery industry.

In terms of measures, we implemented various measures, such as online monitoring, offline actions and internal management to protect the intellectual property rights:

- **Online rights protection:** If the goods linked with counterfeit SF Holding trademark and brand are retrieved from major e-commerce platforms, we will cooperate with SF material, customer service and other departments to file complaints online to minimize the adverse impact by removing illegal links on the platform. In 2020, we cleared over 10,000 non-compliant links on major e-commerce platforms.
- **Offline rights protection:** If clues, such as illegal infringement of offline stores and company names, are found, we will rely on law firms to protect rights by issuing legal letters and filing complaints and reports to the local market supervision and management bureau.
- **Internal management:** We have established a safety review mechanism for the external development of core technologies, designed to meet different approval levels according to different core technologies levels. It lets us avoid the leakage of core technologies and improve the Group's core technology protection system.

At SF Holding, we give great importance to the protection of intellectual property rights and we actively carry out relevant training. We introduced laws and regulations related to intellectual property rights to our employees, in the form of on-site or online meeting discussions, telephone and email.



## 4.1.2 Safe delivery and transportation

At SF Holding, we abide by the *Administrative Measures for Post Delivery Safety Supervision*. We created systems, including the *Dangerous Goods Transportation Manual*, *Operation Procedures for Receiving and Sending Express Mail Containing Lithium Batteries*, and *Operation Procedures for Real-Name Receiving and Sending of Express Mail Collection*. In 2020, we optimized and published the *Battery Express Packaging Operation Specification V1.0*.

### Strict control in the inflow of high-risk items at the source

**Real-name mailing:** We have set up a real-name delivery working group internally. We used technology to realize the effective implementation of a real-name certification system from the dimensions of process implantation, system mandatory real-name registration and detection monitoring. We incorporate the real-name rules and requirements into the system to ensure the mandatory real-name of the express document and the authenticity and effectiveness of the certified information. We display the real-name situation on the system online, implement outlet monitoring, and incorporate the unsubstantiated real-name data into the examination standards of the personnel. In 2020, our overall real-name registration rate was close to 100%.

#### SF Holding's real-name certification system updated in 2020

- Launched non-real-name data notification courier personnel, require to manage and make-up records
- Increase the restrictions on cash settlement and monthly settlement of real names
- Pilot and promote the compulsory real-name certification of WeChat scanning code of customers to reduce the risk of real-name information authenticity
- Launched identity card number verification rules to avoid the risk of non-compliant identity information input

**Inspection on receiving and posting:** We issue order reminders to our couriers according to the nature of the customer placing the order, such as new, check and strict check. We provide each courier with a hand-held terminal to query our contraband database. Our Tianquan early warning system also identifies risks, controlling the flow of high-risk items through our express channels.

In 2020, SF Holding intercepted 10,713 illegal and contraband items.

**Passing the security check:** Our smart security check system collects and displays the operational status of security check machines, the number of packages passing through the machines, and the types and the number of illegal contraband items found.

### Strengthening targeted security measures

**Ensuring the safety of items with high spontaneous combustion risk:** We reduce the risk of spontaneous combustion and damage of batteries and fragile articles using intensive express delivery and professional container loading. For example, for electronic products (lithium battery) express delivery, flame-retardant containers are used for collection and transportation. The fire automatic alarm systems, anti-static electric belts, and anti-static electric packaging materials were installed in transportation vehicles. In 2020, SF Holding carried out training on Lithium Battery Packaging Video to prevent dangers, such as explosions in lithium battery transportation.

**Ensuring the safety of cold chain products:** We formulated the *Grading Management of Food Safety Risks in Cold Transport Division* to provide professional, efficient, end-to-end, visible and controllable cold chain logistics services to ensure food freshness and safety. We established logistics service and internal control standards for transporting medical products. These include specialized medical transportation vehicles and facilities, a full-chain temperature guarantee and monitoring system, and a logistics system with traceability and visualization. In 2020, we were awarded the qualification of the first drug third-party logistics Notification Commitment Public Notice System after implementing the new *Drug Administration Law of the People's Republic of China*.

In 2020, SF Holding received the Top 10 Integrated Logistics Service Providers award in the 2019–20 China Cold Chain Industry Golden Chain Award.

**Strengthen transportation security management:** We use van-type trucks for transportation, equipped with a regulator or electronic locks and sealing labels. We can monitor the vehicles' parking positions in real-time and regulate the parking time and driving routes to ensure the safety of express packages in transit.

Secure delivery is part of our personnel assessment. We impose administrative penalties on regional management personnel for security issues during delivery. The assessment results directly affect management year-end performance and effectively promote the implementation of various safety measures. We actively carry out delivery safety training to provide knowledge and technical support to couriers and security personnel. In 2020, we held a safety production expertise competition with a total of 9,817 participants.

In 2020, we carried out special management activities for safe delivery in high-risk scenarios. We issued the *2020 Special Control Plan for Illegal and Prohibited Products* to specifically manage customers with transportation needs for dangerous goods and strengthen and improve the management requirements for land transport batteries.

In 2020, SF Holding launched 31 special training sessions, on safe delivery for couriers with 3.9 million participants and a 99.8% qualification rate.





## 4.2 / Customer service optimization

At SF Holding, we continued to optimize service quality. We rely on 0.63 million couriers to provide face-to-face and warm delivery for customer service. By the end of 2020, SF Holding had four call centers and six claim centers in China (including Hong Kong, Macau and Taiwan) and overseas, with more than 0.01 million customer-service personnel, handling 0.58 million business calls manually per day and 1.02 million business calls by self-service personnel.<sup>16</sup>

We give great importance to customer feedback and continue to broaden its collection and analysis using techniques, including, big data mining, platform analysis, monitoring of online social services and satisfaction surveys. This enables us to spot and rectify problems. In 2020, we reshaped and upgraded service outlets: encrypted outlet layout, covering all life scenarios; opening online appointment service to reduce customer waiting time.

In 2020, SF Holding actively monitored social platforms to process 0.39 million customer voices in a closed-loop manner. We ranked first in the satisfaction survey conducted by the State Post Bureau for the 12th consecutive year.

We give great importance to collaborative and intelligent tools and use technology-driven management and ancillary services, to provide faster and more extreme after-sales service experience. In 2020, we optimized our customers' experience through model reform and intelligent customer service. So, our annual complaint-handling satisfaction increased from 85% in 2019 to 95%.

