

SUSTAINABILITY  
REPORT

2021  
S.F. HOLDING CO., LTD.

SUSTAINABILITY REPORT







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# Introduction

## Message from directors About SF

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Mission and strategy  
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Sustainable development management structure  
Stakeholder identification and communication  
Progress of sustainable development goals



## Message from the Chairman

Year 2021 was laden with challenges and opportunities for SF. The ordeal of COVID-19 pandemic on the global supply chain and logistics system persisted, while the steady industrial growth, the rising trend of international trade and the rapid development of new drivers related to consumption in China boosted the growth of China's domestic logistics demand. How to realize safe, efficient and sustainable transportation services is an ordeal that logistics enterprises face in the pandemic times.

SF fast to the high-quality roadmap, SF has established a sound sustainable management system. From the four aspects of environment (E), society (S), governance (G) and service, the Group are committed to achieving stable and innovative development and green and low-carbon transformation as well as building a business model of mutual benefits with each stakeholder.

SF drives green evolution. Being in an energy-intensive industry, the Company actively responds to the *Paris Agreement* and takes "dual carbon" work as its mission, and the whole Group is working together to build a carbon-neutrality benchmark enterprise, and makes every effort to push forward green and low-carbon transformation from multiple perspectives such as transportation, transshipment, office, and packaging. In June 2021, with the release of the *S.F. Holding Carbon Goal White Paper 2021*, SF became the first enterprise in the industry to set mid- and long-term carbon reduction goals and a carbon reduction action roadmap for 2025 and 2030.

SF regarded serving the society and safeguarding people's livelihood as its responsibility especially during the epidemic. Through efficient coordination of human and transportation resources, end-to-end full-process integrated logistics capabilities, and adapting to technological innovation, SF fully utilizes its advantages of timeliness and stability to provide safe and efficient transportation of industrial materials, living materials and epidemic prevention materials, including emergency dispatch of transport vehicles and volunteers to ensure the supply of living materials, inputting drones and unmanned vehicles to reduce the risk of personnel contact, improving the efficiency of epidemic prevention work.

SF pioneered the business model of bringing fresh agricultural products from "fields" to "tongue tips", and actively cooperated with and assisted local governments in building brands, so that more agricultural products can be known to consumers, including Yangcheng Lake hairy crab, Yantai cherry, Lingnan lychee, Yunnan flowers, Ganzi matsutake, etc. The Company's agricultural product uplink service network has covered more than 2,800 counties and districts across the country and more than 4,000 fresh varieties. In 2021, a total of 3.746 million tons of agricultural products and 720 million parcels of agricultural products were delivered, which is expected to help farmers generate more than RMB100 billion in income, an increase of 30% compared to 2020.

SF is committed to creating a career platform for global talents to pursue excellence and achieve their ideals. SF Holding adheres to the team culture of equality, respect, win-win collaboration, innovation, and inclusiveness, allowing employees to grow through competition to achieve self-fulfillment. The Group not only established a fair and transparent evaluation system but also continuously promote the enhancement of compensation competitiveness and employee satisfaction from multiple dimensions such as training empowerment, promotion development, and organizational atmosphere building, so as to encourage employees to deliver value and strive for excellence. In 2021, the Company formulated multiple incentive schemes under specific scenarios including the Employee Sustainability Guarantee Plan and "Low-income Courier Incentive", striving to improve the professional life quality of couriers.

SF aims to be the global leader in intelligent supply chains and adhere to "exploring technology in depth and leading the future with intelligence". Committed to constructing intelligent logistics and supply chain services, SF Holding realizes the implementation and large-scale promotion of technology in the field of logistics and supply chains through the combination of independent innovation and sci-tech innovation ecosystem, and has accumulated over 3,000 patents in the fields of automation, big data, artificial intelligence, high-precision maps, intelligent hardware and integrated logistics solutions. It has been honored as one of the "Top Ten Innovative Leading Enterprises in Intelligent Logistics in China", and as one of "50 Smartest Companies" by MIT Technology Review.

SF believes that compliant operation is a solid foundation for the steady development of our business. The Company continues to improve the accuracy and agility of the risk control model by virtue of big data, and further improves the intelligent risk control system and the policy and management structure of data privacy and network security protection. Moreover, the Company has established the "no courage, no ability and no intention" system for anti-corruption and three lines of defense in the business areas to achieve a network-wide and all-post integrity management system that runs through management. In 2021, SF realized 100% of the follow-up feedback rate for effective reporting.

Our pursuit has no boundaries. For 2022, SF Holding sets its slogan as "sustainable and healthy development" and will flexibly respond to the challenges and duly seize the opportunities of the times, and spares no effort to achieve the sustainable and high-quality development of the Company. Looking ahead, the Company will continue to communicate with stakeholders, uphold the core corporate values of integrity and responsibility, dedication to the success of employees and customers, innovation and inclusion, and passion for excellence, and provide global consumers with convenient, reliable, and considerate services.

## About SF

SF was born in Shunde, Guangdong in 1993. After years of development, it has become a leading comprehensive express logistics service provider in China and the fourth largest express company in the world. Adhering to the “user-centered, demand-oriented, and experience-based” product design thinking, focusing on industry characteristics, and starting from customer application scenarios, SF delves into the customer’s end-to-end full-process touchpoint needs and other personalized needs in different scenarios, designs products, services and solutions suitable for customers, and keeps optimizing product systems and service quality. Moreover, SF applies technology to empower product innovation to form industry solutions to provide customers with intelligent and integrated smart supply chain solutions covering multiple industries and scenarios.

Revolving around the logistics ecosystem, SF Holding horizontally expands diversified business fields and vertically improves product stratification to meet the needs of different market segments and cover the entire supply chain of customers. After years of development, by virtue of the Company’s high-penetration express delivery network across China and covering major countries and regions around the world, SF provides customers with integrated supply chain solutions covering procurement, production, circulation, sales and after-sales service. In addition, as an intelligent logistics operator with the advantages of “aviation + ground + information” network scale, SF has a business model with strong control over the entire network.





## Corporate vision and culture

Since its inception, SF has been growing for 29 years. After 29 years of endeavor, we have built a corporate culture imprinted with the brand of SF. For SF, corporate culture is not only a belief, but also a commitment and practice. It is reflected in the words and deeds of all SF employees, and in all SF's business conduct, and has become a strong spiritual force that is deeply cast in the cohesion, competitiveness and vitality of SF. The Company's vision is to build a digital ecosystem and enable global customers to succeed, achieve common prosperity and enjoy a better life. In 2021, the Company updated its corporate values and set its core concepts as integrity and responsibility, dedication to the success of employees and customers, innovation and inclusion, and passion for excellence.

### Corporate culture

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#### Vision

Build a digital ecosystem, enable global customers to succeed, achieve common prosperity, and enjoy a better life





**Core values**

Integrity and responsibility, success for employees, success for customers, innovation and inclusion, pursuit of excellence



**Integrity and responsibility**

Integrity is the manifestation of responsibility, and responsibility is the cornerstone of integrity. Integrity and responsibility is the organic unity of a person's intrinsic moral cultivation and extrinsic code of conduct, and is the "spiritual background" of all SF employees.



**Success for customers**

Customer-centric, SF quickly responds to customers' needs and continues to create value for them. The process of enabling customers to succeed is also the process of the enterprise itself being empowered.



**Pursuit of excellence**

Excellence means to go from good to better and from strong to stronger. The pursuit of excellence is to constantly surpass and improve oneself, being a little better every day than others and one's past self.



**Success for employees**

With humanized management, SF sincerely helps employees grow and allows employees to fully realize their personal values and dreams at the Company and have a better life.



**Innovation and inclusion**

Innovation is the motive power of enterprise development. We encourage orderly innovation with an open mind, tolerate problems that may arise in the process of innovation, and foster a good environment for the seedlings of innovation to take root and sprout.



**Enterprise spirit**

Equality and respect, integrity, pragmatism



**Equality and respect**

Treat all as equals, respect each other, and put people first



**Integrity**

Be impartial and selfless, uphold justice, and dare to speak and act



**Pragmatism**

Be down-to-earth, seek truth from facts, keep abreast of the times

The company is like a team, all the members gather to win for common goal. They learn and grow here, coordinate and cooperate with each other, train and fight together; The honor of the team is the best way for each member to make achievement.



**Achieve the goal**



**Teamwork**



**Identify the weakness and make improvements**



**Promoting the capable ones**



**Coach**



**Sunshine**



**Teamwork**

Achieve the goal Teamwork identify the weakness and make improvements Promoting the capable ones Coach Sunshine



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Awards that SF received in 2021

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Ranking First in the Overall Satisfaction and Public Satisfaction of Express Service in 2021

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Ranked Eighth of Fortune's Most Admired Chinese Companies in 2021(listed for five consecutive years)

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Selected into the Corporate Net Zero Pathway of UN Global Compact

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2022 Caijing's Evergreen Award – Sustainability Green Award

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The 4th (2021) International Financial News "Corporate Social Responsibility Pioneer Award in China"

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The 23rd China Securities Journal "Golden Bull Social Responsibility Award for Listed Companies"

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The 10th (2021) Finance Sector Led China "Outstanding Social Responsibility Award of Listed Companies"

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The 3rd (2021) China Benefit Corporation "Outstanding Charity Enterprise of the Year"

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The Third (2021) New Fortune "Best Listed Company"

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2021 Financial Annual Champion Awards "Annual Industry Influence" Award

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2021 China's Top 100 Best Employers of the Year

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SF Foundation won the title of the 4th "National Advanced Social Organization" of the Ministry of Civil Affairs of the People's Republic of China

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SF Foundation was awarded the "4A Foundation" by the Ministry of Civil Affairs of the People's Republic of China

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SF Foundation was listed on the Transparency List of FTI2021 Large Private Foundation, with a score of 100 and a rating of A+

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SF labor union was awarded the "National Worker Pioneer" by All-China Federation of Trade Unions

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SF labor union was awarded the title of "National Model Home of Employees"

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SF labor union was awarded the "Top Ten Enterprise Platforms" by All-China Federation of Trade Unions

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SF labor union was awarded the "National Loved & Praised" Advanced Enterprise

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SF Supply Chain was awarded the "Global Digital Transformation Award" in 2021

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SF Cold Chain was on the top of the List of 2020 China's Top 100 Cold-Chain Logistics Enterprises (for three consecutive years)

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SF Cold Chain won the "Top Ten Agricultural Products Logistics Service Providers of 2021 Golden Harvest Award for Agricultural Products Supply Chain"

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SF International's innovative bonded business model won the "Global Service Practice Case" Award by China International Fair for Trade in Services in 2021

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Awards that SF received in 2021

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SF Technology won the “2020 Top 50 China Industry Blockchain Enterprises”

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SF Technology won the honor of “2021 Top 10 Digital-Intelligent- Service Providers” and CCID “2021 Blockchain Technology Innovation Typical Enterprise Award”.

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SF Technology won the “Model of Multi-source Data Fusion Processing” Award by the Organizing Committee of Golden Bell Award for China’s Data Intelligence Application Model

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SF Logistics timeliness control project won the second prize of 2020 Postal Industry Science and Technology Award

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The logistics prediction and resource planning and scheduling project based on the artificial intelligence won the “2021 Global Logistics Technology Innovation Award”

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The Intelligent Logistics Tracking Platform based on SF Big Data won “Leading Achievement Release – Excellent Project Award” of 2021 Big Data Expo

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Fengjingtai Project won the “Second Place of 2021 Science Progress Award”.

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Joint Risk Control Modeling of SF Scenario of “Sending First, Paying Later” won the title of “Xinghe” Privacy Computing Benchmark Case in 2021

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The Ezhou Huahu Airport project won the Brilliant Award for Infrastructure Digitization in 2021

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The Ezhou Huahu Airport project won the 2021 Transportation and Logistics Innovation Award

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The Ezhou Huahu Airport project won the special prize of 2021 “Innovation Cup” BIM Competition

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Guo Xu, a SF employee, won the title of national labor model in the postal industry and the National May Day Labor Award

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Wang Yong, a SF employee, won the title of the 8th National Moral Model by the CPC Central Propaganda Department and Central Civilization Office

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# Sustainable development management

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

## Sustainable development management structure

SF Holding 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. Representatives of all functional departments, business groups (BG) and business units (BU), related to the sustainable development work formed a sustainable development working group, which serve as the main body of the sustainable development work, responsible for implementing the daily sustainable development work and providing relevant information and data for the preparation of the sustainable development report.

## Stakeholder identification and communication

SF Holding attaches great importance to the communication with stakeholders. It has established diverse communication channels catering for different stakeholders to keep them abreast of policy updates, routine management, development and reform, special changes and other relevant information to all stakeholders in a timely manner, updates the progress of the Company’s sustainable development work, and actively listens to the suggestions and opinions of all stakeholders to understand their expectations from and requirements to SF Holding.

### Stakeholder Communication List

Stakeholders	Main concerns	Forms 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	<ul style="list-style-type: none"> <li>➢ Operating in compliance with laws</li> <li>➢ Preventing major safety accidents</li> <li>➢ Increasing the local employment rate</li> <li>➢ Promoting actively industrial poverty alleviation</li> </ul>
<b>Investors</b>	High economic value creation Corporate governance Compliance and risk management Responsibility management	Information disclosure Shareholders’ general meeting Roadshow On-site inspection	<ul style="list-style-type: none"> <li>➢ Establishing and improving the scientific decision-making and supervision mechanism</li> <li>➢ Strengthening risk management</li> <li>➢ Disclosing proper information</li> <li>➢ Organizing and participating in activities targeting different types of shareholders</li> </ul>
<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 satisfaction surveys Discussion, communication and other activities	<ul style="list-style-type: none"> <li>➢ Protecting employees’ rights according to the law</li> <li>➢ Offering training programs</li> <li>➢ Improving the talent promotion and salary mechanism</li> <li>➢ Strengthening occupational health and safety management</li> <li>➢ Promoting diverse employee benefits</li> </ul>
<b>Community residents/charitable organizations</b>	Charity and volunteering services Helping community development	Communication mechanism building On-site investigation Volunteer communication	<ul style="list-style-type: none"> <li>➢ Carrying out various charity activities</li> <li>➢ Intensifying industrial poverty alleviation</li> <li>➢ Encouraging employees to take part in voluntary services</li> </ul>
<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	<ul style="list-style-type: none"> <li>➢ Providing efficient, reliable, and fast logistics services</li> <li>➢ Enhancing the customer claim settlement process</li> <li>➢ Building a safe ecosystem</li> </ul>
<b>Partners/industry associations</b>	Sustainable supply chain Open and fair procurement Enhancing international communication and cooperation	Reaching agreements or contracts Conducting supplier training Holding summits	<ul style="list-style-type: none"> <li>➢ Sunshine procurement</li> <li>➢ Eliminate commercial bribery</li> <li>➢ Participating in industry exchange activities</li> </ul>
<b>Media/ the public</b>	Information transparency Interaction with the media	Information disclosure Building a communication mechanism	<ul style="list-style-type: none"> <li>➢ Active communication through websites and other official internet platforms</li> <li>➢ Providing external publicity materials</li> </ul>

## Major issues on sustainable development

In the current year, the Company invited professional consultants to review and assess our issues on the management for sustainable development, to ensure that the issues are highly relevant to the industry in which SF operates. Based on the analysis of major issues for the last year, SF Holding finally concluded, updated and summarized the importance of each issue of SF on the sustainable development for 2021, by considering the concerns of the stakeholders (such as the capital market, etc.) for the sustainable development of SF, and referring to the issues of domestic and foreign peers on sustainable development. Those issues laid a foundation for the preparation of this report. The report on assessment of major issues for 2021 has been proposed to and approved by the Board of Directors.





### SF Holding material issues for sustainable development in 2021

Issue No.	Issue name
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	Data security and privacy protection
7	Employee diversity and human rights protection
8	Building green and intelligent industry 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	Management and recycling 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	Helping local communities grow









## Progress of UN Sustainable Development Goals

### Core goal

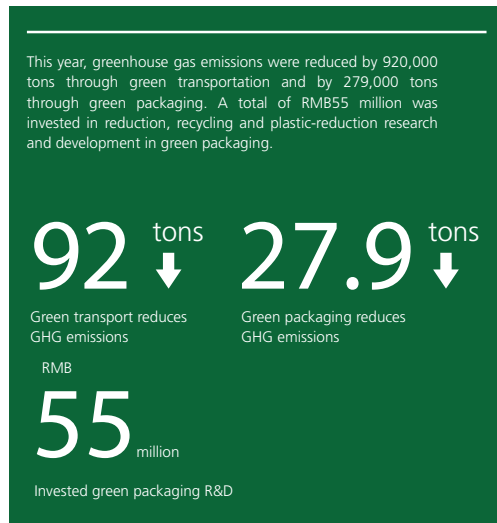
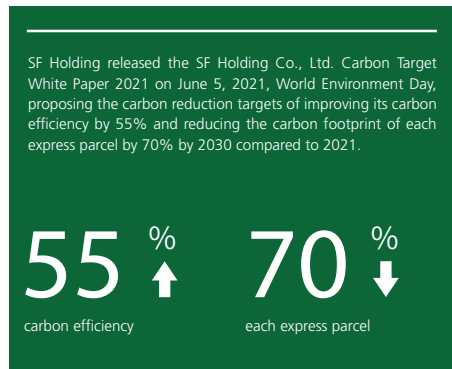
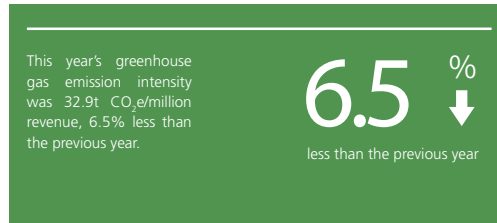
	<p><b>Goal 4: Quality education</b></p>	<p>SF Holding offers tuition to employees for supporting degree programs and certifications. We also set up scholarships for poor students to help employees and vulnerable groups acquire high-quality educational resources.</p>
	<p><b>Goal 8: Decent work and economic</b></p>	<p>SF Holding offers suitable job and internship opportunities for veterans, people with disabilities and college students to ensure the decent employment and career development of special groups.</p>
	<p><b>Goal 11: Sustainable cities and communities</b></p>	<p>SF Holding has developed a series of recyclable containers, including π-Box, constructed a recycling operation platform for data management, and actively cooperated with related parties to build an express packages recycling ecosystem and help with the realization of "no-waste city"</p>
	<p><b>Goal 13: Climate action</b></p>	<p>SF Holding sets our carbon emission reduction goal for 2030, reduce energy consumption from each link of express delivery and parcel transportation, identify climate change risks and take proactive measures.</p>

### Direct goal

	<p><b>Goal 3: Good health and well-being</b></p>	<p>SF Holding has set up a company-wide health and safety target, established a safety management system and passed the ISO45001 certification. We have formulated measures of transportation, distribution and warehousing to ensure the health and safety of our employees.</p>
	<p><b>Goal 5: Gender equality</b></p>	<p>SF Holding strictly adheres to the principle of gender equality, prohibit all forms of discrimination, continue to expand the number of female employees, and provide exclusive welfare and care for female employees.</p>
	<p><b>Goal 10: Reduced inequalities</b></p>	<p>SF Holding actively carries out rural revitalization to help poverty-stricken areas increase employment opportunities, promote the regional economic development and reduce inequalities among regions.</p>
	<p><b>Goal 7: Affordable and clean Energy</b></p>	<p>SF Holding has developed photovoltaic power generation projects in the industrial parks in Yiwu, Hefei, Quanzhou, Wuxi, Wuhu and Hong Kong. We have purchased many new-energy powered vehicles and charging pile equipment and built a clean energy fleet.</p>
	<p><b>Goal 9: Industry, innovation and infrastructure</b></p>	<p>SF Holding adheres to independent innovation and develop new products in collection, transfer, transportation and distribution to create intelligent logistics and empower the industry with intelligence.</p>
	<p><b>Goal 12: Responsible consumption and production</b></p>	<p>SF Holding develops sustainable and intelligent products, and 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.</p>

## Overview of sustainable development achievements

### Highlights of sustainable development in 2021



## Highlights of sustainable development in 2021

SF Holding continued to deepen its engagement in charity and rural revitalization. In 2021, the total annual public welfare expenditure of the SF Charity Foundation was RMB98.89 million, with 20 volunteer associations. 3,585 volunteers actually participated in the activities with 21,601 hours of volunteer services.