In addition, to meet the needs of people with disabilities (PWD) better, we optimized the accessibility of our public WeChat account, official website and WeChat applets. We also collected feedback from the PWD community, to bring greater convenience into their lives. For people who need special care such as illnesses, we implemented smart medical solutions and uses technological tools to realize online consultation and dispensing, Chinese medicine decoction, medical record printing and other delivery services. In 2020, it served more than 1.5 million patients.

In 2020, we carried out several customer-satisfaction surveys in order placing, collection, waiting, signing and acceptance, after-sales and other aspects, focusing on customers' concerns about services and improving emotional service capabilities. The survey covered customers from different cities and industries across the country, and more than 10,000 valid questionnaires were collected. Simultaneously, we also conducted an inter-city express delivery time test and invited customers to conduct applets order availability tests. Based on online surveys and offline interviews, we have identified processes that customers are most concerned and SF Holding needed to improve. We also carried out closed-loop follow-up and improved experience, resulting in a significant improvement in customer satisfaction across four aspects, namely price transparency, timeliness of door-to-door pick-up, convenience of coupon use and convenience of service change.

In 2020, SF Holding Post's effective complaint satisfaction rate reached 99.6%.



SF Convenience Service Collection and Delivery Point

### Case: SF Holding customer service earnestly meets customer needs to avoid economic losses

On 29 October 2020, SF Holding customer service received an urgent delivery demand from a customer. The customer requested that the letters issued on 28 October 2020 must be delivered before 9:00 A.m. on 30 October 2020, otherwise significant economic loss would be caused. After understanding the situation, SF Holding's customer service immediately participated in the whole-process tracking of the ticketing and express delivery, to comfort the customer's sentiment, and at the same time quickly interacted with each link, to ensure the accurate status and arrival time of the express delivery, and informed the customers of the progress from time to time. The responsible person of SF Holding dispatch was involved in coordinating the follow-up of resources, until the express delivery was sent to the customers on time.

<sup>16</sup> The data is only the self-service acceptance business of time-sensitive shipping and economy shipping in mainland China.



# 4.3 / Data and network security

SF Holding has a sound data privacy and network security protection policy and management framework. We conduct regular internal and external data privacy and network security tests, creating detailed emergency response guidelines. In terms of customer privacy protection, we have also established a full-chain customer protection strategy to meet customers' expectations.

SF Holding actively assisted the State Post Bureau in developing information and network security standards. In 2020, we led the compilation of the national key standard *Data Security Requirements for Express Logistics Services*.

By the end of 2020, SF Holding has passed the National Information Security Level Protection Level III Certification, ISO27001, ISO27701 and ISO29151 certification:

Name of certification	Validity of certificate	Scope of certification
<b>National Information Security Level Protection Level III certification</b>		Human resources management system; Online business system; core operating system; financial management system; portal system; big data platform system.
<b>ISO27001 Information Security Management System certification</b>	9 August 2019 to 16 November 2021	Technology transfer of network technology, information technology, electronic product technology development, technical services, technical consultation; development and sales of computer hardware.
<b>ISO27701 Privacy Information Management System certification</b>	5 November 2019 to 16 November 2021	
<b>ISO29151 Personal Identity Information Protection Practice Guide certification</b>	9 August 2019 to 16 November 2021	



## Data privacy and network security policy

We abide by applicable data collection and processing laws and regulations around the world, including the *Internet Security Law of the People's Republic of China*, the *Personal Data (Privacy) Regulations*, the *General Privacy Protection Law (GDPR) of Europe*, the *Personal Information Protection Law of Japan*, the *Health Insurance and Portability Act of the US (HIPPA)*, and the *Personal Information Protection and Electronic Documents Act of Canada*.

We have established three-tier data privacy and network security management organizations, including decision-making, management and implementation. The technical committee is ultimately responsible for information security decisions, appointments and instruction. The board-level members serves as its chairman and is the highest responsible person for information and data security. All employees must sign the *Employee Information Security Undertaking* to make commitments on the security and privacy of assets, including company data, customer information and employee personal information.

### SF Holding's information and data security organizational management responsibilities

Management level	Duties
Technology committee – decision-making	<ul style="list-style-type: none"> <li>• Top leadership</li> <li>• Information security decisions, appointments or instructions</li> <li>• Appointed by one of the members of the board</li> </ul>
Information Security and Internal Control Department Risk management committee – management	<ul style="list-style-type: none"> <li>• Formulating information and data security policies and standards</li> <li>• Planning and implementation information and data security work</li> <li>• Auditing information and data security</li> <li>• Providing information necessary for the decision-making organization</li> <li>• Information and data security-related training</li> </ul>
Network security department and person-in-charge of all centers – implementation	<ul style="list-style-type: none"> <li>• Supervising and confirming departmental information and data security management</li> <li>• Implementing and developing specific information and data security control measures</li> <li>• Coordinating and facilitating the implementation of information and data security requirements</li> </ul>

Our official website carries our *Privacy Policy*, which is applicable to SF Holding and its affiliated companies. We also created the *Data Compliance Management System*, which applies to all our member companies (including those overseas) and divisions. We make commitments, including implementing leading data protection standards for handling personal information and some principles like legality, legitimacy and necessity; purpose; truth and accuracy; transparency; consent.

### Term of preservation of personal information: SF Holding committed to deleting data after a defined amount of time

- The user's account information and the relevant rights and interests in the account and virtual asset information will be deleted immediately after the user cancels the account, but the account on the individual ordering channel has a certain period of regression (i.e., 30 days), and the information will be deleted after such period. Such information cannot be restored once deleted.
- To meet the users' inquiries, the shipping order information will be kept for a period ranging from 30 days to six months (depending on the specific ordering channel) in the SF Holding's front system. Upon meeting such a deadline, SF Holding will remove shipping information from the SF Holding's front office system so that it cannot be retrieved, accessed or treated anonymously.
- The users' personal information will be kept in the SF Holding's back office system for a longer period, which will be determined according to the type of personal information, the requirements of laws and regulations and the purpose stated in this policy.

In addition, we have specified the rights of individual information subjects in the data compliance management system, including but not limited to:

- The subject may ask for the type of personal information stored, the collection method and purpose, the storage period, the data controller and the data processor.
- If the personal information is incorrect or incomplete, the subject may request correction or deletion.
- If the personal information is transmitted to a third party, the identity of third party must be notified to the subject of the personal information.
- If personal data is breached, subjects will be promptly notified.
- If subjects have questions about their personal data, they can contact the official customer service team by telephone. They will receive a reply within 15 days.

(For full information, please refer to SF Holding privacy policy: [https://www.sf-express.com/cn/sc/Privacy\\_Policy/](https://www.sf-express.com/cn/sc/Privacy_Policy/))

### 4.3.1 Cybersecurity

At SF Holding, we have established a three-level information and data security management organization and created the *Emergency Plan for Information Security Incidents of SF Holding*. It helps to specify operational measures to monitor and respond to a cyberattack. In 2020, we updated the *Network Security Management Code*, which clearly stipulates the permitted and prohibited behaviors. The policy applies to all workforce, including outsourced employees, temporary employees and diligent employees.

We created detailed emergency response and remedial measures for different types of cyberattack to ensure that all cybersecurity incidents are dealt with quickly and properly. In 2020, we carried out six cybersecurity emergency drills.

We conduct regular internal and external network security monitoring, daily configuration checks and have established a Blue Team to conduct penetration testing every quarter. Through the SRC (Emergency Response Center) platform, we invited external personnel to test the safety. Since its opening in 2017, the platform has registered a total of 1,349 external testing personnel. In 2020, we received 273 effective loopholes through external personnel's attack test on the system, with a completion rate of 99% for subsequent loophole repair. We have also established cooperative relations with external security media and network information security companies to help find potential security risks in the system.

We strengthen employees' awareness education on cybersecurity and ensure all new employees participate in cybersecurity education. For system development and network security maintenance personnel, we provided professional skills training and provided training for 459 professional personnel in 2020. In 2020, we launched the Technology Open Day activity, which provided technical training on network security to the company's internal R&D, operation and maintenance and safety personnel. We organized special activities, such as closed-door meetings, lectures by senior management and technical sharing to enhance the safety awareness, skills and vision of professional personnel.

### 4.3.2 Data and information security

We at SF Holding have developed several information security systems covering office security, application system security, network security, data security and cloud security.

**Culture building:** We strictly safeguards information security and continue to create a culture of data and information security protection through various measures, such as conducting fishing drills for all employees, holding the Strongest Brain Security Special Contest, establishing a safety briefing mechanism, and strengthening the publicity of employees' illegal and high-risk behaviors.

**Strengthening the basement:** We built a security operation center with business software as the foundation, and the connection system as the upper-level, with an all-round integrated perspective, to timely check, track and repair various security risks of the base platform, network control and application at the upper-level.

**Risk internal audit:** We conduct annual internal and external risk assessments and internal audits of our business systems to discover and remediate vulnerabilities and prevent the leakage of customer, employee and company information. In 2020, we conducted an internal audit on information security. By expanding the scope of monitoring and increasing the monitoring model, the rate of non-compliance of medium and high-risk data was found to be 30% higher than that of 2019, which effectively checked the existence of potential safety hazards.

### SF Holding information and data security risk assessment and internal audit routine

<b>Internal risk assessment</b>	It includes daily routine security audits, including log audits, vulnerability scans and baseline audits. It also consists of annual risk assessments covering the threats to the system, existing weaknesses, impact and the possibility of risks arising from the combination of the three.
<b>Internal system audit</b>	It includes annual internal privacy information management system audit and risk rectification, minimizing the security threats to our confidential and private information, systems, networks and improving overall privacy protection.
<b>External penetration Testing</b>	It includes white hat penetration testing to find vulnerabilities, including buffer overflows, business process issues, communication protocol bugs and weak passwords.

**Emergency response:** We created the *Management of Information Disclosure-Related Security Incidents*. These specify risk levels for breaches involving data types, such as customer information, personal information and business information. We list emergency response teams and measures to specify workflows for information disclosure incident response – receiving and reporting, preliminary analysis and grading, investigation and analysis, and rectification and treatment.

### SF Holding adopts end-to-end customer privacy protection policy

SF Holding protects customer data security and privacy using an end-to-end strategy spanning ordering, receiving, dispatching, transferring, after-sales and operation. It covers the entire data life cycle, including collection, transmission, storage, processing, exchange and destruction.

#### Security control of data and privacy business scenarios procedure

Placing an order	Collect	Transfer and after-scale	Operation
The Fengmi waybill hides the four middle digits of the receiver's phone number and defines whether to print the sender's information and the product information to protect the customer's privacy.	Our hand-held HHT7 terminals use asterisks in the calling interface, phone records, and message interface, hiding some numbers when contacting customers.	We use data desensitization and intelligent outbound calling to contact the customer. The system calls customers directly from the background and the customer service personnel will not know the customer's phone number.	We encrypt customer information during storage and transmission in various business systems and big data platforms, using ciphertext transmission during data flow.



## 4.4 / Supplier management

We focus heavily on supply-chain construction, following the principles of equal consultation and mutual benefit. We operate a fair supplier-management system.

### 4.4.1 Supplier management system

We have created systems, including the *Measures for the Management of Material Procurement and Sourcing in the Procurement Supply Chain Center* and *Measures for the Management of Material Supplier in the Procurement Supply Chain Center*. They standardize the entire supplier-management life cycle, including admission, daily management, assessment and exit.

By the end of 2020, SF Holding had a total of 11,168 suppliers.

**Supplier registration:** SF Holding applies SRM (supplier relationship management) system and supplier settlement interactive platform to manage supplier registration. In 2020, we restructured the SRM system for better implementation of procurement. We have enhanced the new SRM system in terms of procurement management, contract signing and order management.

**Supplier certification:** We require business qualification and financial credit and conduct on-site supplier evaluations covering their business, quality and technology. We also assess the compliance of secondary suppliers in areas including safety and environmental protection. In 2020, we introduced 8,566 suppliers, including 1,008 centralized suppliers and 7,639 sub-suppliers, all of which have passed the relevant certification requirements.

**Daily supplier management:** We control supplier quality and conduct quarterly, semi-annual and annual performance evaluations, along with project performance evaluations for suppliers. In 2020, we updated the standards of on-site review and rating, added the *Notice of on-site Inspection of SF Holding Suppliers*, adopted the recorder for whole-process video recording, and invited personnel from other departments of the Group to participate in the on-site review.

In 2020, SF Holding launched 2,100 on-site supplier audits and 901 quality inspections by third parties.

**Supplier exit:** We remove companies from our list of qualified suppliers under conditions, including failing our post-rectification review, due to major quality or delivery abnormalities, such as:

- Scoring a D grade twice, consecutively or E in each quarter
- Failing to cooperate with the corrective action
- Scoring an E grade in the annual performance

In 2020, we optimized the punishment process, and held the supplier-management department responsible for the punishment matters, ensuring a closed-loop punishment. With their help, we exited over 1,900 suppliers in total.