RMB  
**98.89** million

the total annual public welfare expenditure of the SF Charity Foundation

SF actively cooperated with the national strategy of rural revitalization, and kept consolidating and expanding the targeted poverty alleviation results. SF continued to carry out the special assistance subsidy program for rural revitalization for all 832 national poverty-stricken counties and more than 240 provincial poverty-stricken counties that have been lifted out of poverty. It issued subsidies to 424 merchants, shipping a total of 12.49 million parcels and creating revenue of about RMB610 million for local farmers

424 merchants issued subsidies  
RMB **610** million creating revenue for local farmers



This year, the Group held a total of 65 regular weekly meetings on risk control, at which 141 resolutions were made. Of them, 12 meetings and 33 resolutions were related to ESG issues, covering personnel safety, work safety and other ESG issues.

**65**  
regular weekly meetings on risk control

**141**  
resolutions

SF Holding strengthened the layout of renewable energy power generation to reduce greenhouse gas emissions, generating 3,053,515 kWh of renewable energy this year.

**3,053,515** kWh  
renewable energy

Multiple business modules, including SF's express delivery, freight, pharmaceutical transportation, and supply chain service, have obtained the ISO14001 Environmental Management System certification, and our air transportation has obtained the ISO50001 Energy Management System certification.



**ISO14001** Environmental Management System certification

**ISO50001** Energy Management System certification

SF Holding has obtained ISO45001: 2018 (GB/T 45001: 2020) certification, which covers the occupational health and safety management activities involved in express service operation management. The annual value of lost days per million shipments decreased by 26% compared with the previous year, achieving the established safety goal.

**26** %  
↓



reaching this year's target value of lost days per million shipments



# 01



## 管治篇

GOVERNANCE

Target for 2022		
Target	100% of the third-tier managers of a listed entity sign the <i>Letter of Commitment to Anti-corruption</i> .	
	100% of suppliers sign the <i>Integrity Agreement</i>	
	Keep promoting the signing of <i>Confidentiality Agreement</i> by our employees to strengthen the data security and protection.	
Indicator		
	Data	
	Follow-up feedback rate of effective reporting	100%
	Number of anonymous whistleblower's privacy leak	0
	Timeliness achievement rate of "Three Ones" in handling complaints	95.7%
	Signing rate of the <i>Letter of Commitment to Anti-Corruption</i>	92.9%
	Hours of workforce anti-corruption education	19,017 Hours
	Key risk control models built with intelligent system tools	More than 100 models
Key performance for 2021	Number of risk control regular meetings and resolutions	65 meetings, resulting in 141 resolutions
	Number of risk control meetings and resolution relating to ESG-related issues	12 meetings, resulting in 33 resolutions
	Number and total duration of risk control serial training sessions	33 sessions, 94 hours in total
	Valid high-risk vulnerability fix rate recorded via SRC (security response center)	100%
	Attack and defense drills carried out in national network protection (HW) action	5
	Number of major data security incidents	0



## Promoting the high-quality development together

The year 2021 was the 100th anniversary of the founding of the Communist Party of China. The *Resolution of the CPC Central Committee on the Great Achievements and Historical Experience of A Hundred Years of Struggle of the Party* was approved at the sixth Plenary Session of the 19th CPC Central Committee, which comprehensively summarized the great achievements and historical experience of a hundred years of struggle of the Party. At the 100th anniversary of the Party, SF Holding carried out a variety of activities celebrating the 100th anniversary of the founding of the CPC actively implemented the education of party members and organized all Party members to learn intensively the spirits of the sixth Plenary Session of the 19th CPC Central Committee. Meanwhile, it set up a complete responsibility system that ensured Party building quality, strengthened the building of the Party committee, so that the party building power can go through all aspects of the company's operation to promote the high-quality development by high-quality party building.

## Standardizing the organizational construction to build a solid fort

For continuously strengthening the guidance on the party building work of the branches across our network, SF Holding has formulated the *Administrative Measures for the Party Building Work Branches of SF's Party Committee* and optimized the setting of grass-roots Party organizations. In 2021, our Shenzhen Branch, Sichuan Branch, Hubei Branch, Beijing Branch and Dongguan Branch were promoted to our Party committees, so that they can give a better play to their roles of the political core and the political leaders of Party organizations, from a new start point. SF Holding effectively divides large branches of grass-roots Party organization and builds Party branches in its newly added business units. Based on its district divisions in Shenzhen, SF Holding has established 10 united regional Party branches and 1 functional Party branch, and set up 4 Party branches for floating Party members in divisions where there are 5 Party members (including floating Party members), with excellent division managers and couriers who are Party members acting as the secretaries and committee members of grass-roots Party branches, respectively.





## Strengthening party member education through online and offline ways in combination

SF Holding standardize the implementation of the “Three Meetings and One Class” system. Considering the actual work of the enterprise, the Group organize the formulation of the guidance on the “Three Meetings and One Class”, to focus the “Three Meetings and One Class” on studying and implementing the Party regulations and systems such as the *Regulations on the Work of Branches of the Communist Party of China (Interim)*, and require all grass-roots Party organizations to organize the formulation of the annual plan for Party building, while making full use of online platforms such as SFIM, the official WeChat official account of SF’s Party committee to release the news about our Party building and of the study of Party building, extending the learning mode from “offline” to “online” for Party members to create a positive learning atmosphere across the company in diverse and innovative forms of learning and educations for Party members.



## Giving an effective play to the vanguard and exemplary role of Party members

SF Holding promotes the presence of a Party member’s identity, commitment and integrity with a view to providing first-rate services for our customers. The Group sets up posts for pioneer Party members and build a squad of Party members. During the peak seasons of promotion campaigns for “November 11” and “December 12”, we issued the *Party Members’ Pioneer Action Initiative* and built a squad of Party members for front-line collection and delivery of parcels, assisting enterprises in responding to the peak seasons and ensuring that our business could run as usual. During the local outbreaks of the COVID-19 pandemic in Shenzhen on “21 May 2021”, “14 June 2021” and “7 January 2022”, our volunteers consisting of Party members and activists for fighting against the COVID-19 contributed to the front-line prevention and control of the COVID-19 pandemic.



## 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.*, *Rules of Procedure for General Meeting*, *Rules of Procedure for Board of Directors*, and *Rules of Procedure for Supervisory Committee* and other internal control rules and regulations. The Company improves the internal corporate governance structure and the internal management system to regulate the conduct of the company. The Company clearly defines 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 Company convenes and holds general meetings in strict compliance with relevant laws and regulations, treats all investors equally, engages lawyers to attend the general meeting as observers and issue legal opinions on the holding and voting procedures of the general meeting, and gives full respect to and protects the legitimate rights and interests of all shareholders. The Company’s controlling shareholder strictly regulates its behaviours, exercises the shareholder’s rights through the general meeting, and does not interfere with the Company’s management or decision making directly or indirectly bypassing the general meeting and the board. In 2021, SF Holding held 5 general meetings.

The Company elects director candidates in strict accordance with relevant laws and regulations. The SF Holding board comprises 12 directors, of which 4 are independent directors and 8 are non-independent directors. 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. The number of members and composition of the board and the special committees are in line with the requirements of laws and regulations. The board of the Company convenes and holds the board meeting in accordance with relevant regulations. In 2021, SF held a total of 11 board meetings, and 10 meetings of special committees. All directors seriously attended the board meetings, carefully deliberated all proposals, and diligently fulfilled their duties. The independent directors performed their responsibilities independently, protected the holistic interests of the Company, and expressed independent opinions on important and major issues.

The Company elects supervisor candidates in strict accordance with relevant laws and regulations. The SF Holding supervisory committee comprises 5 supervisors, of which 2 are employee representative supervisors and 3 are shareholder representative supervisors. The number of members and composition of the supervisory committee are in line with the requirements of laws and regulations. The supervisory committee of the Company convenes and holds the meeting of supervisory committee in accordance with relevant regulations. In 2021, SF Holding held a total of 8 meetings of supervisory committee. All supervisors seriously attended the meetings of supervisory committee, diligently fulfilled their duties, and supervised and expressed their opinions on the major issues, related party transactions, financial condition, etc. of the Company.

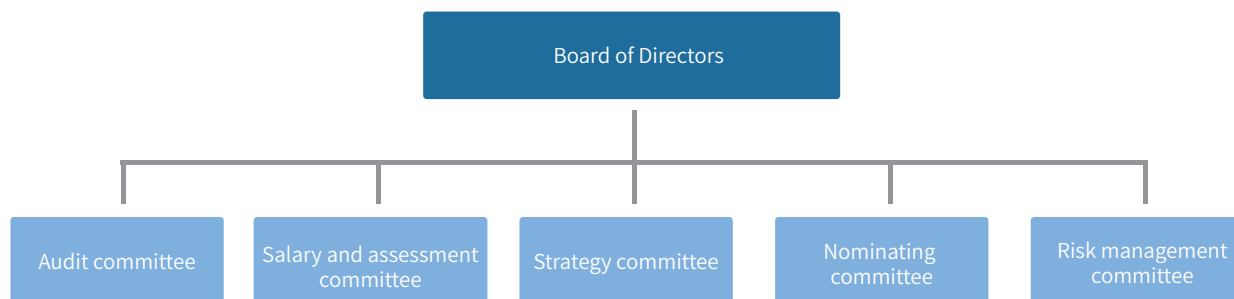


Figure Board Composition of SF Holding

Table Remunerations of Directors, Supervisors and Senior Executives during the Reporting Period (in RMB'000)

Name	Position	Gender	Tenure status	Total Before-tax Remuneration Gained from the Company in 2021 <sup>1</sup>		Whether Gained Remuneration from the Related Parties of the Company
				Salaries, bonuses, etc.	Other benefits	
Wang Wei	Chairman, General Manager	Male	Current	1,122.00	0.00	No
Lin Zheyang	Deputy Chairman	Male	Current	–	–	Yes
Zhang Yichen	Director	Male	Current	–	–	Yes
Deng Weidong	Director	Male	Current	–	–	Yes
Liu Chengwei	Director	Male	Current	–	–	Yes
Ho Chit <sup>2</sup>	Director, Vice General Manager, CFO	Male	Current	1,745.74	4.94	No
Lo Sai Lai	Director	Male	Current	–	–	No
Chan Fei <sup>2</sup>	Director, Vice General Manager	Male	Current	6,258.03	77.76	No
Ng Wai Ting	Former Director, Former Deputy General Manager, Former CFO	Female	Resigned	2,901.20	51.85	No
Zhou Zhonghui	Independent Director	Male	Current	680.00	–	Yes
Jin Li	Independent Director	Male	Current	680.00	–	Yes
Dicky Peter Yip	Independent Director	Male	Current	680.00	–	No
Chow Wing Kin Anthony	Independent Director	Male	Current	680.00	–	Yes
Sun Xun	Chairman of the Supervisory Committee	Male	Resigned	126.19	20.73	No
Li Li	Former Employee Representative Supervisor	Female	Resigned	843.64	14.60	No
Liu Jilu	Supervisor	Male	Current	–	–	Yes
Shum Tze Leung	Chairman of the Supervisory Committee	Male	Current	1,171.61	72.76	No
Li Juhua	Supervisor	Female	Current	1,261.31	20.93	No
Wang Jia	Supervisor	Female	Current	523.78	14.74	No
Chu Yan	Supervisor	Female	Current	666.63	41.25	No
Li Sheng	Vice General Manager	Male	Current	3,880.80	48.55	No
Xu Zhijun	Vice General Manager	Male	Current	2,607.95	71.33	No
Gan Ling	Vice General Manager, Board Secretary	Female	Current	2,167.20	31.97	No
<b>Total</b>				<b>27,996.08</b>	<b>471.41</b>	

1 Total remuneration before tax is the remuneration received by the above persons when serving as the directors, supervisors and senior executives of the Company in 2021, including salary, bonus, benefits, etc.

2 The amount of salary, bonus, etc. received by Mr. Ho Chit and Mr. Chan Fei during the Reporting Period included the director's emoluments they received from Kerry Logistics, a subsidiary of the Company.



## Internal control and risk management

SF Holding uses an internal control and risk management system to meet regulatory and compliance requirements. The Company identifies and evaluates the ESG risks in company operation and development. It also clarifies its ESG risk response strategies to always control the risks under a complete system and orderly management.

### Risk management system

In accordance with the *Basic Standards for Enterprise Internal Control*, the *SZSE No. 1 Self-discipline Supervision Guidelines for Listed Companies – Standardized Operation of Main Board Listed Companies* and other laws and regulations, and with reference to the *Enterprise Risk Management Framework and the Articles of Association of SF Holding Co., Ltd.*, the Company 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.

SF has established a risk management organizational structure led by the Risk Management Committee of the Board of Directors. The Risk Committee under the Risk Management Committee of the Board of Directors is a professional body for the overall planning and control of group risks, mainly responsible for the establishment of the Group’s risk management system, major risk prevention and major crisis response. The Risk Committee reports to the Risk Management Committee of the Board of Directors quarterly and annually. The Group’s 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, BGs (Business Groups), BUs (Business Units) and other regions. The Group’s 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 measures 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.

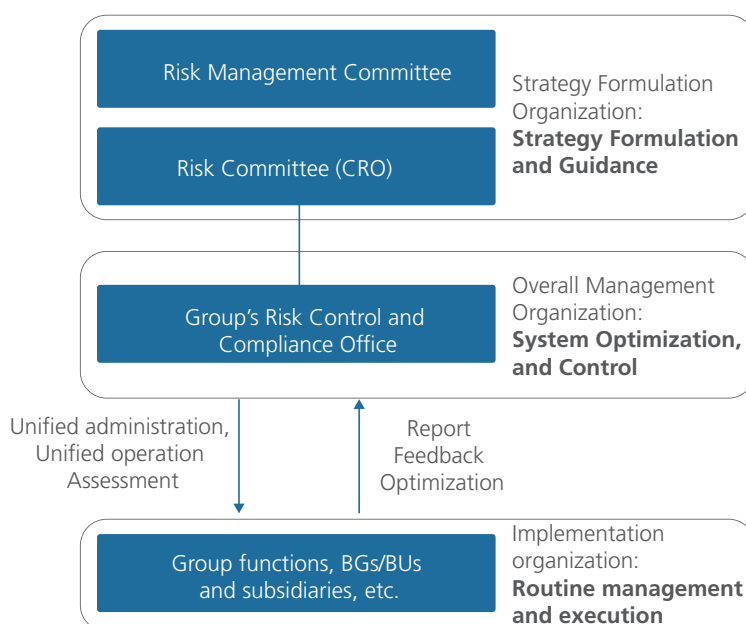


Figure SF Holding’s Risk Management Organizational Structure

Every two years, the Group identifies and analyzes the risks in the course of achieving our objectives based on the changes in the internal and external environment. In 2021, the Company kept improving the accuracy and agility of our risk control models by virtue of big data technologies to further perfect the intelligent system tools of our risk control system. Now we have established more than 100 key risk control models, and formed a system model of “Group control, and professional management and control” that combines the Group’s risk control system with the professional risk control system.

In the on-boarding process, the Group cultivates new employees’ awareness of risk management and control in our course trainings, etc. We develop risk management qualification courses and special training in forms of online study, exams, etc. In 2021, we provided 33 risk control training sessions, with a duration of 94 hours in total and covered 7 special topics, namely risk control basics, sales risks, purchase risks, customer complaint risks, information security, public opinion risks and work safety, aimed at the targeted improvement of the risk control ability in our business areas.

**In 2021, SF Holding provided 33 risk control training sessions, with a duration of 94 hours in total and covered 7 special topics, namely risk control basics, sales risks, purchase risks, customer complaint risks, information security, public opinion risks and work safety, aimed at the targeted improvement of the risk control ability in our business areas.**

## ESG risk management

SF Holding adequately integrates environmental, social and governance risks into the identification and sorting of the risk information base, and risk classification into Level-1, Level-2 and Level-3 risks. The ESG risks we have identified now contain 15 Level-2 risks, such as natural disaster risks, intellectual property right risks, fraud risks, work safety risks, and human resource management risks, covering multiple aspects of the ESG area. The carbon neutrality risks and risk of business operation in extreme weather are identified as Level-4 risks. 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. In 2021, SF Holding held total 65 regular weekly meetings, at which 141 resolutions were made. Of them, 12 meetings and 33 resolutions were related to ESG issues, covering personnel safety, work safety and other ESG issues. (Please refer to “Climate Change Response” for our governance, response measures and target for climate change risk management)



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## Business ethics management

SF Holding attaches great importance to the management of business ethics and determines the management mechanism led by the Audit Committee of the Board of Directors. The Chief Audit Executive (CAE) manages our business ethics affairs and regularly reports to the Audit Committee. The Company 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. Meanwhile, the Company is sorting and formulating the *SF Holding Anti-Corruption and Compliance Manual* on the basis of our past experience, in an attempt to provide the guidance on employees' honest conducts. During the reporting period, SF Holding had no legal action in respect of improper competition and anti-monopoly.