In addition, we have smooth communication channels with suppliers and regularly carry out communication activities with them, according to business development, and to promote the cooperation between both the parties in professional fields. In 2020, we at SF Holding also held two supplier conferences, covering more than 70 suppliers.



Held supplier conferences



## 4.4.2 Compliance and integrity procurement

SF Holding follows the principles of fairness, openness and impartiality. We impose standards of transparent access in the front stage of procurement, a fair process at the middle stage and fair supervision at the back end. In 2020, the suppliers signing rate of the *Integrity Agreement* reached 100%.

### SF Holding's procurement guarantee measures for compliance and integrity

Supplier participation	Sign a contract	Whistleblowing mechanism
<ul style="list-style-type: none"> <li>• Manage risk during the supplier bidding process.</li> <li>• Monitor aspects including supplier association.</li> <li>• Prevent collusion with other suppliers during quotations.</li> </ul>	<ul style="list-style-type: none"> <li>• Client must sign our integrity agreement along with our cooperation contract, prohibiting any form of bribery between the two sides.</li> <li>• Our Audit Department investigates abnormal activities focusing on examining procurement ethics supporting fairness, openness and serving justice in our procurement.</li> </ul>	<ul style="list-style-type: none"> <li>• There must be clear reporting channels in signing of the framework master agreement, sub-agreement signing, and bidding documents.</li> <li>• If the supplier finds that our internal personnel and relatives ask for bribes or other non-compliance behaviors that affect fair trading, they can report and appeal.</li> </ul>

For anti-corruption investigation and supervision of suppliers, we mainly conduct daily supervision, special investigation, project investigation and departure audit:

- **Daily supervision:** Internal control personnel conduct routine supervision on procurement business risk and compliance, including, conducting a single-risk investigation, participating in on-site committee meetings, reviewing internal and external complaints, etc.
- **Special investigation:** Internal control personnel collect data, conduct statistical analysis on key procurement business projects, and check the risks and compliance of the procurement business.
- **Project investigation:** Internal control personnel identify suspicious, non-compliance by daily supervision and special investigation, and set up projects for investigation and evidence collection, when necessary.
- **Departure audit:** When the management personnel of the procurement and Supply Chain Center, leaves the original position due to work adjustment or resignation, the internal control personnel inspect the performance of their duties during their term of office and evaluate the business risks.

Prior to the on-site inspection of suppliers, we will require suppliers to sign and confirm the *Notice of on-site Inspection of SF Suppliers*. It is expressly stated that we will not accept any property or other advantages from suppliers, intermediaries and other interested parties and will not accept any ultra-standard banquet and entertainment services arranged by suppliers. At the same time, the notice also lists out the prohibited bribery behavior of suppliers. In case of prohibited acts, the investigation results are directly assessed as unqualified and listed on the SF Holding Cooperation Blacklist.



### 4.4.3 Promoting supplier performance

We give great importance to responsible supply-chain and open communication channels, to strengthen multi-party cooperation and continuously drive suppliers, to fulfill their responsibilities. We created the *Regulations on Green Procurement Management of Procurement Supply Chain Center*, in response to the State Post Bureau's call for a green-procurement pilot. We added corresponding environmental protection requirements to our supplier-certification standards, bidding regulations, contract signing and daily management. We also implemented green environmental-protection requirements for suppliers to ensure green procurement.

We carry out quality system, environmental system, occupational health system, environmental impact assessment certification and information security assessment on certain suppliers, in the supplier access and on-site review. Each test had specific assessment indicators and scoring methods, to promote suppliers and strengthen their own environmental and safety performance.

Supplier environmental & social responsibility assessment	
Test dimension	Content
Environmental protection	<ul style="list-style-type: none"> <li>• Whether the discharge of toxic and hazardous substances meets the requirements of national laws and regulations?</li> <li>• Are green products and environmental protection without implementation?</li> </ul>
Production safety and occupational health	<ul style="list-style-type: none"> <li>• Are adequate fire safety facilities installed and regularly checked to ensure their effective use?</li> <li>• Are the fire-fighting facilities and fire-fighting passages remain smooth and clear?</li> <li>• Are the hazardous environment or operations that expose workers to dangerous goods come with necessary safety warnings and health protection measures to ensure the health and personal safety of employees?</li> </ul>
Information security	<ul style="list-style-type: none"> <li>• Is there any information security qualification certificate, such as ISO27001 and grade evaluation?</li> <li>• If not obtained, the Supplier Information Security Survey form is filled out and submitted, to relevant information security personnel of SF Holding for evaluation.</li> </ul>

In addition to promoting suppliers' performance of duties through qualification access and daily review, we also actively use our own strength to provide support and assistance to suppliers. In 2020, we cooperated with suppliers in packaging materials and new energy. In terms of packaging materials, we cooperated with suppliers to develop environmentally friendly materials such as ink-free laser cartons, new green degradable plastic paper and ink-free document sealing. In accordance with the *Technical Requirements for Evaluation of Green Products for Express Packaging*, we promoted the certification of green packaging to major suppliers. In respect of new energy vehicles, we conducted technological cooperation with suppliers to promote the conversion of second, third and fourth-wheeled fuel vehicles and forklift oil to electricity.

In addition, we emphasized our positive attitude in promoting suppliers' performance of duties by increasing the form of contracts related to social responsibility. We supplemented *The Social Responsibility Clause* in our contractor agreements, defining the responsibilities of all partners in operations and employee care. We emphasized environmental compliance and required suppliers to take effective pollution prevention and emission management measures. We mandated supplier respect for fair and compliant employment measures. And we also required the reduction of potential safety hazards through preventive maintenance, safety work procedures and continuous safety training.

In 2020, the suppliers signing rate of the Social Responsibility Clause reached 100%.

# About the Report

This is the second annual sustainability report released by S.F. Holding Co., Ltd. It focuses on our sustainable development management and performance, following the principles of balance, comparability, accuracy, timeliness, clarity, and reliability.

## Time Range

This report dates from January 1, 2020 to December 31, 2020.

## Coverage

This report covers the business of SF Holding and its major subsidiaries in regions including the People's Republic of China, the United States, South Korea, Singapore, and Malaysia.

## Data Explanation

Coverage of environmental data:

All environmental data does not include subsidiaries of SF DHL, SF New HAVI, and Shunxin Express.

Land transportation data covers self-owned and leased vehicles in mainland China, Hong Kong and Macau, as well as some overseas self-owned and leased vehicles; air transportation data covers self-owned and leased aviation all-cargo aircraft; air transportation ground operation data covers station bases in mainland China; Data on office and service network covers office buildings and service network in mainland China, but some indicators only cover headquarters office buildings; data on industrial parks and transit depots covers Mainland China, Hong Kong industrial parks, and transit depots in Mainland China.