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.

### Case: SF Holding strengthens communication in the industry for a better commercial community.

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SF Holding also worked closely with external organizations to eliminate unethical business practices. On 18 June 2015, SF Holding, 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.

The Company keeps strengthening exchanges on internal audit with famous enterprises in the industry and empowering our business, and enhances communication with listed companies and industry alliances and associations, aligning with the benchmark peers in terms of digital auditing. In 2021, our internal manuscript of transition to digitalization was included in the topic series of "internal auditors' discussions about Two Sessions" and was published in the *Internal Auditing in China*.

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## Integrity management system

To ensure the effectiveness of the integrity management system, SF Holding will analyze the causes of corruption incidents annually to confirm whether there are any defects in procedures and systems. We also iterate the system when necessary. In 2021, the Company further amended the *SF Holding Anti-Corruption Management System*, the *Letter of Commitment to Anti-Corruption* and the *Integrity Agreement* covering the entire group, adding the duties of anti-corruption and code of conduct for anti-corruption, as well as the description of violations to the anti-corruption requirements, including bribery, gifts, entertainment of outsiders, etc. In addition, the Company upgraded its original “education, prevention, management and penalty” mechanism and built a “no courage, no ability and no intention” system for anti-corruption, aimed at preventing dishonesty by more comprehensive system and specific rules.



Figure: SF Holding’s “no courage, no ability and no intention” system for anti-corruption

SF Holding strictly abides by the *Anti-Unfair Competition Law of the People’s Republic of China* and other laws and regulations, and have formulated systems such as the *Rewards and Penalty Management Regulations* and *Reporting Management Measures*. 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.

The Company has 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. It also has built three lines of defense simultaneously in business areas to realize the integrity management system across all networks and posts of management. Outside the two-level three defensive lines we have 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.

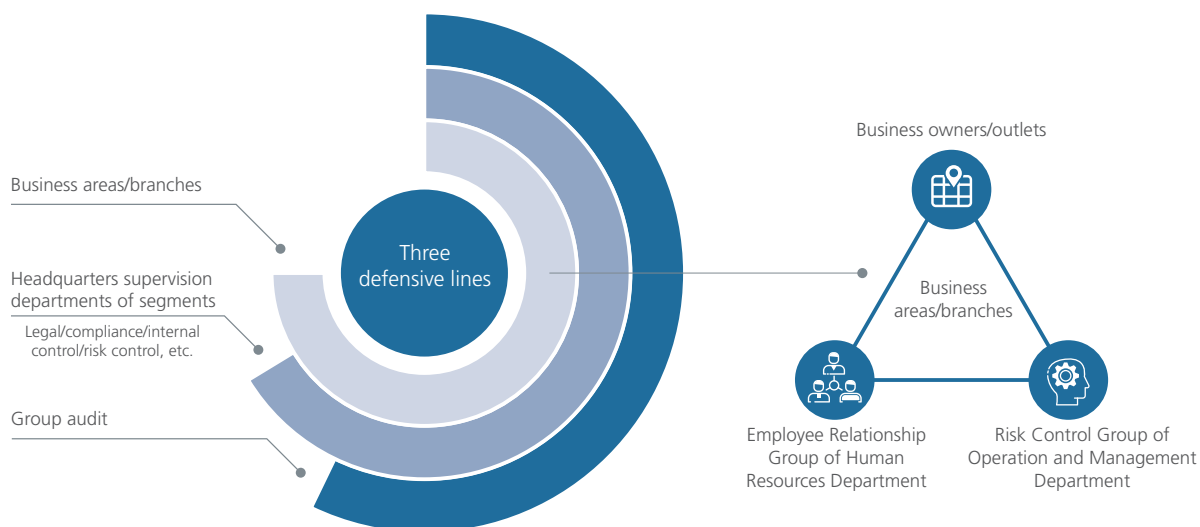


Figure SF Holding’s Defensive Lines for Integrity Supervision



## Anti-corruption measures

SF Holding 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.

### Anti-corruption training

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 provide all employees with a clear and reliable code of conduct to standardize their behavior and advocate professional integrity.

SF Holding has established an integrity culture system to promote the company’s anti-corruption atmosphere actively in forms of system interpretation, integrity briefing, anti-corruption announcement, etc. 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 2021, the signing rate of the *Letter of Commitment to Anti-corruption* was 92.9%.

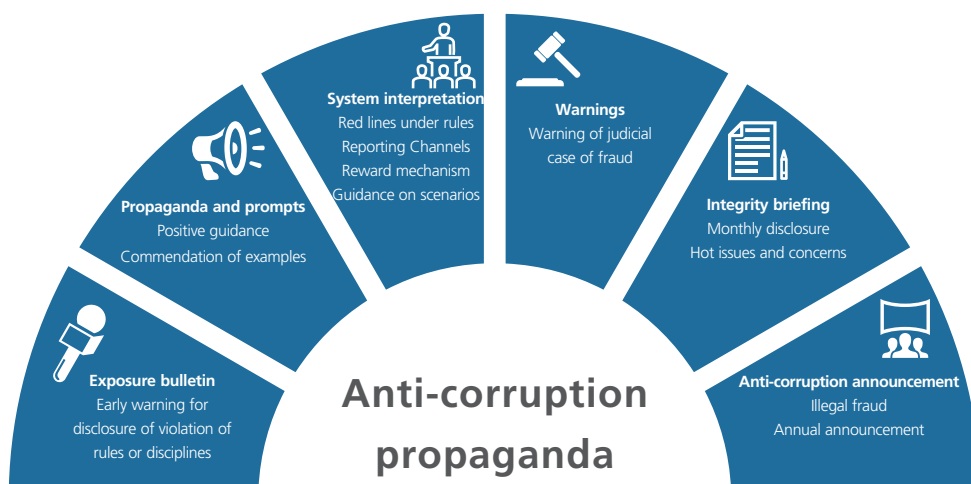


Figure SF Holding’s Anti-Corruption Propaganda and Education

*Letter of Commitment to Anti-Corruption*, including but not limited to:

- 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 2021, SF Holding provided 6 special training sessions for integrity education, and set the integration training module in the induction training for all new employees. For senior executives, SF Holding conducted a total of 9 culture lectures, exchanging ideas and discussing on the core values of business credit and incorruption culture. Besides, SF Holding released posts in 24 issues on the web through “Integrity and SF” information channel, covering integrity briefing, warnings, etc. The duration of our anti-corruption training for employees in 2021 was 19,017 hours.

## 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. The Company require relevant, informed persons to assume the responsibility for protecting and keeping confidential.

Currently, the six main reporting channels of SF Holding are the official website, reporting hotline, SFIM platform, regional complaint management platform, email and letter. In 2021, the Company optimized the design of our reporting channels to add more structures to collect information from reporting channels and improve user experience in making complaints and reporting, thereby effectively improved the quality of complaints and reporting and the efficiency of verifying problems could be improved effectively.

**Table SF's Reporting Channels**

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

Following the principle of "unified management, centralized handling and hierarchical responsibility," the Company has formulated the *Employee Communication Management Regulations*, which clearly stipulates that the Audit Department of the Group makes overall planning of reporting management. Each business area is responsible for handling complaints in the region. Moreover, the Company has formulated the Reporting Management Measures to further clarify the 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. The Company 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 for effectiveness of the event handling process.

In 2021, the follow-up feedback rate in connection with effective reporting of SF Holding was 100%, and its timeliness achievement rate of "Three Ones" in handling complaints was 95.67%.

The Company conducts an investigation on corruption and issue a written investigation report. If the problem is found to be true, 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.

## Whistleblowers protection

SF Holding prohibits the act of 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. In 2021, SF Holding had no anonymous whistleblower whose privacy was disclosed.

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## Data security governance

As for information security and data compliance risks, SF Holding stays alert. The Company further perfects policies as well as management structure regarding data privacy and network security protection, and builds four security capacity systems in aspects of bottom line requirements, operation and maintenance measures, methodology and ecological scenarios, including the baseline for security capacity, security operation capability, DevOps<sup>3</sup> security capacity and ecological security capacity, so as to ensure the standardized management of data security.

SF Holding strictly abide by applicable data collection and processing laws and regulations around the world, and comply with the data privacy and cybersecurity policies of different countries and regions such as the *Cybersecurity 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 (HIPPA)* of the US, and the *Personal Information Protection and Electronic Documents Act* of Canada.

SF Holding has established three-tier data privacy and cybersecurity management organizations, including the organizations for decision-making, management and implementation, under which the data privacy and cyber security protection are managed. The technical committee, as the ultimate leadership organization, is responsible for information security decisions, appointments and instruction. One of the board members, the CEO 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 to information security and privacy regarding company data, customer information and employees' personal information.

## Cybersecurity

SF Holding formulates the *Emergency Plan for Information Security Incidents of SF Holding*. It helps to specify operational measures to monitor and respond to a cyberattack. It updated the *Administrative Provisions on Cyber Security Incidents* and *SF Express Standards for Safety Technologies* in 2021 to specify the process of and management requirements for handling network safety incidents, so as to guarantee the network security of the Company.

SF Holding conducts regular internal and external cyber security monitoring, daily configuration checks internally and has established a Blue Team to conduct penetration testing every quarter. In addition, through the SRC (Emergency Response Center) platform, the Company invited external personnel to test the security of SF's relevant systems. Since its opening in 2017, the platform has registered a total of 1,349 external testers. In 2021, we recorded 112 high-risk loopholes through the SRC platform and repaired 112 of them at a repair rate of 100%.

SF Holding has developed detailed emergency response and remedial measures for different types of cyberattack to ensure that all cybersecurity incidents are dealt with quickly and properly. In 2021, SF Holding conducted a national cybersecurity action to carry out 5 internal drills for attacks and defenses, enhancing the security defense capability of the Company.

SF Holding actively participates in the formulation of the national cybersecurity standards led by the government. In 2021, SF Holding took part in the formulation of industrial standards such as the *Information Security Technologies – Data Security Guidance for Express Logistics Services (Provisional)* and the *Information Security Technologies – Requirements for Classification and Grades of Network Data*, aimed at driving the standardization of data security in the industry.

3 DevOps is a compound word of development (Dev) and operations (Ops), which refers to the collective term for processes, methods and systems.

## Information security

In 2021, SF Holding updated the *Administrative Provisions on the Use of Employee Information*, the *Administrative Measures on Rewards and Punishments for Information Security* and the *Administrative Measures on Security Incidents of Information Leakage*, and formulated the *Administrative Provisions on Compliance of Privacy Data Security*.

The Company holds regular risk control meetings to make overall planning for and monitor the holistic information security. At the meetings the persons in charge of information security analyze and respond to the internal and external safety risks and make deployment for the major information security matters, such as the information security guarantee during the company's peak seasons, deployment of red vs. blue, decision-making on major risks handling. Moreover, the Company keeps improving its ability to fight against security attack, to strictly protect the security of customer data and privacy. The Company keeps intervening in the personal information processing and business system building for security through a series of measures such as appraisal of the protection of information system security level, GDPR compliance, and APP privacy compliance, in a bid to ensure that the customer privacy is not leaked due to an attack to the system.

Meanwhile, the Company organizes a series of information safety training and propaganda activities. After sorting out the risk points of internal privacy disclosure, it develops privacy protection courses and provides them to the employees, in line with national laws and regulations as well as the regulatory requirements. In 2021, SF Holding continued to arrange all employees to take information security training and examinations, thus effectively enhancing the information security awareness of the employees.





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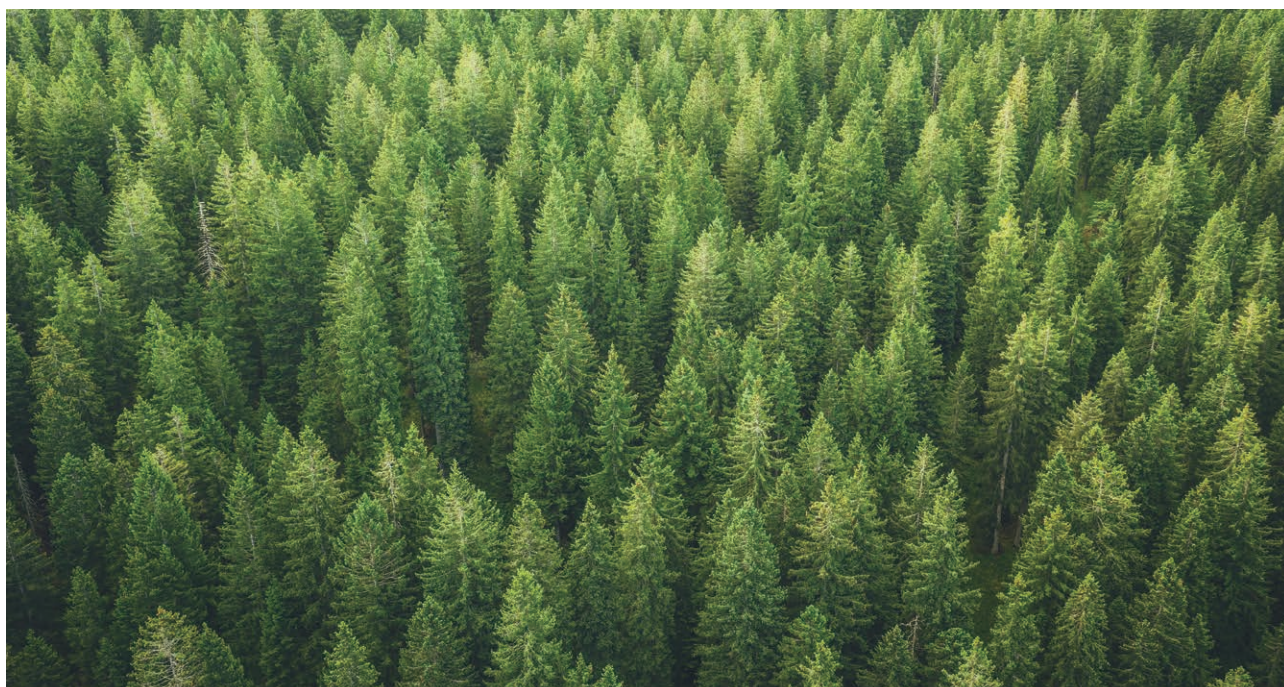
## 环境篇

ENVIRONMENT



	2021 Targets	2021 Achievement	2022 Targets
Targets	<b>Green packaging target:</b> The Green Packaging Program will reduce greenhouse gas (GHG) emissions by 60,000 tons in 2021.	In 2021, GHG emissions were reduced by 279,000 tons through green packaging.	<b>Green packaging target:</b> <ol style="list-style-type: none"> <li>In 2022, the inventory of π-box recyclable packaging boxes will exceed 2.2 million, which is expected to reduce carbon dioxide emissions by 13,900 tons.</li> <li>In 2022, bulk packaging materials are expected to reduce carbon dioxide emissions by about 76,000 tons through reduction measures.</li> </ol>
	<b>Green transportation target:</b> Taking 2020 as the base year, the Company plans to add 8,000 new-energy powered vehicles in 2021.	more than 8,900 new-energy powered vehicles were added to the transport capacity in 2021.	<b>Green transportation target:</b> In 2022, 3,000 new-energy powered vehicles will be added to the transport capacity.
		N/A	<b>Clean energy target:</b> In 2022, the industrial parks' clean energy generation will reach 20 million kWh. <b>SF Airlines:</b> SF Airlines strives to increase the electrification rate of vehicle equipment in the air base field to 100% by 2030.

	Indicators	Data
Key performance in 2021	Reduced GHG emissions through green packaging	279,000 tons
	Reduced GHG emissions through green transportation	920,000 tons
	Reduced GHG emissions through renewable energy power generation	2,400 tons
	Electricity generated from renewable sources	3,053,515 kWh
	Total reduction of GHG emissions	1,201,297.57 tCO <sub>2</sub> e
	Total GHG emissions	6,883,274.9 tCO <sub>2</sub> e
	GHG emission intensity	32.9 tCO <sub>2</sub> e/million revenue
	GHG emissions per package	652.44 gCO <sub>2</sub> e/package



# Collective effort to achieve the carbon peaking and carbon neutrality goals

In recent years, climate change has become a global concern. In order to achieve the goals of the *Paris Agreement*, a blueprint for global carbon neutrality has been gradually laid out. In 2020, based on the inherent requirement of promoting sustainable development and the responsibility of building a human community with a shared future, China, as a responsible major country, set the ambitious goals of striving to peak the carbon dioxide emissions before 2030 and achieve carbon neutrality by 2060, which shows China's unprecedented resolve on a new journey to tackle climate change.



## Release of carbon reduction targets

As an enterprise that shoulders its social responsibility, SF Holding is fully aware of the impact of our business on the environment and has all along been committed to creating sustainable supply chain services. SF hopes to set a good example and has a positive influence on the whole industry and even the whole society through the optimization and upgrading of corporate operation. Based on past carbon reduction achievements, SF Holding formulated more ambitious carbon reduction targets and strategic plans, and released the *SF Holding Co., Ltd. Carbon Target White Paper 2021* on June 5, 2021, World Environment Day.

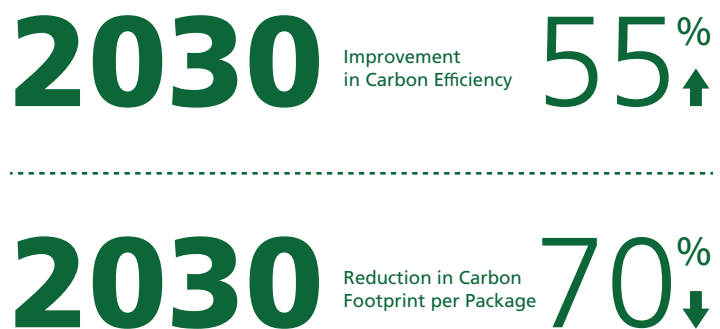
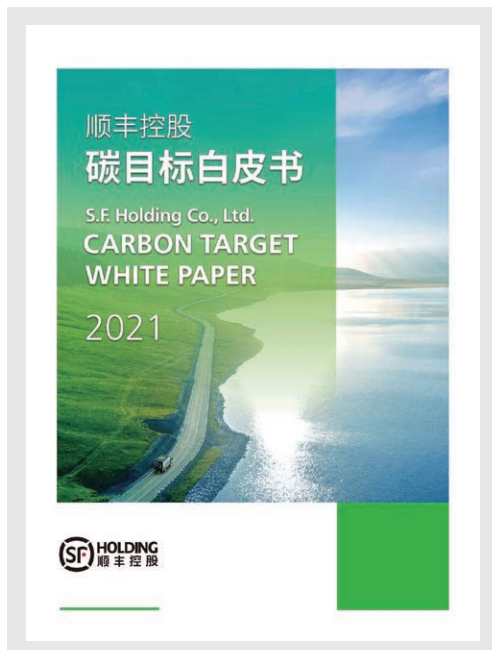


Figure SF Holding Co., Ltd. Carbon Target White Paper 2021

SF Holding commits to leverage the power of technology to drive green, low-carbon renovation and achieve a 55% improvement in our own carbon efficiency in 2030 compared to 2021; meanwhile, to create climate-friendly express delivery, SF Holding will reduce the carbon footprint of each package by 70% in 2030 compared to 2021.

## Roadmap of Carbon reduction

**68%**  
Adjusting the Structure of Energy Use

Adopt renewable energy solutions, invest in photovoltaic in proper industrial parks, and gradually increase the number of new energy vehicles on the road to support the transformation of the energy use structure, and to significantly reduce carbon emissions from our business operations.

**12%**  
Applying Carbon Reduction Technology

Build a carbon emission management platform step by step and employing low-carbon intelligent operations with the help of artificial intelligence, big data, IoTs, and other leading technologies.

**11%**  
Upgrading Transportation and Business Model

Improve operational efficiency and reduce carbon emissions by gradually promoting multimodal transportation, using cargo air hubs to improve routes, adopting green low-carbon packaging, applying smart enterprise management methodology, and providing customers with "All Green" supply chain solutions, etc.

**9%**  
Others

Use alternative approaches to offset unavoidable carbon emissions, such as contributing to the "SF Carbon Neutral Forests" by planting trees and purchasing carbon offset credits.



## Upgrade of carbon emission management

In order to respond to the national carbon peaking and carbon neutrality goals and ensure the realization of our own carbon target for 2030, in 2021, SF Holding set up a carbon emission management platform "Fenghe", which overcame various challenges such as the wide business scope, numerous subdivided scenarios, various interworking systems, and complex data bases, integrated the Group's carbon emission and carbon emission reduction data, and covered multiple processes including packaging, transport, transit, and delivery, as well as more than 60 typical scenarios and more than 120 indicators in total. The data sources included in the platform include vehicle energy consumption, cargo plane energy consumption, railway transportation, site electricity consumption, cold storage refrigerants, employee commuting and emission data of each carbon emission reduction project, realizing digital management of carbon emission data and assisting in tracking the progress of carbon target achievement.

## Practice of green technology

SF Holding has made forward-looking arrangements in artificial intelligence, big data, robotics, Internet of Things, logistics maps, intelligent packaging and other cutting-edge technology fields, and injected the power of technology, combined with the application of new energy, into the whole life cycle of each express parcel, helping to improve the quality and efficiency of the whole process of "collection, transit, transportation, and delivery", as well as carbon emission reduction. During terminal collection and delivery, SF Holding uses self-developed big and small unmanned aerial vehicles (UAVs), applying the intelligent UAV technology to expand the delivery scope and provide efficient, economical and low-carbon logistics services; in the meantime, through the promotion of  $\pi$ -box recyclable packaging box and other green packaging, SF Holding realized the practice of circular economy in the logistics industry. In the transit process, based on big data, SF Holding optimizes warehousing resource configuration and introduced a fully automated sorting and site management system, thus enhancing warehousing and transit efficiency and energy efficiency.

In the transportation process, SF Holding uses intelligent maps to carry out transportation route planning and provides optimal route solutions through intelligent algorithms combined with factors such as express parcel time limits and distances. Besides, the Company relies on big data analysis and deep learning technology to integrate freight routes and transport resources, achieves accurate matching of vehicles and goods, and improves the efficiency of land transportation.

SF Holding applies low-carbon technology services to every link of the industry supply chain to reduce the carbon footprint of the whole end-to-end supply chain, help partners accelerate the low-carbon transformation, reduce the carbon emissions caused by energy consumption at source, improve the carbon efficiency of corporate operation, achieve green development, and jointly build a zero-carbon society.



# Climate change response

Impacts of climate change have attracted worldwide attention. For enterprises, climate change risks are part of their overall risk management. SF Holding is well aware that improving energy efficiency, reducing GHG emissions and coping with extreme weather are important measures that could help us achieve sustainable development and enhance our competitiveness. In accordance with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), the Company disclose the work on identifying and responding to climate-related risks and opportunities from four aspects: governance, strategy, risk management, and indicators and targets.

## Governance

Like other types of risk, we identify and assess climate change risk in line with corporate risk management process. As the highest risk management agency, the Risk Management Committee has a clear understanding of climate change risk and develops strategies to address ESG risks including climate change risks. The Risk Control and Compliance Office is responsible for preparing the overall risk report, including climate change risks. The Office submits the report to the CRO (chief risk officer), who then reports to the Risk Management Committee of the Board of Directors. (For more details on the risk management structure and the risk identification and assessment process, please refer to the "Risk Management System" chapter.)

## Strategy

SF Holding identifies risks through questionnaire survey, team discussion, expert consultation, scenario analysis, policy analysis and industry benchmarking, and lists the following potential risks according to TCFD climate-related risk classification:

Physical risks	
Acute risks	Typhoons, extreme precipitation, floods, extreme heat, extreme cold
Chronic risks	Rise in temperature, rise in sea level
Transition Risks	
Policy and regulation risks	Energy structure and energy use, carbon pricing, environmental information disclosure
Technical risks	Energy technology, green packaging, green transportation, green sales, green office
Market risks	Change in consumer preferences
Other stakeholder impacts	Investor concerns, demand of upstream and downstream supply chain, local community concerns, employee needs

The risk control department conducts in-depth studies on various potential risks and assesses the risk tolerance of the Company based on their impact on the realization of risk control and management objectives. Based on the assessment results, SF Holding added two new level-4 risks to the risk list for climate change issue in 2021.

**Table Newly added level-4 risks related to climate change in 2021**

Risk name	Risk type	Risk description
<b>"Carbon neutrality" risk</b>	Transition Risks	With the implementation of the national carbon peaking and carbon neutrality plan, the introduction of policies related to environmental protection, energy conservation and emission reduction may have an impact on the service and operation mode of express delivery enterprises, resulting in an increase in their cost of environmental protection, energy conservation and emission reduction. Additionally, if enterprises fail to fulfill their environmental protection obligations in compliance with laws and regulations, they will not only be subject to relevant administrative penalties, but also face a negative impact on their corporate images.
<b>Operational risk under extreme weather</b>	Physical risk	Due to climate and environmental issues, frequent extreme weather, such as snowstorms in winter and heavy rains in summer, affects the business continuity of the Company, resulting in business interruption and paralysis.



The external environmental change brought by climate change brings not only new risks but also new opportunities to the Company.

- In terms of transportation service, as climate change becomes a growing global concern, customers of SF Holding will demand green and clean services from suppliers. As a logistics service provider with early arrangements of new-energy transport resources, SF Holding will therefore win the favor of our customers and grasp the market opportunities of the green supply chain.
- In terms of green packaging, SF Holding has the express packaging design and R&D capability, due to long research in the field of green packaging, and owns a considerable amount of related intellectual property. Under the guidance of policies, the increasing market demand for green packaging will make it easier for SF Holding to promote green packaging, accelerate the marketization of circular packaging, and therefore improve our corporate reputation and acceptability in the market.

## Risk management

In order to effectively manage risks related to climate change, SF Holding proposed countermeasures for the two new level-4 risks.

Risk name	Countermeasures
<b>“Carbon neutrality” risk</b>	<ul style="list-style-type: none"> <li>• The Company gives top priority to policy trends and the green energy requirements of the government, so as to timely respond to policies and promote management optimization of the Company. The legal and other business lines have all established the national and local policy research groups to carry out in-depth analysis on related policies, combined with overall changes of external environment, so as to scientifically predict the policy direction and trend, implement forward-looking arrangements and adjustments, make full use of related policy advantages to avoid risks, and utilize industry policies to boost business operation.</li> <li>• The Company gains keen insights into industry development trends by taking the external environment and policy changes into consideration, pays attention to its own environmental impact, formulated the <i>Carbon Target White Paper</i>, and uses artificial intelligence, big data, and other technologies to adjust the energy consumption structure, upgrades transport and business models, and promotes green low-carbon transformation.</li> <li>• With the rapid expansion of our aviation fleet and the increasing demand for intercontinental routes in the EU and other regions, SF Holding is under increasing pressure from the carbon emission regulation of the EU. Therefore, the Company has set up a task force on carbon emissions of airlines in the EU, and compiled a working plan on the EU carbon emissions for the first half of 2022, in an effort to cope with the policy changes of the EU, get familiar with the operating mechanism of the EU carbon market in advance, and ensure the normal operation of the airlines in the EU.</li> <li>• In response to the national green packaging policies, SF Holding has carried out reduction, recycling and plastic-reduction research and development in green packaging, with a total investment of RMB55 million in 2021.</li> </ul>
<b>Operational risk under extreme weather</b>	<p>To deal with extreme weather, the Company formulates emergency handling procedures, develops emergency handling checklists for different impact levels, standardizes the information notification process, designates responsible persons, and ensures the timeliness of emergency handling.</p> <ul style="list-style-type: none"> <li>• <b>Packaging:</b> Based on the national urban temperature data and routing data collection, the Company developed an environmental temperature model, dividing the country into different temperature zones, used different temperature control materials and composite temperature control technologies, and output temperature control packaging schemes and refrigerant configuration requirements based on temperature zones and flow directions to cope with the potential adverse effects of low temperature in winter, high temperature in summer and north-south temperature differences on freights.</li> <li>• <b>Transportation</b>  <b>Land transportation:</b> The Company implements pre-warning for vehicle use in abnormal weather areas; for new energy vehicles, the “Fengneng” project team develops courses for winter use, charging, power supplementation, maintenance and other matters needed attention for vehicle management personnel to learn.  <b>Air transportation:</b> The Company formulates standard operation manuals for operation guarantee under severe weather conditions such as thunderstorms, turbulence and low-level wind shear, and sets up posts of meteorological engineers to monitor and give early warnings about the weather situation and the development of important weather systems, thus fully guaranteeing the stable operation of daily flights.</li> <li>• <b>Employees:</b>                      The Company clearly defines high temperature areas and extreme cold areas, taking the forecast of <i>weather.com.cn</i> into account, and provides employees with tools for heatstroke prevention and cold protection in advance, such as portable fans, electric heating vests, scarves, caps and other materials, so as to safeguard the health of employees.                      Besides, the Company has formulated the <i>Emergency Care and Handling Mechanism</i> for Employees, which includes natural disasters, epidemic diseases, public factors and social activities. Exceptional incidents are classified according to their development, evolution, and impact on the Company, and we take different measures accordingly to care about our employees.</li> </ul>

## Indicators and targets

SF Holding is committed to measuring our achievements in addressing climate change risks and opportunities through quantitative indicators. The Company will continue to disclose climate change-related environmental indicators, such as energy consumption and intensity, and greenhouse gas emissions and intensity, as well as target achievement progress in the annual Sustainability Report, and strive to achieve its carbon reduction target by 2030, so as to help China achieve the carbon peaking and carbon neutrality goals.

### Long-term targets

- Enhance our carbon efficiency by 55% by 2030 compared to 2021
- Reduce the carbon footprint of each express parcel by 70% by 2030 compared to 2021

### Medium- and short-term targets

Based on the carbon reduction target of 2030, SF Holding has set phased targets and collaborated with all business modules to jointly achieve the carbon target:

<b>Land transportation</b>	In 2022, 3,000 new energy vehicles will be added to the transport capacity.
<b>Air transportation</b>	Strive to increase the electrification rate of vehicle equipment in the air base field to 100% by 2030.
<b>Green shipment</b>	In 2022, the industrial parks' clean energy generation will reach 20 million kWh.
<b>Green packaging</b>	<ol style="list-style-type: none"> <li>1. In 2022, the inventory of π-box recyclable packaging boxes will exceed 2.2 million, which is expected to reduce carbon dioxide emissions by around 13,900 tons.</li> <li>2. In 2022, bulk packaging materials are expected to reduce carbon dioxide emissions by about 76,000 tons through reduction measures.</li> </ol>



## Sustainable logistics

Guided by the goal of protecting the environment, saving energy and reducing emissions, SF Holding embraces green transportation, green transit, green packaging and other approaches to realize a greenhouse gas emission reduction plan covering the full life cycle of logistics and actively build sustainable logistics. In 2021, SF reduced the GHG emissions by 1,201,298 tCO<sub>2</sub>e.

SF Holding establishes a sound environmental management system and energy management system, and advances each business module to complete environmental and energy management system certification. So far, multiple business modules, including express delivery, freight, pharmaceutical transportation, and supply chain service, have obtained the ISO14001 Environmental Management System certification, and our air transportation has obtained the ISO50001 Energy Management System certification.

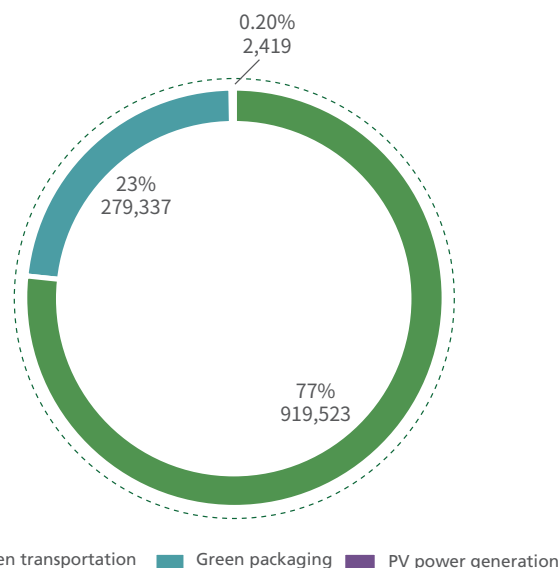


Figure SF's reduction of GHG emissions in 2021 (in tCO<sub>2</sub>e)

### Table SF Holding environmental management system and energy management system certification

Corporate entities	Name of certification	Scope of certification
Shenzhen SF Tai Sen Holdings (Group) Limited	ISO14001 Environmental Management System	Environmental management activities involved in the operation and management of express services and cold chain transportation of general goods
Zhejiang SF Express Co., Ltd.	ISO14001 Environmental Management System	Warehousing services and related management activities of Apple products (authorized)
Shenzhen SF Freight Co., Ltd.	ISO14001 Environmental Management System	Express and logistics service management
Shenzhen Fenglang Supply Chain Co., Ltd.	ISO14001 Environmental Management System	Transport of general goods and sale of pre-packaged food within the scope of the qualification license; Environmental management activities involved in the sale of office supplies
SF Pharmaceutical Supply Chain Co., Ltd	ISO14001 Environmental Management System	Storage and transportation of drugs and medical devices within the scope of the qualification license
SF Airlines Limited	ISO50001:2018 and RB/T 104-2013 Energy Management Systems – Certification Requirements for Transport Industry	Energy management activities and application of energy saving technologies involved in the logistics service process of SF Airlines
Shenzhen SF Integrated Logistics Service Co., Ltd.	ISO14001 Environmental Management System	General freight and related management activities within the scope of licensing
SF Multimodal Co., Ltd.	ISO14001 Environmental Management System	General freight, container cargo transport logistics services
Shenzhen SF International Supply Chain Management Co., Ltd.	ISO14001 Environmental Management System	Warehousing and logistics services of general goods
Zhejiang Shuang Jie Supply Chain Technology Co., Ltd.	ISO14001 Environmental Management System	Warehousing service of general goods (excluding hazardous chemicals)

## Green transportation

In land transportation, SF Holding increases investment and use of new energy vehicles through multiple channels and works with partners to jointly explore an efficient operational mechanism for new energy logistics vehicles, thereby enhancing the energy efficiency and reducing the impact on the environment of transportation. In air transportation, SF Holding strengthens energy management, implements refined management through a fuel management system, takes various energy conservation and emission reduction measures, and actively follows national bio-jet fuels pilot work to protect our blue sky.

**Table Land and Air Transport Resource Consumption Data of SF Holding in 2020-2021<sup>4</sup>**

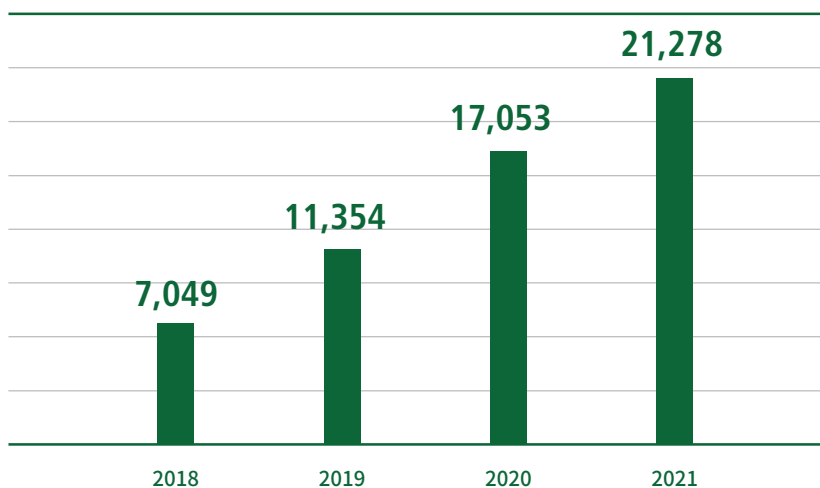
	Unit	2020	2021
Electricity consumption of land transportation <sup>5</sup>	kW·h	117,336,376.5	104,746,127.98
Gasoline consumption of land transportation	L	69,067,775.7	109,833,639.59
Diesel consumption of land transportation	L	913,116,365.4	1,108,470,842.44
Total GHG emissions of land transportation	tCO <sub>2</sub> e	2,705,510.6	3,263,703.20
Kerosene consumption of aviation	t	500,657.7	424,717.8
Water consumption of aviation on ground	t	39,116.0	44,504.0
Electricity consumption of aviation on ground	kW·h	7,731,677.5	12,032,767.1
Gasoline consumption of aviation on ground	L	81,891.6	101,554.0
Diesel consumption of aviation on ground	L	1,149,079.0	1,069,811.7
Total GHG emissions of air transportation	tCO <sub>2</sub> e	1,585,863.2	1,297,990.4

## Land transportation

Land transportation is the main mode of transportation for SF Holding to provide logistics services. SF Holding has long been focusing on how to improve energy efficiency and reduce carbon emissions from land transportation. The Company optimizes the energy consumption structure of transport capacity using new energy vehicles and replacing fuel vehicles, build a platform system to monitor the energy consumption of vehicles, and optimize the transportation routes by adopting big data, cloud computing and other technologies, so as to gradually promote energy conservation and emission reduction in land transportation.