There is no restatement of information in this report. Unless otherwise stated, it uses RMB as the currency unit.

## Basis of Preparation

United Nations Sustainable Development Goals (SDGs)

*Guidelines for Sustainability Reporting Standards (GRI Standards)* of the Global Sustainability Standards Board (GSSB)

Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies 《深圳证券交易所上市公司社会责任指引》

Key indicators of corporate environmental, social, and governance performance by capital market rating agencies.

We created this report using systematic procedures including research and interviews, the identification of important stakeholders and material issues related to ESG, and our understanding of stakeholder opinions. The procedures also include the determination of material issues, the scope of ESG disclosure, and the collection and review of relevant information. We prepared the report based on collected relevant information and review and approval by the Board of Directors.

## Report Title

For the convenience of expression and reading, "SF Holding", "the Company", "our company" and "we" in this report refer to "S.F. Holding Co., Ltd.".

## Approval of this Report

This report was approved by the Board of Directors on 17th, March 2021 after confirmation by the management.

## Accessibility of this Report

You can obtain the electronic version of this report from the following website: SF Holding official website <https://www.sf-express.com>  
For further consultation, or to offer any opinion or suggestion about this report, please contact the Company via [sfir@sf-express.com](mailto:sfir@sf-express.com).

# Policy List

## Regulations (Supporting compliance and stable development)

Articles of Association of SF Holdings Co., Ltd.

Management System of Company Risk Control

Management System of SF Holding Crises

SF Holding Anti-Corruption Management System

SF Holding Integrity Handbook

Administrative Measures for Relatives Avoiding

Rewards and Penalty Management Regulations

Reporting Management Measures

Notice on Issuing the 'Self-declaration of 842 Employees With No Worries'

Employee Handbook (Chinese and English version)

Letter of Commitment to Anti-corruption

Employee Communication Management Regulations

Operational Guidelines for Seal Usage of SF Party Committee

Measures for the Management of Party Building Work of SF Remote Enterprise Party Organization (for trial implementation)

## Regulations (Caring for people)

Employee Handbook (Chinese and English version)

Regulations on Attendance Management

Labor Contract

Irregular Working Hours System

SF Recruitment Management System

Measures for the Management of Value Contribution

Implementation Rules for Performance Management of Functional Staff

Regulations on Management of Outstanding Employees

Employee Communication Management Regulations

Guidelines for the Work of SF Labor Union Representative Democratic Management Committee

Welfare Management System for Employees of Express Business Group

Supporting Management Guidelines for Employees with Severe Diseases and Emergency Care

Emergency Care and Handling Mechanism for Employees

Talent Promotion Management System

Guidelines for Non-Senior Management Promotion

Operational Guidelines for Senior Management Promotion

SF Instructor Management System

Course Management System

Occupational Health and Safety Management Manual

Safety Production Responsibility System

Measures for the Safety Management of Self-operated Vehicles and Drivers

Fire Safety Management System

Measures for the Management of Fire-fighting Facilities and Equipment on Property Sites

Safety Assessment and Incentive Management Regulations

Regulations on Safety Management of Dangerous Work

Post Safety Operation Regulations

Regulations on Safety Management of Logistics Suppliers

Safety Management Agreement for Logistics Handling and Sorting Services

Safety Management Agreement for Cargo Transportation Services by Road

Safe Operation of Belt Conveyor (Sorting)

Safe Operation Procedures for Forklifts

Regulations on Hazard Identification, Risk Evaluation and Risk Control Management

Regulations on Safety Inspection, Hazard Identification, and Risk Management

Emergency Preparedness Management System

Regulations on Safety Education and Training Management

Guidelines for Work of Regional Safety Production Officer

Program for Safety Professionals' Ability Improvement

Articles of SF Charity Foundation

Management System of SF Charity Foundation Volunteer Association



### Regulations (Offering a green and a better life)

Energy Measurement Management System

Emission Reduction Reward and Punishment System

Waste Oil Management Regulations

Dangerous Goods Management Procedure

Regulations on Energy Conservation Publicity, Education and Training

Operation Plan and Management Measures for Clean Energy vehicles in the Field

Measures for Office Space Management

Measures for the Management of Water and Electricity

### Regulations (Supporting innovation smart industry)

Operation Guidelines for Handling Group Infringement Incidents

Management System Trademark

Group Patent (Software Copyright) Achievement Management System

Dangerous Goods Transportation Manual

Operation Procedures for Receiving and Sending Express Mail Containing Lithium Batteries

Operation Procedures for Real-Name Receiving and Sending of Express Mail Collection

Battery Express Packaging Operation Specification V1.0

Grading Management of Food Safety Risks in Cold Transport Division

2020 Special Control Plan for Illegal and Prohibited Products

Employee Information Security Undertaking

Data Compliance Management System

Privacy Policy

Emergency Plan for Information Security Incidents of SF Holding

Network Security Management Code

Management of Information Disclosure-Related Security Incidents

Measures for Management of Material Procurement Sourcing in the Supply Chain Center

Measures for the Management of Material Suppliers in the Procurement Supply Chain Center

Integrity Agreement

Regulations on Green Procurement Management of Procurement Supply Chain Center

## ESG Key Performance Tables

Index (Supporting compliance and stable development)	Unit	2019	2020
Number of shareholders' meetings	Times	4	2
Follow-up feedback rate of effective reporting	%	100	100
Completion rate of "three ones" in handling complaints	%	99.0	95.0
Workforce' signing rate of the <i>Letter of Commitment to Anti-corruption</i>	%	87.9	89.1
Total duration of workforce anti-corruption education	Hours	9,738	17,500