### Transport capacity structure optimization

Since 2015, SF Holding has conducted bulk purchasing of new-energy powered vehicles and set up the “Fengneng” team to take charge of the operation and implementation of new energy projects. Over the past 7 years, SF Holding has been continuously increasing the number of new energy vehicles and expanding the size of the green vehicle fleet by means of self-purchasing, leasing, outsourcing, etc.



Number of SF Holding's self-owned and leased new energy vehicles from 2018 to 2021

<sup>4</sup> The environmental data related to land transportation covers the energy consumption data in mainland China, Hong Kong and Macao; the environmental data related to air transportation ground operation covers each aviation station base; In 2021, the data of employee-owned and outsourced vehicles in Chinese mainland, Hong Kong and Macao was newly included in the statistics of electricity, gasoline and diesel consumption of land transport, and the use of refrigerant in the cockpit of vehicles, the use of refrigerant in the refrigerating chamber of refrigerated transport vehicles, the urea decomposition in self-owned diesel vehicles and the emissions generated by multimodal transport were newly included in the data of greenhouse gas emissions.

<sup>5</sup> The land transportation power data in 2020 includes the electricity obtained by the new energy vehicles through the service networks' own charging piles and the leased external charging piles. In 2021, the item only includes the electricity obtained through the external rental charging piles. The charging electricity through the service networks' own charging piles are included in the “electricity consumption of office and service network”.



The transportation scenarios of new energy vehicles cover the collection and delivery of general goods and heavy goods in cities, short-distance branch lines and connections in cities, and first- and second-level trunk lines across provinces and cities. As of the end of December 2021, our new energy vehicles had covered 215 cities. For long-distance transportation and transportation in cold northern area, the Company introduced hydrogen fuel and LNG natural gas vehicles as a pilot program. Currently, 20 hydrogen-powered light trucks are in operation in Shanghai and two LNG tractors are in operation in Beijing.

For traditional fuel vehicles, SF Holding purchased a total of 1,464 vehicles that meet the national sixth stage motor vehicle emission standard in 2021 to reduce the impact on the environment during transportation.

## Monitoring energy consumption data

SF Holding achieves energy consumption control of new energy vehicles through the new energy vehicle platform. The platform can comprehensively reflect the real-time number, utilization rate, connection, attendance rate and other information about all new energy vehicles on the current date, and track the energy efficiency of vehicles through energy consumption data. In addition, the system can conduct visual data analysis on vehicles' daily average mileage, driving time, charging time and distribution of using and charging time to timely adjust the use of vehicles and charging piles, thus improving energy use efficiency.



In 2021, SF Holding formulated the *Fuel Consumption Accountability Plan for Operating Vehicles* for fuel vehicles, which guides driver operation by setting fuel consumption targets and a fuel saving incentive mechanism, so as to achieve the overall fuel consumption reduction. In order to coordinate with the implementation of the plan, SF Holding designated special personnel to follow up on energy use management, implementing the level-by-level and from top to bottom control by the headquarters organizations, regional organizations and fleets.

**Table SF Holding energy use management structure**

Management level	Duties
	Special personnel are assigned to follow up on all vehicle energy issues:
<b>Headquarters organizations</b>	Energy procurement; energy use, consumption management and monitoring system establishment; energy consumption monitoring of self-owned vehicles; follow-up on abnormal energy consumption; follow-up on checking work arrangement and result; arrangement and organization of training related to energy use; introduction, trial, and promotion of new models and new tools, etc.
	Special personnel are assigned to follow up on related regional energy control work:
<b>Regional organizations</b>	Setting regional energy consumption targets; publicity and implementation of energy use and management work; regional energy consumption monitoring; abnormal consumption verification, maintenance, training and other improvement work implementation; follow-up on investigation results, etc.
	The fleet manager is responsible for the energy consumption of the vehicles managed:
<b>Fleets</b>	Vehicle energy consumption monitoring; follow-up and verification of abnormal consumption; technical inspection arrangement of vehicle condition; driver training, etc.

The Company invites internal and external lecturers to carry out online training related to fuel-efficient driving, new energy management and other topics, in order to improve the knowledge of vehicle management personnel and drivers, change bad driving habits, and reduce fuel consumption through regulating daily driving operations. In 2021, the Company completed 25 online training sessions, covering 8,293 person-times of vehicle management personnel.

## Transportation route optimization

SF Holding’s smart map enables transportation route planning, is combined with factors such as the time limit requirements and distance of products, and adopts intelligence algorithm to provide optimal route planning solutions. Simultaneously, relying on big data analysis and deep learning technology, SF Holding integrates freight lines and transport resources to improve land transportation efficiency and achieve accurate matching of vehicles and goods. Besides, the platform can remind drivers to optimize their driving habits based on big data of geographic information, and reduce transportation energy consumption by using predictive navigation and fuel-saving algorithm.

## Air transportation

SF Holding strictly complies with the requirements of the *Energy Conservation Law of the People’s Republic of China*, the *Regulations of Guangdong Province on Energy Conservation* and other regulations related to energy conservation and consumption reduction management. We established the Energy Measurement Management System and other internal policies to advance energy conservation and emission reduction in air transportation.

**Table SF Holding’s aviation energy management structure**

<b>Energy Conservation and Emission Reduction Leading Group and Management Committee</b>	Guide the work of the Energy Management Task Force;
	Review and assess the work plans and measures proposed by the taskforce.
<b>Energy Management Taskforce</b>	Conduct statistical analysis on aviation kerosene, gasoline, diesel, fuel gas, water, electricity, and other energy data;
	Formulate specific energy management work plans and measures;
	Advance the implementation of energy management work plans and measures;
	Regularly report the project progress to the Leading Group.

In 2021, SF Airlines established a carbon emission task force to formulate the energy management plan for each department and set fixed liaison persons at each energy consumption department to take charge of assessing the execution of energy conservation and consumption reduction. In accordance with the *Interim Measures for the Management of Monitoring Carbon-dioxide Emissions from Civil Aviation Flight Activities* issued by the Civil Aviation Administration of China (CAAC), we submit the previous year’s audited GHG emission report to the CAAC before April 30 every year. To ensure the authenticity and reliability of the data, the Company has invited a third-party inspection agency to conduct a regular audit on the greenhouse gas emission data of SF Airlines and issue an audit report every year since 2020.

## Green aviation

- Optimizing composition of aircraft models: SF Holding is committed to building a “green fleet” with low energy consumption and high efficiency. Since 2018, we have actively introduced large cargo aircrafts, such as 747, 757 and 767. The newly purchased large cargo aircrafts have advantages of higher carbon-emission efficiency and lower ton – kilometer fuel consumption compared to the traditional 737 cargo aircraft. In 2021, we owned 68 cargo aircrafts.
- Applying fuel-saving technology: SF Holding adopts 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. In 2021, SF Holding saved about 1,532 tons of aviation fuel through straight route selection technology, and saved about 888 tons of aviation fuel through second dispatch.

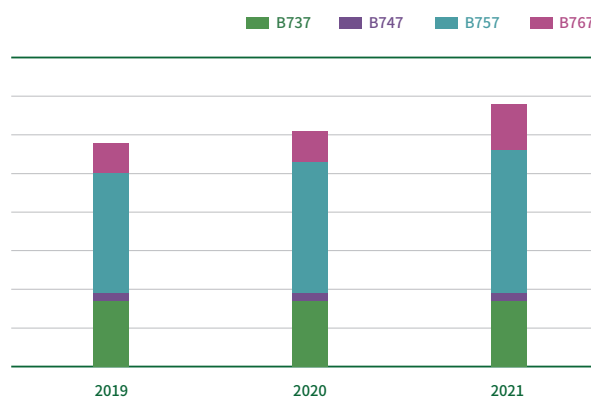


Figure The proportion of self-owned large aircrafts of SF Holding increased year by year from 2019 to 2021

- Online fuel management: SF Holding completed the pilot test of our aviation fuel management system in April 2021 and the final test on 1 December. The system can effectively promote the establishment of the fuel management system and fuel management progress monitoring of the Company. It can realize data statistics of fuel management items such as straight route selection, second dispatch and landing residual oil, and improve the consistency between flight plans and actual operation through the built-in fine management modules, thus comprehensively improving the operation quality. In addition, the carbon emission module in the system can assist in completing the regular carbon emission statistics and verification required by the Ministry of Ecology and Environment, the Civil Aviation Administration of China and other regulatory authorities.



- Strict prevention of maintenance pollution: In response to the waste engine oil generated during the aircraft maintenance process, SF Holding formulates the *Waste Oil Management Regulation*, which clearly stipulates the treatment of waste oil, hydraulic oil and lubricants released during aircraft maintenance. SF Holding requires the maintenance personnel to regulate the management of waste oil stored in accordance with the *Hazardous Goods Management Procedure*.
- Upgrading fuel-saving incentives: The Company has formulated the *SF Airlines 2021 Fuel Saving Incentive Scheme* and set up an energy-saving fund to commend and reward departments and individuals with outstanding achievements in energy conservation. In 2021, SF Holding completed the update of the fuel saving incentive plan and carried out the assessment of the new plan, which further enhanced employees' energy conservation awareness.

- Optimizing vehicle fleet: According to the national requirements of the *Carbon Peak Action Plan by 2030* recently released, full electrification shall be achieved for vehicles in the field of civil transport airports by 2030. SF Holding started to introduce electric vehicles from 2021, including 13 electric infield vehicles and 7 new-energy executive vehicles. We have actively carried out staff training on the maintenance of new energy vehicles.
- Promoting energy conservation: The Company has formulated the *SF Airlines Regulations on Offices and Public Areas Management*, and actively organizes the publicity of energy conservation, water conservation, electricity conservation and material conservation that conveys the knowledge to employees, gradually creating the corporate culture of energy saving and low carbon, driving employees to actively participate in constructing energy saving and low carbon office, and creating an atmosphere of "saving is glorious and wasting is shameful".

## Green airport

- Smart energy control: The Ezhou Huahu Airport project, of which SF Holding participated in the construction, introduces a smart energy control platform. After the airport is put into operation, the platform can realize the source-to-end energy control over the whole process, and realize energy coordination and optimization of different energy forms (photovoltaic, charging piles, energy stations, outsourced power, etc.) using algorithmic models. It is expected to increase the comprehensive energy efficiency of the airport by 10%.
- Utilization of renewable energy: The renewable energy rate of the airport reached 25.6%. The PV power generation facilities can provide 35.31 million kWh of electric power annually, and the installed load of ground source heat pump is 12,362 kW, which help to greatly reduce the fossil energy consumption and greenhouse gas emissions.

## Green shipment

SF Holding is committed to building green industrial parks and promoting the improvement of express transit efficiency and energy efficiency, as well as reducing environmental pollution caused by express transit, by building PV power stations, optimizing warehouse space layouts and other means.

In 2021, SF Holding formulated the *Mechanical and Electrical Management Manual for Engineering of SF Fengtai Industrial Park* for the equipment and facility management of industrial parks, and required each park to conduct regular maintenance and testing of facilities and equipment to ensure normal operation and reduce energy loss caused by equipment aging and equipment failure. The Company urges industrial parks to install constant pressure water supply and optimize secondary water supply equipment to improve the efficiency of water resources use. Each park cleans pools regularly twice a year, and the headquarters carries out a quality inspection on each park on a quarterly basis to check and evaluate the running state of water supply equipment, and to effectively supervise the water quality to ensure water safety.

For the management of tenants in industrial parks, SF Holding has formulated the *Property Equipment Management System* and the *Property Environment Management System*, which restrict tenants' behavior of water and electricity consumption through equipment management, safety management, decoration management, environmental management and other modules. All parks carry out energy conservation and consumption reduction publicity activities from time to time, study national energy management policies, publicize and implement the policy content to employees and tenants in the parks, convert the policy content into management measures, and implement them into the management of parks.

## Case: Intelligent Platform System (IPS) adopted to achieve refined management of water and electricity consumption in the industrial parks

The IPS can realize the data supervision of water and electricity consumption in the industrial parks. The platform functions include energy consumption threshold warning and real-time failure alarm. It can help the property management company of the industrial parks master the dynamic energy consumption in each area.

- In 2021, smart electricity meters were installed for the intelligent sorting equipment, cold storage equipment, office air conditioning and other electrical equipment in the industrial parks, and intelligent management platform was connected to achieve refined management of electricity consumption in the industrial parks.
- With regard to the use of water resource, the intelligent management platform can realize the dynamic data analysis of the water consumption of each consumption unit in each park, detect excessive water consumption and provide timely warning, help locate abnormal areas, and improve the efficiency of troubleshooting, so as to reduce the waste of water resources.

**Table Environmental Data of Industrial Parks and Transit Depots of SF Holding in 2020-2021<sup>6</sup>**

	Unit	2020	2021
<b>Water consumption</b>	t	620,251.7	653,893.00
<b>Waste generation</b>	kg	16,703,832.4	23,934,635
<b>Renewable energy generation</b>	kW·h	1,577,170.5	3,053,515
<b>Electricity consumption</b>	kW·h	299,143,742.3	847,387,358.4
<b>Total GHG emissions</b>	tCO <sub>2</sub> e	265,091.6	725,267.7

SF Holding actively increases the use of renewable energy and carries out renewable energy plans to reduce GHG emissions. In 2021, we built 4 new PV power stations on the roof of the industrial parks, reducing about 10,000 tons of carbon emission. By far, we have completed the construction of the rooftop PV power stations in 9 industrial parks, with an installed capacity of 13 MW and an annual power generation capacity of more than 10 million kWh.



Photovoltaic industrial parks

<sup>6</sup> The environmental data of the industrial parks covers the industrial parks operated by SF Holding in Mainland China and Hong Kong, excluding the environmental data of external tenants in the industrial parks. In 2021, the electricity consumption data of the leased transit depots in mainland China were added to the electricity consumption data range of the transit depots.



## Green office

SF Holding has established internal policies such as the *Measures for Office Space Management* and the *Measures for the Management of Water and Electricity* to effectively promote shared office and remote-office normalization, and further, efficient use of office space. The operation of the Company does not involve the massive use of water resources and wastewater discharge, or products and businesses easily causing pollution to water resources.

**Table Environmental Data of Office and Service Network of SF Holding in 2020-2021<sup>7</sup>**

	Unit	2020	2021
<b>Paper consumption</b>	kg	31,961.5	38,331.2
<b>Electricity consumption<sup>8</sup></b>	kW·h	252,084,789.6	542,971,434.1
<b>Waste generation</b>	kg	4,098,124.8	6,785,980.00
<b>Water consumption</b>	t	43,600.3	123,485.00
<b>Total GHG emissions</b>	tCO <sub>2</sub> e	216,385.5	503,650.8

SF Holding actively promotes green office, energy conservation and environmental protection culture, and strives to reduce the waste of water and electricity and improve the office quality and efficiency through various resource saving measures. In 2021, the operation site of SF Holding saved a total of RMB2.62 million in water and electricity costs.

## Water Management

SF Holding regularly inspects water equipment in every operation network, report and repair defective equipment on time. Maintenance is usually completed within 1 day to reduce the unnecessary waste of water.

## Electricity management

SF Holding actively improves the management of electricity consumption at operation sites and install intelligent management systems on electric equipment at certain sites, to reduce future energy consumption. In 2021, a total of 873 outlets in 11 regions were installed with smart meters, realizing electricity consumption visualization, and the electricity charge decreased by 4.6% year on year. The Company will continue to promote the smart meter model at more sites.

## Decoration Management

SF Holding regulates regulate the construction of office, require using energy-saving lamps at the decoration sites and strictly comply with the local requirements on noise management, without affecting the lives of local residents. The decoration garbage and wastewater generated during the decoration process are discharged in accordance with green construction standards or recycled by professional third-party companies, to minimize environmental pollution.

## Green packaging

In 2021, the National Development and Reform Commission (NDRC) proposed in the *Opinions on Further Strengthening the Control of Plastic Pollution* that by the end of 2022, postal outlets in Beijing, Shanghai, Jiangsu, Zhejiang, Fujian and Guangdong provinces shall be the first batch to ban the use of non-degradable plastic bags and disposable plastic woven bags and reduce the use of non-degradable plastic tape. By the end of 2025, the use of non-degradable plastic bags, plastic tapes and disposable plastic woven bags shall be banned at all the postal and express outlets nationwide.

In line with the development trend of green packaging, SF Holding continuously promotes the implementation of green packaging plan. The Company has formulated the *Packaging Operation Code of SF Holding*, which details the instructions of packaging operation for different types of content, and implements the requirements of green packaging. In addition, the Company formulates the *Technical Specifications of Green Products* for 5 types of bulk packaging materials, which plays a guiding role in the selection and application of green packaging. In 2021, SF Holding invested RMB55 million in R&D of green packaging and was granted 20 new intellectual property rights related to green packaging.

<sup>7</sup> The environmental data scope of office and service network in 2021 added the data of self-owned and leased office spaces compared with 2020, covering office spaces in mainland China, Hong Kong and Macau

<sup>8</sup> The electricity consumption data of office and service network in 2021 obtained new energy vehicles' electricity charging data through the service networks' own charging piles compare to 2020.

## Reduced packaging

In 2021, SF Holding completed the V2.0 upgrade of “Fengjing Plan” and started the reduction, standardization and scenario-oriented innovative development of 8 categories of materials such as plastic bags, adhesive tape, stickers and seals. On the premise of quality assurance, plastic bags containing recycled materials have been used in 4 pilot areas successively, and more than 10,000 rolls of reduced low-viscosity adhesive paper in subdivided scenarios have been used in pilot areas. Meanwhile, SF Holding streamlined the research and development of seal SKU from 31 to 14 types, and started the research and development of 34 types of conventional stickers free of backing paper, which is expected to reduce the paper consumption by about 50%. In addition, through the study of various express delivery scenarios and user scenarios, the Company has realized the refined transformation and innovation of package material adaptation, combined with the operating procedures of limiting excessive packaging, which reduced the use of base paper by about 34,000 tons and plastic by about 6,200 tons.



π-box

## Recycled packaging

SF Holding has used various mature products such as confidential transport boxes, airport recycling boxes, fragile goods recycling transfer items, food recycling boxes and solar photovoltaic panel recycling packaging for different scenarios. In 2021, SF Holding launched a carbon-neutral product π-box recyclable packaging box on the basis of the original Feng-Box. PP honeycomb plate, a single material that is easier to recycle, is adopted for the box to make it easy to clean and anti-punctured, strengthening the protection of express content. π-box has been in pilot operation since July 1, 2021. As of the end of December 2021, 720,000 π-boxes have been used for 2.8 million cycles.

In addition, SF Holding provides customized green packaging solutions for customers with pharmaceutical transportation needs. By using recyclable medical boarding boxes, we can not only provide customers with safe transportation services, but also reduce the waste of boarding boxes in the transportation process, thus improving the green service experience of customers, and helping them reduce costs and increase efficiency. As of the end of 2021, the medical boarding boxes have been recycled for more than 10,000 times.



Fig. Medical Boarding Boxes

## Reducing the use of plastics

In 2021, SF Holding developed a series of degradable plastic bags named “Feng small bags” and degradable sealing tape. In order to reduce the use of EPS foam, the Company introduced paper-plastic packaging, fresh food EPP, EPE temperature control, honeycomb paper and other alternative solutions, which have been gradually put into pilot and use. The packaging products developed by SF Holding, such as ink-free laser carton, cellulose sealing tape, and ink-free convex document seal, were shortlisted in the *List of Green Products, Technologies and Modes of Postal Industry* in 2021. The standard carton has obtained the green product certification certificate.



Figure Green product certification certificate for express packaging cartons

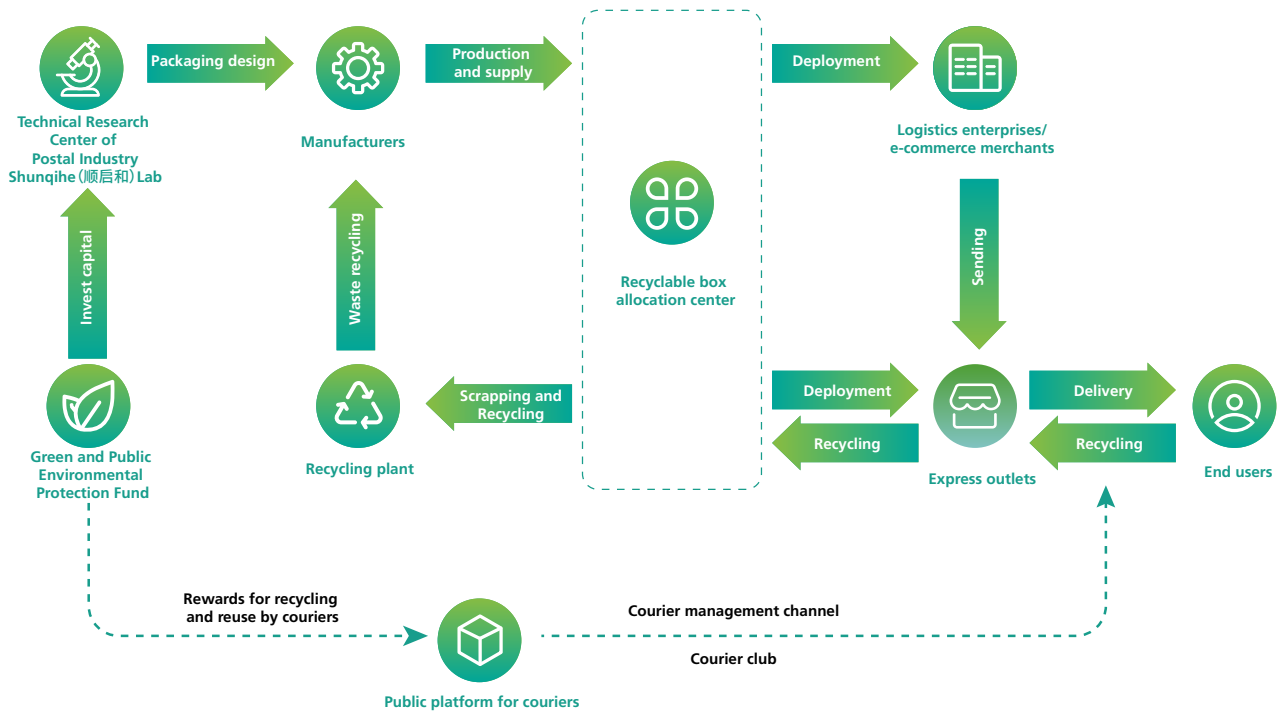
## Promoting circular economy

Developing circular economy is an important strategy of China’s economic and social development. China has entered a new stage of development during the 14th Five-year Plan period. Developing circular economy is of great significance to ensuring national resource security and promoting the achievement of carbon peaking and carbon neutrality. SF Holding is committed to promoting the development of circular economy. SF Holding actively cooperates with upstream and downstream industry chains, and promote the concept of environmental protection in society, to promote the development of green industry.

## Development of green industry

SF Holding has established three R&D channels of reuse, reduction and recycling for packaging products to promote the development of circular economy and the construction of zero-waste cities. The Company actively cooperates with the upstream and downstream industry chains to promote the reuse of green packaging in the whole society by engaging in all links from packaging material manufacturers to logistics enterprises, from consumers to recycling enterprises.

In 2021, SF Holding launched the first phase of intelligent packaging service platform, and built a preliminary digital packaging scheme library covering more than 1,300 categories of consignments. The platform effectively enables front-line personnel to achieve customized, scientific and reasonable packaging of consignments and avoid waste. The Company adhered to the sustainable operation of the π-box project and attempted to promote commercialization, charging customers in the form of packaging fees. Meanwhile, the Company provided carbon credit incentive for individual customers, with which customers can exchange for corresponding gifts. Besides, we provided carbon credit reports for customers of monthly payment.



Express packaging recycling ecosphere

SF Holding actively cooperates with external organizations to contribute to the green development of the industry. The Company has established the public welfare cooperation relationship with Beijing Green Innovation Foundation (Green Innovation) and donated RMB220,000 to the Foundation. Besides, the Company participated in the green and low-carbon development action initiative of the logistics industry, assisted in developing two industry standards, namely the *Green Logistics Evaluation Index of Enterprises* and the *Greenhouse Gas Emission Accounting Method of Logistics Enterprises*, as well as funded and carried out public welfare activities to prevent and control pollution and ecological and environmental degradation.

The Company actively participates in industry seminars, and makes in-depth communication and exchange of environmental protection experience. During the year, SF Holding participated in the "Establishment Meeting of China Paper-based Green Packaging Committee and Paper-based Green Packaging Seminar" and other industry conferences as a specially invited company member, and led the preparation of the postal industry standard *YZ/T 0178-2021 Requirements on Excessive Packaging of Express Mail*, further promoting the standardization of express mail packaging, reducing resource consumption and promoting the green development of the postal industry.

## Cultivation of public awareness

SF Holding has 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, moreover, actively promote the concept of environmental protection in society.

- **Environmental protection platform**

In 2021, the SF Forest micro-application led by SF Foundation was launched on Fengsheng. Employees can measure the total greenhouse gas emissions generated directly or indirectly within a certain period of time through the application, and offset their own carbon dioxide emissions through afforestation to achieve zero carbon dioxide emissions. In 2021, 27,883 persons of SF Holding participated in the online activities, and 5,001 persons adopted 18,168 saplings online.

For the employees, SF Holding creates an internal platform to advocate low-carbon life concept and improves the awareness of carbon reduction through SF Forest micro-application. For the c-end customers, the Company launches a carbon account platform with carbon credits and carbon energy functions, and customers can obtain carbon credits to exchange for gifts through green packaging and other carbon reduction methods. For the public, the Company plans to launch public service advertisements of carbon neutrality for raising the public's awareness of carbon neutrality, thus promoting their own carbon reduction behaviors.

- **Environmental protection activities**

Keeping a foothold in the industry, SF Holding actively cooperates with government departments and universities in environmental protection activities, so as to enhance the social awareness of environmental protection. In 2021, SF Holding organized 1 competition and participated in 4 large-scale brand exhibitions, with an aim to jointly promote the development of green packaging in the whole society.

## Case: Box Companion V2.0 raised a new wave of environmental protection

2021 is the second year of Box Companion event organized by SF Holding, through which we call on all the people to create DIY works with unused express boxes. The Company made creative box transformation and provided video teaching, and paid more attention to the practicality of models, such as making pen holders and shelves from cardboard boxes. SF Holding launched hundreds of thousands of limited-edition creative cartons in Shanghai, Shenzhen, Guangzhou and other cities to reach a wider audience and further cultivate the public awareness of environmental protection.



Fig. Box Companion V2.0



# 03



社会篇  
SOCIETY

	Targets of 2021	Progress in 2021	Targets of 2022
	The satisfaction of trade unions reaches 87 points, and the demand resolution rate of trade union demands reaches 95%	The satisfaction of trade unions reaches 89.6 points, and the demand resolution rate of trade union demands reaches 97.9%	Continue to enhance employment of veterans and the disabled and create employment opportunities. As for the Employee Sustainable Development Guarantee Plan, SF will invest over RMB500 million to facilitate the sustainable development of couriers' career and the improvement of their family life quality.
Targets	<ol style="list-style-type: none"> <li>1. Prevent major fire accidents.</li> <li>2. Avoid major casualty accidents.</li> <li>3. Reduce the target value of lost days per million shipments by 20% compared to 2020.</li> </ol>	<ol style="list-style-type: none"> <li>1. Zero major fire accidents.</li> <li>2. Zero major casualty accidents.</li> <li>3. Reduced the target value of lost days per million shipments by 20% compared to 2020.</li> </ol>	<ol style="list-style-type: none"> <li>1. Prevent major fire accidents.</li> <li>2. Avoid major casualty accidents.</li> <li>3. Reduce the target value of lost days per million shipments by 5% in 2022 compared to 2021.</li> </ol>
	N/A	N/A	At the level of centralized procurement, the Procurement Supply Chain Center will ensure the signing rate of suppliers of clauses on social responsibility, integrity and confidentiality reaches 100% in 2022.

	Target	Data
Key performance of 2021	Collective bargaining agreements coverage rate	40%
	Employment contract signing rate	100%
	Social security coverage rate of full-time employees	100%
	Percentage of female workers	14.7%
	Jobs provided for veterans	More than 1,200
	Jobs provided for the disabled	More than 400
	Special fund input of "Courier Harvest Plan"	More than RMB200 million
	Number of first-tier and second-tier couriers and their family members covered by "Employee Sustainable Development Guarantee Plan"	More than 200,000
	Lost Time Injury Rate (LTIR)	0.0038%
	Work safety investment amount	RMB760 million
Signing rate of safety management agreement by contractors	100%	
Total duration of safe operation since the first flight of SF Aviation	Approximately 545,000 hours	

Number of safety exercises	6,119 sessions
Safety training coverage rate	100%
Total public welfare expenditure of SF Foundation	RMB98.89 million
SF public welfare volunteer association	20
Total duration of annual volunteer service	21,601 hours
Cumulative number of rural primary schools completed under SF Lianhua Primary School Program	10
Cumulative number of poor students aided under SF Lianhua Education Assistance Program	30,152
Cumulative number of patients and orphans helped under and SF Nuanxin Program	14,794
Number of county/district-level covered by farm produce upstream service network	Over 2,800
Delivery volume of characteristic farm produce parcels	3.746 million tons, 720 million parcels
Fund input in special assistance subsidy to impoverished counties for rural revitalization	RMB13 million





# Creating a Better Life Together

The year 2021 kicked off the “14th Five-Year Plan” and the accelerated development of rural revitalization. In order to actively cooperate with the national strategy of rural revitalization, SF Holding has continuously consolidated and expanded the achievements made in poverty alleviation in coordination with the extensive drive for rural vitalization. Meanwhile, the Company, together with employees and partners in the value chain, was committed to exploring the development model of characteristic economy, empowering new industries, stimulating industrial vitality and creating a better life.



## Making common efforts to contribute to “revitalization”

SF Holding pays attention to the delivery needs of every farmer and dealer, insists on protecting our fresh food freedom with technical logistics, and conducts practical actions to help farmers increase their income. The Company fully mobilized and explored the resource advantages in our own value chain, joined hands to create a characteristic economy, adhered to the mutual benefit concept of “taking out agricultural products and bringing in economic benefits”, and actively built businesses under new scenarios to help with rural revitalization.

### Unique economy for rural revitalization

While consolidating the traditional business model, SF Holding made full use of upstream and downstream resources to constantly create business opportunities under new scenarios, and achieved results in stages, helping more agricultural products go out to broader markets and bringing tangible economic benefits to farmers.



#### Production and marketing integration:

Relying on a strong customer base and high-quality special agricultural product resources at the place of origin, we built an upstream and downstream matchmaking platform to enrich the categories of agricultural products for sale. In 2021, **166** categories of agricultural products were put on shelves;



#### Live streaming economy:

With the help of the external resource platforms, we promoted the upgoing sales of high-quality agricultural products in the place of origin through live streaming;



#### SF Gift:

SF Holding customized gift boxes of seasonal special agricultural products for holidays to meet the courtesy needs of SF internally and externally. As for the characteristic economy, we launched the scenario-based business “SF Gift” in Dragon Boat Festival and Mid-Autumn Festival in 2021, boosting the sales of **ten** categories of agricultural products outside the place of production.



In 2021, SFs service network to promote upgoing sales of agricultural products covered more than 20,000 counties and towns in China, serving more than **4,000** fresh varieties in total. Over **720 million** agricultural product parcels were distributed throughout the year to **240 million** people. On average, **one out of five people** in China received delicious food from SF.

In addition, SF continued to carry out the special assistance subsidy program for rural revitalization for all 832 national poverty-stricken counties and more than **240 provincial poverty-stricken counties** that have been lifted out of poverty. On the basis of logistics subsidies in 2020, it extended the customization subsidies and traceability subsidies for regional brand packaging materials to 424 merchants, shipping a total of **12.49 million parcels** and **creating revenue of about RMB610 million** for local farmers.



## Caring for employees

For SF Holding, couriers are the core assets and the biggest wealth of the enterprise. The company persistently encouraged and retained talents through the construction of salary incentive and welfare guarantee, paid close attention to the growth and development of its employees, implemented diversified welfare and care measures, formulated diverse income incentive policies, and steadily raised couriers' compensation and benefit.

### Courier Harvest Plan

SF actively implemented the call of *Opinions on Safeguarding the Legal Rights and Interests of Couriers* issued by seven ministries and commissions of China, and has invested more than RMB200 million since August 1, 2021, with the existing collection and distribution commission remaining unchanged. For employees with excellent service quality and outstanding business achievement, cash and other rewards were provided, so as to increase their income.

The company has developed a variety of incentive schemes for specific scenarios:



#### Low income incentive scheme:

Taking newcomers and couriers with lower salary in poverty-stricken areas as the incentive targets, the Company expects to **invest roughly RMB120 million** on an annual basis. In addition to the regular salary, the Company offers extra commissions for each shipment to increase their income.



#### Time-definite product distribution incentive scheme:

In order to enhance the diversity of incentive schemes and fully mobilize the enthusiasm of couriers to improve their delivery speed of time-definite products, the Company has formulated a time-definite product incentive scheme covering all couriers, involving a total of **RMB80 million** of incentive. As of the end of the reporting period, we **invested a total of RMB29 million**, and a total of 450,000 couriers received time-definite product incentive bonuses.



#### Service quality improvement incentive scheme:

For couriers and teams with excellent and improved service quality, SF Holding worked out an incentive scheme for quality improvement, and set up a reward pool for excellent service quality for related rewards, with a total investment of **more than RMB70 million**. The rewards benefited 310,000 couriers cumulatively, with a per capita award amount of **RMB203**. Among them, the top 49 couriers were rewarded with up to RMB50,000, and the reward amount of more than 130 couriers exceeded RMB10,000.

## Sparing no effort to participate in public welfare

While creating high-quality services and good experience for users, SF Holding remains true to the original aspiration, actively practices social charity and assumes corporate responsibilities. In terms of social charity, the Company build a “2+N” business system, focusing on education development and medical treatment for children, and constantly explore new directions that are in line with the needs of social development such as “SF Deep Forest”. In the face of sudden major social disasters, SF Holding spared no effort to devote ourselves and took practical actions to spread kindness and love to the community.

### Henan Flood Relief

In July 2021, Henan Province suffered from extreme heavy rainfall, and serious damage caused by water. The company announced promptly that SF Foundation would invest RMB20 million to support flood control and disaster relief work in Henan and the relief work for needy people. Meanwhile, we urgently contacted local government authorities and public welfare organizations to mobilize network-wide emergency resources of SF Holding to support disaster relief.

This disaster relief process was composed of the emergency rescue stage and the long-term support stage. In the emergency rescue stage, we gave full play to our strengths in supply chain, warehousing and logistics through material donation and public welfare transportation, to realize rapid response to disasters. In the long-term support stage, we offered medical support to Henan Province in combination with the professional advantages of the children’s medical care project of SF Foundation.

Moreover, SF Holding opened a green channel for the transportation of disaster relief materials in Henan, and concentrated on providing public welfare transportation of emergency supplies such as emergency rescue and disaster relief and people’s livelihood security for local governments and charitable organizations.



## Employee care and development

SF Holding has always been adhering to the concept of people-oriented and enhancing employee satisfaction, and pursues the mutual growth of employees and the Company. The Company regards employees as one of the most valuable wealth and core competitiveness, fully protects the rights and interests of employees, and is 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.

## Talents attraction and retention

Employees are the main driving force for our sustainable growth. SF Holding is committed to becoming a career platform for outstanding talents to pursue excellence, realize dreams and be proud of themselves. The Company continued to pay attention to talent retention and promoted the improvement of employees' income and satisfaction from the perspectives of precise personnel planning, continuous improvement of recruitment quality, training and empowerment of employees, promotion and development, and construction of organizational atmosphere, thus ensuring our sustained and healthy business operations. In 2021, SF Holding launched the "Employee Sustainable Development Guarantee Plan", pursuant to which more than RMB500 million will be invested in the coming period for more than 200,000 first-tier and second-tier couriers and their families as estimated to focus on the sustainable development of courier career and the improvement of their family life quality, and to provide them with support and help in skills and education upgrading, job transfer training and family welfare, etc.