Index (Caring for people)	Unit	2019	2020
Number of labour union members	10,000 people	15	20
Collective bargaining agreements cover rate	%	20.7	31.0
Resolution rate of workforce communication and advice	%	93	96
Employee satisfaction survey results	%	87	88
Employment contract signing rate	%	100	100
Total number of workforces	People	522,912	634,328
Couriers turnover rate	%	20.9	19.2
Percentage of rural workforce	%	80.0	70.7
Total number of employees trained	Person-times	4,042,298	6,238,439
Total hours of workforce training	Hours	2,575,721	1,905,094
Total investment in workforce training	100 million	1.3	1.5
Male workforce online training	Person-times	3,345,835	5,126,141
Female workforce online training	Person-times	696,463	1,112,298
New workforce training	Person-times	120,828	205,127
Total number of employees receiving financial support for degree	Person	555	1,191
Total amount of educational certification subsidy	RMB	4,622,686	7,466,000
Lost time injury rate (LTIR)	%	0.005	0.004
LTIR trend based on 2019	%	-37.5	-20
Serious express fire accident	Number	0	0
Fire accidents of Level I and Level II	Number	0	0
Personnel safety index	-	900	1,700
Safe production investment amount	10,000	5,651	28,000
Number of safety loopholes discovered and rectified in various safety inspections and activities	Number	56,832	100
The number of safety drills	Times	1,339	6,000
Safety drill site	Number	1,320	3,008
Safety training coverage rate	%	100	100
Condolences to workforces and their families	10,000 Person-times	161	240
Input of workforce care services	10,000	6,770	7,625

Index (Offering a green and a better life)	Unit	2019	2020
Gasoline consumption	L	300,577.8	69,149,667.3
– Gasoline consumption of land transportation	L	206,472.0	69,067,775.7
– Gasoline consumption of ground aviation	L	94,105.8	81,891.6
Diesel consumption	L	152,674,404.7	914,265,444.4
– Diesel consumption of land transportation	L	151,920,855.0	913,116,365.4
– Diesel consumption of ground aviation	L	753,549.7	1,149,079.0
Electricity consumption	kW-h	128,728,372.9	676,296,585.9
– Electricity consumption of land transportation	kW-h	74,324,061.4	117,336,376.5
– Electricity consumption of ground aviation	kW-h	4,072,429.9	7,731,677.5
– Industrial park and transit depots electricity consumption <sup>17</sup>	kW-h	44,872,756.0	299,143,742.3
– Electricity consumption of office and service network	kW-h	5,459,125.6	252,084,789.6
Aviation kerosene consumption	t	240,125.0	500,657.7
Greenhouse gas emissions from refrigerant	tCO <sub>2</sub> e	1,986.4	2,941.4
Comprehensive energy consumption <sup>18</sup>	kW-h	4,540,461,748.0	16,321,547,680.4
Comprehensive energy intensity	kW-h/million revenue	40,470.1	145,477.4
Total greenhouse gas emissions <sup>18</sup>	tCO <sub>2</sub> e	1,278,481.6	5,426,964.7
– Greenhouse gas emissions (Scope 1)	tCO <sub>2</sub> e	1,167,057.0	4,182,419.2
– Greenhouse gas emissions (Scope 2)	tCO <sub>2</sub> e	111,424.6	590,431.6
– Greenhouse gas emissions (Scope 3)	tCO <sub>2</sub> e	–	654,113.9
Greenhouse gas emission intensity	tCO <sub>2</sub> e/million revenue	11.4	48.4
Water consumption	t	438,191.9	702,968.0
– Water consumption of industrial parks and transit depots	t	326,459.5	620,251.7
– Water consumption of office and service network	t	72,174.9	43,600.3
– Water consumption of ground aviation	t	39,557.5	39,116.0
Waste production	kg	13,860,481.4	20,801,957.2
– Waste production of industrial park and transit depots	kg	12,331,681.4	16,703,832.4
– Production of waste in office and service network	kg	1,528,800.0	4,098,124.8
Paper used of the headquarters office	kg	26,249.6	31,961.5
Total use of packaging items	kg	375,707,380.6	381,894,401.3
– Consumption of express envelope	kg	77,556,302.1	75,051,139.1
– Consumption of waybill	kg	18,569,099.2	22,287,605.8
– Carton consumption	kg	235,122,326.8	231,477,670.1
– Consumption of plastic bags	kg	21,099,363.4	26,761,002.0
– Consumption of scotch tape	kg	23,360,289.1	26,316,984.3

<sup>17</sup> Renewable energy generation capacity in 2020 (1,577,170.5 kW•h) has been included in the power consumption of the industrial park.

<sup>18</sup> Data of comprehensive energy consumption and greenhouse gas data newly added service network, transit depots, leased all-cargo aircraft in China mainland, leased operating vehicles, leased collection and delivery vehicles in China mainland, Hong Kong and Macau, and some overseas area. We also added overseas packaging materials in 2020.

Index (Supporting innovation smart industry)	Unit	2019	2020
Technology investment	billion	3.67	4.27
Research and development investment	billion	2.57	3.00
Number of patents granted	Number	1,005	1,371
Number of new patents	Number	328	420
Coverage rate of training on safe delivery for couriers	%	81.4	84.0
Number of safety training courses on safe delivery	Number	29	31
Pass rate of delivery safety training	%	99.4	99.8
Rate of special equipment with certificates	%	100	100
Number of illegal and prohibited products intercepted	Number	10,573	10,713
Effective complaint rate of consumers	PPM	0.15	0.03
Handling rate of consumer complaints	%	100	100
Number of internal audits on information security	Times	2	1
Number of suppliers in China	Companies	18,212	11,126
Number of suppliers in Hong Kong, Macao and Taiwan	Companies	22	11
Number of suppliers in America	Companies	4	3
Number of European suppliers	Companies	3	2
Number of suppliers in Asia (excluding China)	Companies	2	2
Suppliers with systematic management	Companies	18,243	111,44
Newly introduced centralized purchasing supplier in 2020	Companies	701	1,008
Newly introduced sub-suppliers in 2019	Companies	2,456	7,558
Signing rate of social responsibility clauses	%	100	100
Signing rate of supplier integrity agreement	%	100	100
Supplier satisfaction rate	%	92.8	Did not launch supplier satisfaction survey in 2020.

# GRI Standards Index

GRI Standard	Disclosure	Chapter
<b>Organizational profile</b>		
102-1	Name of the organization	About the company
102-2	Activities, brands, products, and services	About the company
102-3	Location of headquarters	Please refer to the SF Holding 2020 Annual Report
102-4	Location of operations	Please refer to the SF Holding 2020 Annual Report
102-5	Ownership and legal form	Please refer to the SF Holding 2020 Annual Report
102-6	Markets served	About the company
102-7	Scale of the organization	About the company
102-8	Information on employees and other workers	Recruitment and promotion
102-9	Supply chain	Supplier management mechanism
102-10	Significant changes to the organization and its supply chain	Supplier management mechanism
102-11	Precautionary Principle or approach	Green transportation; Green office
102-12	External initiatives	Integrity management system
102-13	Membership of associations	Integrity management system
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Chairman's speech
102-15	Key impacts, risks, and opportunities	ESG risk management
<b>Ethics and integrity</b>		
102-16	Values, principles, standards, and norms of behavior	Integrity management system
102-17	Mechanisms for advice and concerns about ethics	Integrity management system; Anti-corruption measures
<b>Governance</b>		
102-18	Governance structure	Sustainable development management structure
102-19	Delegating authority	Sustainable development management structure