## Employee recruitment

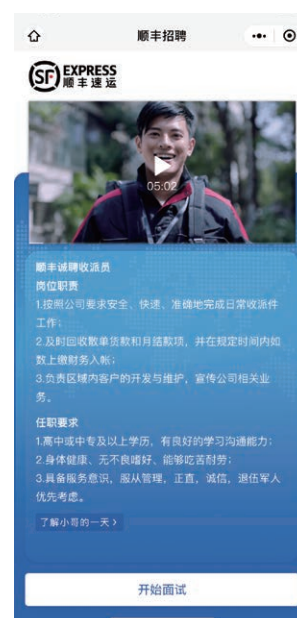
SF formulates an employee recruitment plan every year according to the company's business development needs and changes in the talent market, strengthens the workforce building, and ensures the stability and vitality of the workforce. In addition, the Company attaches great importance to the diversification construction of the talent team, and the Board of Directors is responsible for ensuring the diversity of the workforce. In 2021, SF Holding won the award of "2021 China Best Employers Top 100".

SF Holding recruits new employees through campus recruitment, internal recommendation, online recruitment and other recruitment forms, and strives to ensure highly matched and high-quality talent supply through strict, fair, just and open standardized employment process. In addition, the Company has established a variety of talent recruitment channels, such as the recruitment of veterans and the disabled, and carried out targeted publicity and channel deployment. In 2021, the turnover rate of SF Holding's front-line employees was 18.74%<sup>9</sup>, with a year-on-year improvement by 2.3%.

In 2021, SF Holding responded to the government's call, thoroughly implemented the decision and arrangement of the CPC Central Committee and the State Council regarding "stabilizing employment" and "ensuring employment", and made every effort to promote fuller and higher quality employment of college graduates. The company actively cooperates with universities, innovates the school-enterprise cooperation model, holds the "SF Cup" Logistics Innovation Competition and Digital Supply Chain Talent Development Exchange Summit, builds links with universities and students, and helps the cultivation and development of social talents.

## Case: SF AI Interview

In 2021, SF Holding applied the AI interview in an all-round way, and used the tools deeply for the front-line positions, with a coverage rate as high as 98%. Through human-computer interaction, the AI interview tool conducted multi-dimensional interview assessment, and the reported results can assist business departments with their employment decision making. AI interviews can be carried out at any time and any place, rendering sound candidate experience, and achieving interview satisfaction of as high as 98%.



<sup>9</sup> Only include couriers.

SF Holding workforce data in 2020-21 <sup>10</sup>				
	Category	Unit	2020	2021
<b>Total workforce</b>		Persons	634,328	678,413
<b>By gender</b>	Male	Persons	540,956	578,854
	Female	Persons	93,372	99,559
<b>By job functions</b>	Management employees (including primary-level managers)	Persons	20,351	22,020
	Functional employees	Persons	36,722	41,368
	Primary-level employees	Persons	577,255	615,025
<b>By educational background</b>	Bachelor's degree or above	Persons	41,577	46,463
	College degree	Persons	105,869	116,988
	High school/technical secondary school and below	Persons	486,882	514,962
<b>By age</b>	Aged below 30	Persons	288,316	239,743
	Aged 30-40	Persons	275,765	336,844
	Aged 40-50	Persons	65,920	93,131
	Aged over 50	Persons	4,327	8,695
<b>By geographical region</b>	Chinese	Persons	633,363	677,430
	Non-Chinese	Persons	965	983

### SF Holding employee diversity program

SF Holding values diverse talent and will never restrict recruitment or employment due to personal characteristics such as gender, region, nationality, religious belief, or economic capability. In 2021, 14.7% of our workforce was female.

In addition, SF Holding actively strengthened the employment of special groups including veterans and people with disabilities to optimize our workforce, increase the employment rate of special groups and demonstrate corporate responsibility.

**Recruiting veterans** In view of the joint cultivation of military and civilian talents, SF Holding attaches great importance to and actively promotes the resettlement and employment of veterans. Apart from disseminating employment opportunities through online media, the Company actively coordinates with governments at all levels and relevant units to hold special recruitment presentations into the army, veteran affairs offices, local human resources and social security departments. Meanwhile, the Company 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 2021, SF Holding provided over 1,200 jobs for veterans, covering management, functional majors, receiving and dispatching, warehouse management, customer service, drivers and security inspection.

**Recruiting persons with disabilities** SF Holding observed the resettlement policies for the disabled in various places and provided employment opportunities for people with disabilities. The company fully considered the pursuit of career and knowledge and the patient character among people with disabilities, and matched them with less physically demanding jobs such as customer service, management, warehousing, professional and other positions. In 2021, SF Holding provided more than 400 jobs for the disabled.

**Local recruitment** SF Holding's overseas branches (subsidiaries) mainly recruit employees from their operating places, 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. SF Holding had nearly 1,000 foreign employees as of the end of 2021.

<sup>10</sup> Due to the flexible employment needs the express logistics industry is characterized by, a combination of multiple employment modes, such as long-term contracts and business outsourcing, is usually adopted. The number of workforces here is the total number of workforces serving in SF Holding, including its own employees and outsourcing employees.



## Protection of rights and interests

SF Holding advocates a diversified and inclusive cultural atmosphere, actively has conversations with stakeholders such as employees, customers, suppliers and communities, and empowers them through their own strength to achieve common growth. The company treats all employees as equals, does not treat them differently on the ground of different employment protects, strictly protects the rights and interests of employees, and accompanies each employee to grow.

SF Holding has set up a trade union to protect the interests of all employees in accordance with the law and actively safeguard the interests of employees. The trade union supervises the protection of our employees' rights and interests and participates in the development of policies by the enterprise related to the employees' vital interests. The labor union also offers opinions and suggestions to the management on increasing employee diversity, occupational health and safety, employee welfare and communication.

**In 2021, SF Holding had 112 trade union organizations with 185 full-time trade union staff members, and more than 20,000 trade union representatives were active in the smallest business organizations at all levels. The number of trade union members was more than 450,000, the membership rate of all express service workforces was 71%, the coverage rate of collective bargaining agreements<sup>11</sup> was 40%, and the signing rate of labor contracts was 100%.**

### Human rights protection

SF Holding is committed to protecting human rights throughout its global operations and communities in which it operates. The Company acts 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 and the Labor Contract. The Employee Handbook 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, the Company will immediately deal with the relevant persons seriously according to the severity of circumstances, and report the situation to the labor security administrative department.

SF Holding employs an intelligent system to ensure legal employment and prevent child labor. The Company requires all applicants to apply online, and the system automatically identifies the age of applicants from their ID cards. Interviews of those under the age of 16 are prohibited. When the applicant goes through the induction procedure, the online system makes face recognition to judge whether the person and the certificate are consistent. We conduct investigation online and offline to rule out child laborers and minors.



11 By the end of the reporting period, 24 of SF Holding's 60 independent labour unions have signed collective agreements with the Company on behalf of employees.

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**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*.

**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, belief 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:** SF Holding respects 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.

**Free expression of opinions:** SF Holding respects employees' freedom of speech within the legal boundaries and encourages employees to express their opinions freely and actively communicate with the management.

**No harassment:** Being rude to colleagues, verbal provocation and other disrespectful behaviors and verbal harassment of colleagues, customers or external partners are not allowed by the system.

**Prohibition of forced labor:** SF Holding does not force employees to work against their will, and resolutely prohibits threatening or restricting their actions.

**Rights to rest and vacation:** All employees are provided with legal paid leaves such as annual leave, sick leave, marriage leave and maternity leave according to their local laws and regulations.

**Privacy protection:** Disclosure of any employee's personal information to others is prohibited without the authorization of the Company and the employee.

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

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In 2021, SF Holding was not involved in major labor disputes and received no complaints on human rights issues.

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*. The Company has established the *Irregular Working Hours System* to provide convenience for employees with demand for special working hours. SF Holding supplements employees in some temporary and auxiliary jobs during holidays and peak business periods through cooperation with third-party companies or direct recruitment of flexible personnel. This reduces the workload for employees and protects their rest and recreation time. The Company treated all workforce equally and adopts the same management standards as its own employees. SF Holding or third-party companies sign legally compliant contracts or agreements with all temporary employees, pay reasonable remuneration according to the regulations, and purchase employer's liability insurance (including accident insurance) or work-related injury insurance for all temporary employees.

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In 2021, the social insurance covered 100% of the full-time employees of SF Holding.

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

**Democratic management**

In 2021, there were 236 staff representatives in the Federation of Trade Unions of the Group, and four staff representatives' congresses were held to perform democratic procedures for eight rules and regulations concerning the vital interests of employees, which fully guaranteed the staff representatives' right to know, participate, express and supervise.

In 2021, SF Holding accepted 23,797 cases of communication and suggestion from employees, with a resolution rate of 97.9%<sup>12</sup>.

SF Holding understands the actual situation of the Company through employees, listens to their suggestions, solves their demands, and value their opinions, with a view to creating an open, sound and vigorous organizational atmosphere. In 2021, the Company formulated and issued the Implementation Guidelines on Fulfilling Democratic Procedures for Rules and Regulations to further strengthen the construction of internal democratic management and ensure that employees' demands are properly addressed. Moreover, we have optimized the Whole Process of Employee Appeal Management and other systems, to clarify employee communication methods and follow-up measures, and encourage employees to communicate with trade unions and other organizations.

**Democratic communication and appeal communication channels**

<b>Appeal one-stop service</b>	The trade union actively understands the demands from employees, issues a questionnaire to the first – and second-line employees at the beginning of each month, and accurately conveys their effective demands to the regional responsible persons. In 2021, 22,919 effective appeals were collected, and the resolution rate of effective appeals was 98.4%.
<b>Advice and suggestions</b>	SF Holding sets up a group of trade union representatives to make advice and suggestions, and have organized 200 representatives to submit relevant rationalization proposals based on the daily demand for collection and delivery services. A total of 38 suggestions were adopted during the year, including the optimization of the retrieval rules of the whole-day collection rate and the confidentiality of the telephone number information of the customer service staff.
<b>Trade union at your service</b>	SF Holding understands employees' demands and solve their problems through visits, talks and reception day of trade union representatives every month, and publicize the handling progress of relevant demands in time to enhance employees' perception.

The Company conducted the employee satisfaction survey covering all employees on a quarterly basis in 2021. After the decline in the second quarter, the Company actively analyzed the problems and cooperated with the business departments to formulate relevant measures to solve the problems in a closed loop. As a result, employee satisfaction and engagement steadily improved in the third and fourth quarters.

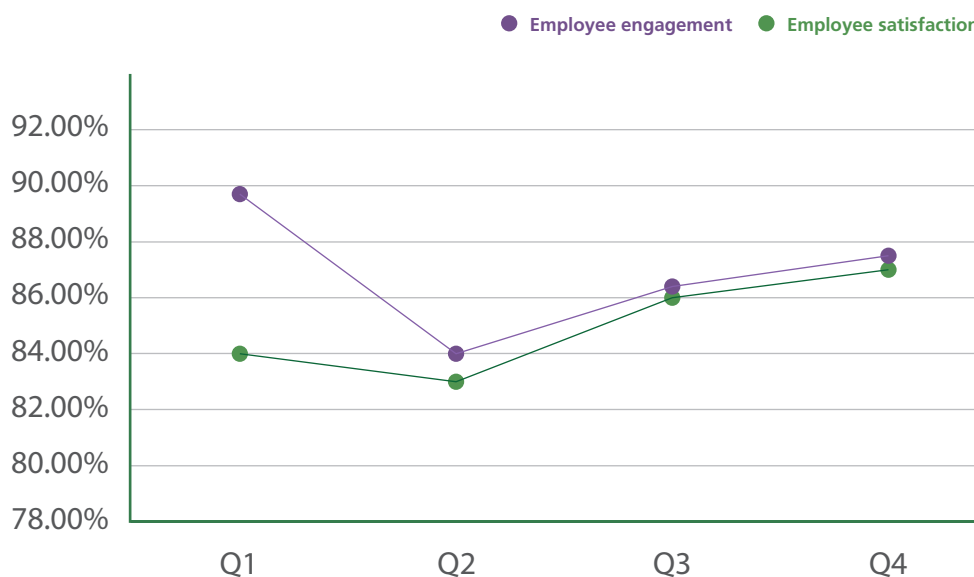


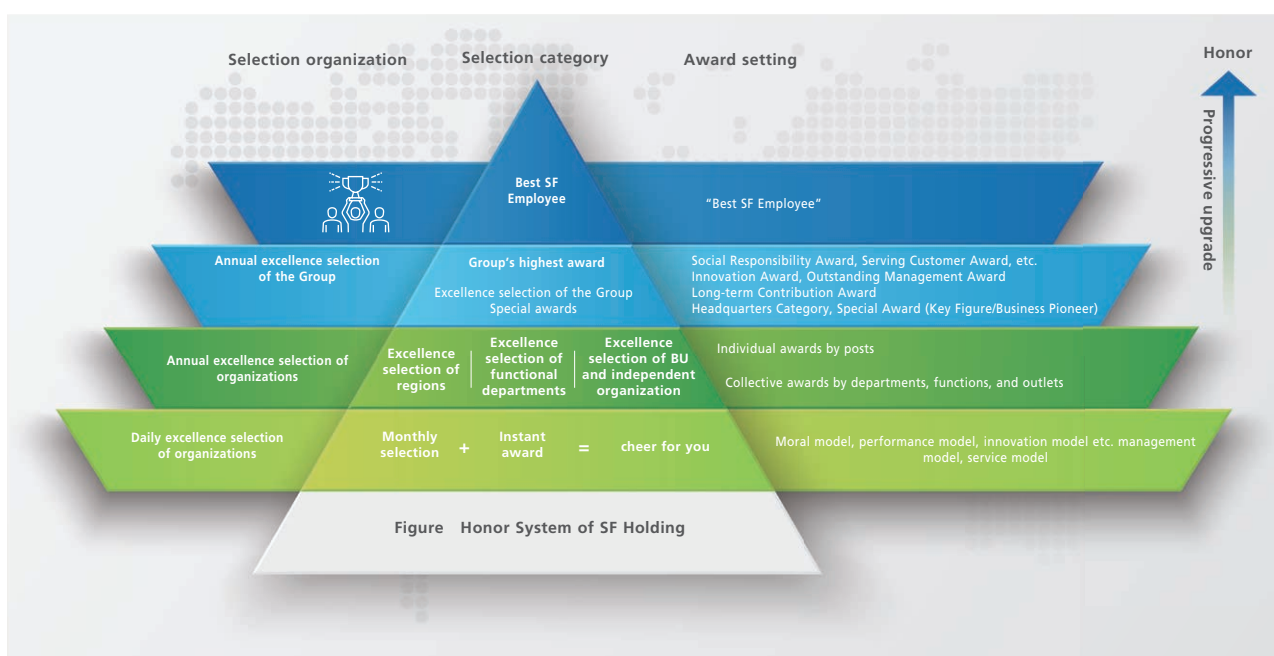
Figure Quarterly Survey of Employee Satisfaction in 2021

12 Communication and suggestion events, and resolution rate data was from trade union channels.

## Compensation incentive

SF Holding clarifies the value contribution management rules and evaluation procedures through the system for the Management of Value Contribution. In 2021, the Company set up and publicized mechanisms such as value contribution scale, service object evaluation rules and performance management mode. In order to stimulate employees' value creation, the Company also opened up the application of DTI job evaluation in employees' personal performance, so as to intuitively reflect their value contribution.

SF Holding has established short-, medium- and long-term incentive mechanisms based on value contribution, sorted out such mechanisms for different organizations, determined differentiated incentive structures and standards for different posits, ranks and performances, and actively promoted the online motivation tools and compensation management. In order to further strengthen the management of well-performing employees and retain the outstanding talents of the Company, SF Holding revised and issued the Measures for the Management of Well-Performing Employees in May 2021, clarifying the care and rewards, career development and training programs for outstanding employees, giving them timely affirmation and incentives, and effectively stimulating their work enthusiasm. In addition, the Company also established a unique honor system combining honor awarding with honor system, setting benchmarks and motivating outstanding employees.



### 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 affirmation and incentives to them.

- Care and reward
  - Establish a mentoring system and conduct on-the-job interviews and regular counseling;
  - Offer extra two-day paid leave;
  - Display the list of outstanding achievements and award exclusive incentive gifts and activity funds;
- Career management
  - Rely on the Career Development Assistant to encourage employees' self-driven development, and pay bonuses to outstanding employees.
  - Provide well-performing employee training fund
- Retention and return visit
  - Conduct resignation interview to retain employees; visit resigned employees regularly, and send them gifts in special holidays.



## Care for employees

SF Holding has established a comprehensive and multifaceted welfare care system, covering the special scenarios, critical moments, major family affairs and so on of employees in work and life. We understand the real needs of employees through multi-dimensional and downward protection and care mechanism, help employees solve practical problems, and enhance their sense of belonging and happiness.

In 2021, the expenditure of trade union of SF Holding was more than 103 million, of which 100 million yuan was invested in employee welfare, benefiting over 2.4 million employees<sup>13</sup>.

### SF Holding’s Welfare and Care System

Objects of welfare	Details of welfare
All employees	<ul style="list-style-type: none"> <li>– Insurance welfare: We pay social insurance premium for 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>
Couriers	<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>
Female employees	<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>
Disabled/seriously sick employees	<ul style="list-style-type: none"> <li>– Special care: Engage in the employee care group to provide specific employee care and subsidies</li> </ul>
Employees with family difficulties	<ul style="list-style-type: none"> <li>– Golden Autumn Education Assistance scheme: Provide tuition support for employees with family difficulties and their children, and carry 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>
Retired or near retired employees	<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>
Single employees	<ul style="list-style-type: none"> <li>– Organizing dating events for single employees</li> </ul>

### Case: Meticulous Employee Care

In 2021, the Company gained insights of the most practical needs of employees through outlet visits and research. For example, the Company noted that employees needed to frequently bend over during unloading, which may lead to waist strain in the long run. Based on their suggestions, the Company distributed waist and shoulder massagers to drivers to help them relieve waist discomfort. In consideration of the characteristics of outdoor mobile operation of the couriers, the Company distributed a warm heart packet for 200,000 couriers, which can help others while helping themselves. For female employees, the Company set up maternal and child rooms for lactating female employees, and there are currently 37 maternal and child rooms.