GRI Standard	Disclosure	Chapter
102-20	Executive-level responsibility for economic, environmental and social topics	Sustainable development management structure
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder identification and communication
102-22	Composition of the highest governance body and its committees	Please refer to the SF Holding 2020 Annual Report
102-23	Chair of the highest governance body	Please refer to the SF Holding 2020 Annual Report
102-24	Nominating and selecting the highest governance body	Please refer to the SF Holding 2020 Annual Report
102-25	Conflicts of interest	Integrity management system
102-26	Role of highest governance body in setting purpose, values and strategy	Sustainable development management
102-27	Collective knowledge of highest governance body	Stakeholder identification and communication
102-29	Identifying and managing economic, environmental, and social impacts	Materiality issues; ESG risk management
102-30	Effectiveness of risk management processes	Risk management system
102-31	Review of economic, environmental, and social topics	Materiality issues
102-32	Highest governance body's role in sustainability reporting	Sustainable development management structure
102-33	Communicating critical concerns	Stakeholder identification and communication
102-34	Nature and total number of critical concerns	Stakeholder identification and communication; Materiality issues
102-35	Remuneration policies	Please refer to the SF Holding 2020 Annual Report
102-36	Process for determining remuneration	Protection of rights and interests
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups	Stakeholder identification and communication
102-41	Collective bargaining agreements	Protection of rights and interests
102-42	Identifying and selecting stakeholders	Stakeholder identification and communication
102-43	Approach to stakeholder engagement	Stakeholder identification and communication
102-44	Key topics and concerns raised	Materiality issues
<b>Reporting practice</b>		
102-45	Entities included in the consolidated financial statements	Please refer to the SF Holding 2020 Annual Report

GRI Standard	Disclosure	Chapter
102-46	Defining report content and topic Boundaries	About the report
102-47	List of material topics	Materiality issues
102-48	Restatements of information	About the report
102-49	Changes in reporting	Not applicable
102-50	Reporting period	About the report
102-51	Date of most recent report	Not applicable
102-52	Reporting cycle	About the report
102-53	Contact point for questions regarding the report	About the report
102-54	Claims of reporting in accordance with the GRI Standards	About the report
102-55	GRI content index	GRI Standards Index
<b>Economic Standards</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Integrity management system; Supplier management system
103-3	Evaluation of the management approach	Anti-corruption measures; Supplier management system
<b>GRI 201 Economic Performance</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	ESG risk management; Addressing climate change
103-3	Evaluation of the management approach	ESG risk management; Climate change response; Community investment and support; Public welfare and charity
201-1	Direct economic value generated and distributed	Empowering rural revitalization; Public welfare and charity
201-2	Financial implications and other risks and opportunities due to climate change	ESG risk management; Climate change response
201-3	Defined benefit plan obligations and other retirement plans	Protection of rights and interests

GRI Standard	Disclosure	Chapter
<b>GRI 202 Market Presence</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Protection of rights and interests; Recruitment and promotion
103-3	Evaluation of the management approach	Protection of rights and interests; Recruitment and promotion
<b>203 Indirect Economic Impacts</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Community investment and support
103-3	Evaluation of the management approach	Community investment and support
203-1	Infrastructure investments and services supported	Community investment and support
203-2	Significant indirect economic impacts	Community investment and support
<b>204 Procurement Practices</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Compliance and integrity procurement
103-3	Evaluation of the management approach	Compliance and integrity procurement
<b>205 Anti-corruption</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Integrity management system; Anti-corruption measures
103-3	Evaluation of the management approach	Integrity management system; Anti-corruption measures
205-1	Operations assessed for risks related to corruption	Integrity management system
205-2	Communication and training about anti-corruption policies and procedures	Integrity management system; Anti-corruption measures
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption measures

GRI Standard	Disclosure	Chapter
<b>206 Anti-competitive Behavior</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Integrity management system
<b>Environmental Standards</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Green packaging; Green transportation
103-3	Evaluation of the management approach	Green packaging; Green transportation; Green Office
<b>GRI 301 Materials</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Green packaging
103-3	Evaluation of the management approach	Green packaging
301-1	Materials used by weight or volume	Green packaging
301-2	Recycled input materials used	Green packaging
301-3	Reclaimed products and their packaging materials	Green packaging
<b>302 Energy</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Green transportation
103-3	Evaluation of the management approach	Green transportation
302-1	Energy consumption within the organization	Green shipment
302-3	Energy intensity	Green transportation
302-4	Reduction of energy consumption	Green transportation

GRI Standard	Disclosure	Chapter
302-5	Reduction in energy requirements of products and services	Green transportation
<b>303 Water and Effluents</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Not applicable
103-3	Evaluation of the management approach	Green office
303-1	Interactions with water as a shared resource	Not applicable
303-2	Management of water discharge-related impacts	Not applicable
303-3	Water withdrawal	Green office
<b>304 Biodiversity</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Not applicable
103-2	The management approach and its components	Not applicable
103-3	Evaluation of the management approach	Not applicable
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
304-2	Significant impacts of activities, products, and services on biodiversity	Not applicable
304-3	Habitats protected or restored	Not applicable
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable
<b>305 Emissions</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Green packaging; Green transportation
103-3	Evaluation of the management approach	Green packaging; Green transportation



GRI Standard	Disclosure	Chapter
305-1	Direct (Scope 1) GHG emissions	ESG Key Performance Tables
305-2	Energy indirect (Scope 2) GHG emissions	ESG Key Performance Tables
305-3	Other indirect (Scope 3) GHG emissions	ESG Key Performance Tables
305-4	GHG emissions intensity	ESG Key Performance Tables
305-5	Reduction of GHG emissions	ESG Key Performance Tables
305-6	Emissions of ozone-depleting substances (ODS)	Green transportation
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	ESG Key Performance Tables

### 306 Effluents and Waste

#### GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-3	The management approach and its components	Green Office
306-2	Evaluation of the management approach	Green Office
306-3	Water discharge by quality and destination	Not applicable
306-4	Transport of hazardous waste	Not applicable
306-5	Water bodies affected by water discharges and/or runoff	Not applicable

### 307 Environmental Compliance

#### GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Green transportation; Climate change response
103-3	Evaluation of the management approach	Green transportation; Climate change response
307-1	Non-compliance with environmental laws and regulations	No negative effects on the environment

### 308 Supplier Environmental Assessment

#### GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Promoting supplier performance

GRI Standard	Disclosure	Chapter
103-3	Evaluation of the management approach	Promoting supplier performance
308-1	New suppliers that were screened using environmental criteria	Promoting supplier performance
308-2	Negative environmental impacts in the supply chain and actions taken	Promoting supplier performance
<b>Social Standards</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Protection of rights and interests
103-3	Evaluation of the management approach	Protection of rights and interests
<b>401 Employment</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Protection of rights and interests
103-3	Evaluation of the management approach	Protection of rights and interests
401-1	New employee hires and employee turnover	Recruitment and promotion
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Protection of rights and interests
401-3	Parental leave	Protection of rights and interests
<b>402 Labor/Management Relations</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Protection of rights and interests
103-3	Evaluation of the management approach	Protection of rights and interests
402-1	Minimum notice periods regarding operational changes	Protection of rights and interests

GRI Standard	Disclosure	Chapter
<b>403 Occupational Health and Safety</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Health and safety
103-3	Evaluation of the management approach	Health and safety
403-1	Occupational health and safety management system	Health and safety
403-2	Hazard identification, risk assessment, and incident investigation	Health and safety
403-3	Occupational health services	Health and safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety
403-5	Worker training on occupational health and safety	Health and safety
403-6	Promotion of worker health	Health and safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety
403-8	Workers covered by an occupational health and safety management system	Health and safety
403-9	Work-related injuries	Health and safety
403-10	Work-related health problems	Health and safety
<b>404 TRAINING AND EDUCATION</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Training and development
103-3	Evaluation of the management approach	Training and development
404-1	Average hours of training per year per employee	Training and development
404-2	Programs for upgrading employee skills and transition assistance programs	Training and development
404-3	Percentage of employees receiving regular performance and career development reviews	Training and development

GRI Standard	Disclosure	Chapter
<b>405 DIVERSITY AND EQUAL OPPORTUNITY</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Protection of rights and interests; Recruitment and promotion
103-3	Evaluation of the management approach	Protection of rights and interests; Recruitment and promotion
405-1	Diversity of governance bodies and employees	Recruitment and promotion
<b>406 NON-DISCRIMINATION</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Protection of rights and interests
103-3	Evaluation of the management approach	Protection of rights and interests
406-1	Incidents of discrimination and corrective actions taken	Protection of rights and interests
<b>407 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Protection of rights and interests
103-3	Evaluation of the management approach	Protection of rights and interests
<b>408 CHILD LABOR</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Protection of rights and interests
103-3	Evaluation of the management approach	Protection of rights and interests

GRI Standard	Disclosure	Chapter
<b>409 FORCED OR COMPULSORY LABOR</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Protection of rights and interests
103-3	Evaluation of the management approach	Protection of rights and interests
<b>410 SECURITY PRACTICES</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Not applicable
103-2	The management approach and its components	Not applicable
103-3	Evaluation of the management approach	Not applicable
410-1	Security personnel trained in human rights policies or procedures	Not applicable
<b>411 RIGHTS OF INDIGENOUS PEOPLES</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Not applicable
103-2	The management approach and its components	Not applicable
103-3	Evaluation of the management approach	Not applicable
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable
<b>412 HUMAN RIGHTS ASSESSMENT</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Protection of rights and interests
103-3	Evaluation of the management approach	Protection of rights and interests
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Striving for responsible supply

GRI Standard	Disclosure	Chapter
<b>413 LOCAL COMMUNITIES</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Community investment and support
103-3	Evaluation of the management approach	Community investment and support
413-1	Operations with local community engagement, impact assessments, and development programs	Public welfare and charity
413-2	Operations with significant actual and potential negative impacts on local communities	Community investment and support
<b>414 SUPPLIER SOCIAL ASSESSMENT</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Supplier management system
103-3	Evaluation of the management approach	Supplier management system
414-1	New suppliers that were screened using social criteria	Promoting supplier performance
414-2	Negative social impacts in the supply chain and actions taken	Supplier management system
<b>415 PUBLIC POLICY</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Not applicable
103-2	The management approach and its components	Not applicable
103-3	Evaluation of the management approach	Not applicable
415-1	Political contributions	Not applicable



GRI Standard	Disclosure	Chapter
<b>416 CUSTOMER HEALTH AND SAFETY</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Safe delivery and transportation
103-3	Evaluation of the management approach	Safe delivery and transportation
416-1	Assessment of the health and safety impacts of product and service categories	Safe delivery and transportation
<b>417 MARKETING AND LABELING</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Building smart logistics
103-3	Evaluation of the management approach	Building smart logistics
417-2	Incidents of non-compliance concerning product and service information and labeling	Building smart logistics
<b>418 CUSTOMER PRIVACY</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Data and information security
103-3	Evaluation of the management approach	Data and information security
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data and information security
<b>419 SOCIOECONOMIC COMPLIANCE</b>		
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality issues; About the report
103-2	The management approach and its components	Business ethics management
103-3	Non-compliance with laws and regulations in the social and economic area	Business ethics management

# Readers' Feedback

Dear reader:

Thank you for taking the time to read the 2020 S.F. Holding Co., Ltd. Sustainability Report. To improve our sustainable development program and this report, we would like to hear your comments and suggestions.

Please answer the following questions and submit it to us via emails [sfir@sf-express.com](mailto:sfir@sf-express.com)

Readers' Feedback Form of 2020 S.F. Holding Co., Ltd. Sustainability Report

Name \_\_\_\_\_

Company \_\_\_\_\_

Position \_\_\_\_\_

Tel \_\_\_\_\_

Email \_\_\_\_\_

Your evaluation: (Please put a check mark in the corresponding box)

	Very Good	Good	Average	Poor	Very Poor
1. Do you think this report has informed you about the material impact that SF Holding has made on our environment and society?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. What's your overall evaluation of the information contained in this report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. What's your overall evaluation of the format and design of this report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Which part of the report are you most interested in?					
5. What other information do you think needs to be reflected in this report?					
6. What comments and suggestions do you have for SF Holding in terms of its report on social responsibility programs?					



## DELIVERY ON OUR EVERY PROMISE

S.F. Holding Co., Ltd.

- | Zip Code: 518057
- | Customer Service Hotline: +86 95338
- | Website: <http://www.sf-express.com>
- | Address: Block B, TK Chuangzhi Tiandi Building, Keji South 1st Road,  
Nanshan District, Shenzhen, Guangdong Province, P.R.China