Figure SF Care Package

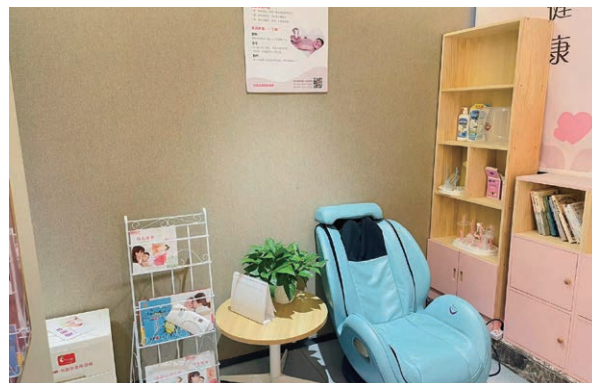


Figure Maternal and Child Room

13 Only calculate the frequency of four scenarios including high temperature, low temperature, peak and birthday.

We have also built a platform, “Shun Xin Ru Yi”, for employees’ mental health, and carried out mental health care projects such as online consultation, offline psychological counseling lectures, emotional release posts and stress dealing rooms. The Company organizes a variety of recreational activities every year for employees to develop their personal interests and hobbies. In 2021, SF held cultural activities under the theme of “A Better Future with SF”. The main activities included “Headquarters Open Day for Outstanding Couriers”, “Family Members Come to SF”, “Win-Win Results with SF, Pursuit of Excellence” online commendation conference, team culture building, online anniversary celebration, etc.

## Case: Special Care Act of SF Holding

In the face of crises, SF Holding took timely actions to show special care for employees. In July 2021, when catastrophic floods struck Henan, Ningbo and other places, SF Holding opened up a psychological counseling hotline for its Henan employees, held online micro-classes to help employees to alleviate temporary panic caused by the disaster, and allotted funds to purchase relief items that were easy to carry. At the same time, for the affected employees whose hometown was Henan or Ningbo, SF Holding issued sympathy fees to help employees to rebuild their homes and overcome difficulties. The cost involved was about RMB1.5 million. In the face of repeated outbreaks of the COVID-19 pandemic, the Company provided timely sympathy and care to the employees in temporary containment and control areas, solved their problems in meals and accommodation, and provided one-to-one psychological counseling for those involved in containment and control areas, in addition to allocating special funds.



## Training and development

SF Holding adheres to providing a scientific, comprehensive and up-to-date training system for employees. The Company provided a newly revised the SF Instructor Management System and the Course Management System in 2021, and formulated the Tutor Management System and Training 721 Implementation Guidelines. SF Holding combines external training and internal training and provides personalized training content to create a comprehensive training system for employees.

In 2021, SF Holding trained 229,623 new employees and 549,473 employees in total, provided 2,747,491 hours of off-line training<sup>14</sup>. We conducted online training for 6,808,646 persons. We invested RMB100 million in training.<sup>15</sup>

### SF Holding workforce training data in 2021

	Category	Training coverage		Online training sessions		Hours of offline training hours per person	
		2020	2021	2020	2021	2020	2021
By gender	Male	77.2	82	5,126,141	5,966,421	3.2	4
	Female	68.6	68.4	1,112,298	842,225	1.7	3.8
By job function	Management employees <sup>16</sup>	98.3	98.6	1,022,739	1,081,611	11.5	15.1
	Functional employees	90.4	92.7	1,261,115	918,988	2.1	5.5
	Primary-level employees	74.3	78.6	3,954,585	4,808,047	1.4	3.4

Note: Due to COVID-19 pandemic, the number of offline courses were reduced and more online courses were developed for employees to learn.

<sup>14</sup> Offline training refers to the duration of class hours in which employees participate. The data does not include special training in the business field.

<sup>15</sup> Online training refers to the number of document and course learning on the “Xuetang Online” learning platform.

<sup>16</sup> Includes grass-roots management.

## General training system

In 2021, from the perspective of supporting corporate strategic development and talent development, we established a whole-process ecosystem cultivation system for talents, set up a “dual-channel” training path of management and specialty for employee development, paid attention to the growth and integration of college students, identified outstanding talents through key projects and strategic projects. While, providing a rapid growth path for employees, we incubated strategic talents, and realized the common growth of the Company and employees.

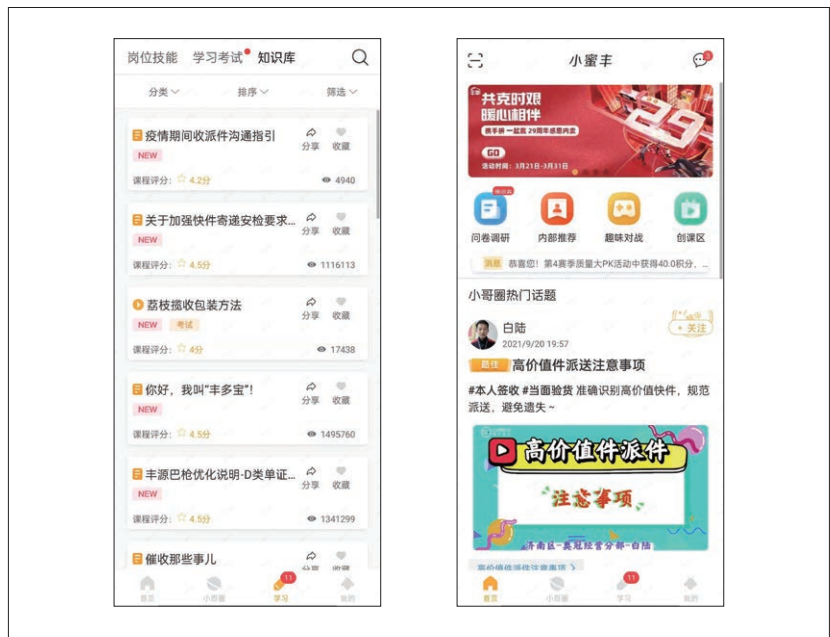
In order to effectively help the learning resource precipitation of various talent training projects and meet the differentiated training implementation needs of different organizations, the Company created the one-stop talent training platform “Xuetang Online” APP. The platform integrates learning management, class management, course management, tutor guidance management, lecturer management and other functions, and provides diversified learning functions such as online learning, examination evaluation, class passing and homework, covering all scenarios of enterprise training. Meanwhile, the platform provides employees with multiple forms of learning resources (such as audio and video, files, pictures, information, etc.) to meet the learning needs of employees anytime and anywhere. As of the end of 2021, the platform had more than 3,600 courses available, with a total of 310,000 users and 300,000 learning hours in the year.



Figure Xuetang Online

Considering the characteristics like time fragmentation, single learning equipment and fixed working scenes of couriers, SF created the Xiao Mi Feng learning App as the main learning platform for couriers. We pushed fragmented knowledge points to couriers online, drove and encouraged them to develop an atmosphere of active and easy learning, and helped them improve their personal skills.

Besides, the Company pays attention to the training of lecturers, adds a lecturer incentive system, and carries out the recruitment and training of lecturers throughout the network in a way of overall planning and energization. In 2021, there were 4,890 active lecturers.



Xiao Mi Feng Learning Platform

## SF Holding Leadership Training System 2021

SF Holding attaches importance to the common growth of employees and enterprises, and has established a leadership training system with different dimensions at the grass-roots, middle and senior levels, and combines training with practice so that employees can learn how to lead the team through training and shape their own leadership in practice. In 2021, the Company put great efforts on three leadership training programs: Senior management training program, middle management training program and grass-roots management training program. A total of 140,468 persons received the offline leadership development training.

- **Senior manager training program:** Senior management is the core strategic talents of the Company. We focus on building a diverse, compound and innovative echelon of senior managers, and continue to carry out targeted training programs for regional general managers and functional executives through the combination of internal organization and external expert sharing. In 2021, nearly 50 regional general managers and functional executives participated in the sharing, and a total of more than 300,000 employees took part in the training, which greatly promoted the exchanges and communication among various organizations and talents.



- **Middle management training program:** Since 2011, the Company's "SF Holding Cloud Plan" training program tailored for middle-level management has continued to this day. "SF Holding Cloud Plan" is the cradle for the growth of outstanding young backbone of SF Holding, and it is also a talent reserve program for middle and senior managers of the Company. In 2021, around the three dimensions of "changing roles", "understanding business" and "being good at leadership", the Company carried out training through online training, business discussion, case PK, district chief mentor's tutoring, job rotation experience and other forms, involving nearly 700 employees in total, and effectively helping employees to realize significant transformation in career development.

- **Grass-root management training program:** Outlet person-in-charge accounts for the largest share of grass-roots management in the Company. The Company has developed a targeted talent training program – "Qidian Alliance" to train outlet management talents capable of "understanding business, management and digital management", and to conduct differentiated training of their reserve, new promotees and in-service groups. In 2021, SF Holding set up a set of differentiated training resources and systematic tools, and organized special activities such as "Network-wide Training Camp" and "Tomorrow Star PLUS Program" to help outlet person-in-charge effectively improve their business and management capabilities.



Qidian Alliance Business Training Camp



## Education promotion training

SF Holding supports employees for degree programs and certifications, providing reimbursement of learning expenses to help employees realize self-development. All qualified employees can take part in MBA, self-study examination, adult college entrance examination and other on-the-job education. Where conditions permit, we will actively cooperate with universities and enterprises to help employees pursue further learning. In view of skills upgrading, the Company formulated the Implementation Plan of Vocational Skill Level Certification of SF Holding, standardized the skills certification mechanism, and included various post-related skills such as forklift operation qualification certificate, human resources manager certification examination and PMP project management qualification certificate into the certification scope, thus boosting the long-term development of employees.

Educational level	Junior college	University	Graduate or MBA	PhD or EMBA
Standard for the financial aid	RMB5,000	RMB10,000	RMB30,000	RMB60,000

As of the end of 2021, SF Holding had organized the authentication of skills certificates of over 9,500 employees, such as couriers, warehouse keepers and operators, and supported 1,299 employees to improve their education, with a total support amount of RMB8,157,674 million.

## Promotion management

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.

The Company continued to improve the dual-channel promotion mechanism to provide a good development platform for employees. Through the establishment of management development channels, employees with certain management ability can participate in corporate operation and management. Through the establishment of professional development channels, technical staff can become experts in various fields through continuous improvement of their personal skills and accumulation of professional experience.



## Health and safety

SF Holding adheres to the concept of people-oriented and safety first, always prioritizing employees' safety, and 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. The Company has obtained ISO45001: 2018 (GB/T 45001: 2020) certification, which covers activities involved in the operation and management of express delivery services.

Company	Shenzhen S.F. Taisen Holding (Group) Co., Ltd.	Shenzhen SF Freight Co., Ltd.	Shenzhen Fenglang Supply Chain Co., Ltd.
Scope of certification	Occupational health and safety management activities involved in express service operation management and cold chain transportation operation management of ordinary goods	Freight and logistics service management	Occupational health and safety management activities involved in transportation of ordinary goods and sales of prepackaged foods within the scope of qualification license; and the sale of office supplies

Certificate



Figure ISO45001 Certification of Shenzhen S.F. Taisen Holding (Group) Co., Ltd.



Figure ISO45001 Certification of Shenzhen SF Freight Co., Ltd.



Figure ISO45001 Certification of Shenzhen Fenglang Supply Chain Co., Ltd.

Company	SF Pharmaceutical Supply Chain Co., Ltd.	Shenzhen SF Comprehensive Logistics Service Co., Ltd.	Shenzhen SF International Supply Chain Management Co., Ltd.	Zhejiang Shuangjie Supply Chain Technology Co., Ltd.
Scope of certification	Storage and transportation services of drugs and medical devices within the scope of qualification license	General freight transportation and related management activities within the scope of license	Warehousing and logistics services of ordinary goods	Warehousing services of ordinary goods (excluding hazardous chemicals)

Certificate



Figure ISO45001 Certification of SF Pharmaceutical Supply Chain Co., Ltd.



Figure ISO45001 Certification of Shenzhen SF Comprehensive Logistics Service Co., Ltd.



Figure ISO45001 Certification of Shenzhen SF International Supply Chain Management Co., Ltd.



Figure ISO45001 Certification of Zhejiang Shuangjie Supply Chain Technology Co., Ltd.

### Safety management objectives

SF Holding sets employee health and safety objectives, quantifies work safety requirements and drives the implementation of work safety projects. In order to achieve the annual safety management objectives, we constantly improve the safety management structure and system, build and implement the safety production responsibility system, strengthen safety risk management and control, enrich safety publicity, improve the safety awareness of all employees, and minimize safety risks.

### SF employee health and safety objective tracking and setting

Targets of 2021	Progress in 2021	Targets of 2022
1. Prevent major fire accidents.	1. Zero major fire accidents.	1. Prevent major fire accidents.
2. Avoid major casualty accidents.	2. Zero major casualty accidents.	2. Avoid major casualty accidents.
3. Reduce the target value of lost days per million shipments by 20% compared to 2020.	3. Reduced the target value of lost days per million shipments by 20% compared to 2020.	3. Reduce the lost days per million shipments by 5% in 2022 compared to 2021.

The Company performs monthly assessments on the achievement of key indicators such as lost days per million shipments, site-responsible fire accidents, and express fire accidents, and link them with the performance of safety management personnel. In addition, the Company continues to track quantitative health and safety metrics related to employee health and safety, such as personnel safety index and number of site fire accidents. The Lost Time Injury Rate (LTIR) had been declining year by year, demonstrating the gradual improvement of work safety performance.

### SF Holding’s tracking quantitative health and safety metrics

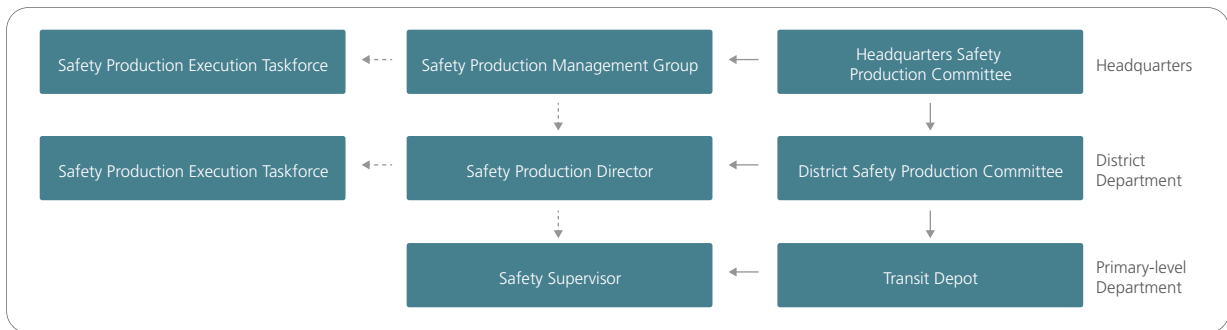
Quantitative standard	2020	2021
Lost days per million shipments	77	57
Number of major site fire accidents	0	0



## Safety management system

### Safety management framework

SF Holding sets up a Safety Production Committee with COO as the director, 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. We set up a full-time safety production management team at the headquarters level to coordinate the establishment of the Company's safety production management system, management standards and management norms; established the post of the regional safety director at the regional level to undertake the safety strategic deployment of the headquarters and build the regional safety management system; and built a safety production execution taskforce at both the headquarters and regions to implement daily production work.



(Safety management framework)

Moreover, 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 2021, we analyzed the Company's safety production situation and reported on safety production to the Risk Committee every quarter.



### Management mechanism

SF Holding 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, assuming the highest responsibility for production safety and making commitments to provide safe and healthy working conditions.

In order to improve safety production performance in 2021, the Company formulated the *Responsibility Letter for Safety Production of the Person in Charge of Distribution Area* and the *Responsibility Letter for Safety Production of the Person in Charge of Business Area* to strengthen the safety production responsibilities of managers at all levels, determine the regional manager as the first responsible person for regional safety production, clarify the annual safety production indicators and safety production responsibilities, take full responsibility for regional safety production, and ensure that safety responsibilities are implemented at all links of production and operation.

Besides, the Company formulated the *Safety Assessment and Incentive Management Regulations* to clarify the scope and standards of safety performance assessment for employees at all levels and make the compensation and year-end bonuses of senior management and department heads linked with safety production performance, so as to ensure the achievement of safety management objectives.

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In 2021, SF Holding invested

**RMB760** million in safety production

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In order to ensure the effectiveness of the safety management system, the Company regularly reviewed and revised the safety system, continuously improved various occupational health and safety management systems, and actively incorporated stakeholders such as customers, employees, suppliers and market supervision departments into the scope of safety management considerations. In light of the development of safety management and operation of the Group, in 2021, the Company added six internal systems and revised seven existing systems, such as *Regulations on the Management of Safety Accident Reporting, Investigation, Handling and Statistical Analysis and Regulations on the Management of Hazardous Operations*.

## Transportation safety management

The threat of transportation safety risks to SF Holding persists. The Company has identified four business scenarios and links with higher risks: driving safety, vehicle safety, aviation safety and warehousing safety. The Company empowered safety management, enhanced safety management, and reduced transportation safety risks through technology.

### Driving safety

In order to strengthen the risk management of vehicle driving safety, SF Holding set up an intelligent platform – Marvin platform for the safety management of operating vehicles, which offers 11 system functions such as risk intervention, risk prediction model and electronic accident report in an online and informationized manner, and comprehensively monitors the real-time location, trajectory, high-risk road sections and other operational conditions of each vehicle. Moreover, the Company formulated the Measures for the Safety Management of Outsourced Vehicles and Drivers to standardize and guide the safety management of outsourced vehicles and drivers, thus slashing the traffic accident rate.

### Vehicle safety

SF Holdings ensures fleet safety by inspecting our vehicles against 17 items across five categories and conduct semi-monthly and quarterly inspections of outsourced and partner vehicles, so as to improve vehicle inspection in an all-around fashion. In addition, the Company developed innovative flame retardant boxes to reduce self-combustion of express, thus ensuring safe transportation.

### Aviation safety

SF Holding established a Safety Management System to ensure aviation safety. SF Aviation has operated safely since its first flight, totaling approximately 545,000 hours. In 2021, the company has achieved the annual aviation safety goals set by the Civil Aviation Administration of PRC and the Central and Southern Regional Administration of Civil Aviation.

### Storage safety

**Transit safety:** In order to strengthen the safety risk management of sorting equipment, SF Holding, on the basis of implementing the operational guidelines *Safe Operation of Belt Conveyor (Sorting)* and the *Safe Operation Procedures for Forklifts*, added *Transit Operation Safety Management System* and *Sorting-Conveying Equipment Installation and Construction Safety Management Regulations* in 2021 to realize closed-loop safety control of the whole process from construction to operation.

**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.

## Case: Intelligent Smoke Sensing System

In order to improve the fire-fighting facilities at branches, SF Holding jointly piloted an intelligent wireless smoke sensing system, and built an alarm system to ensure that the alarm information was received immediately after a fire broke out, so as to organize personnel for fire fighting and emergency rescue.

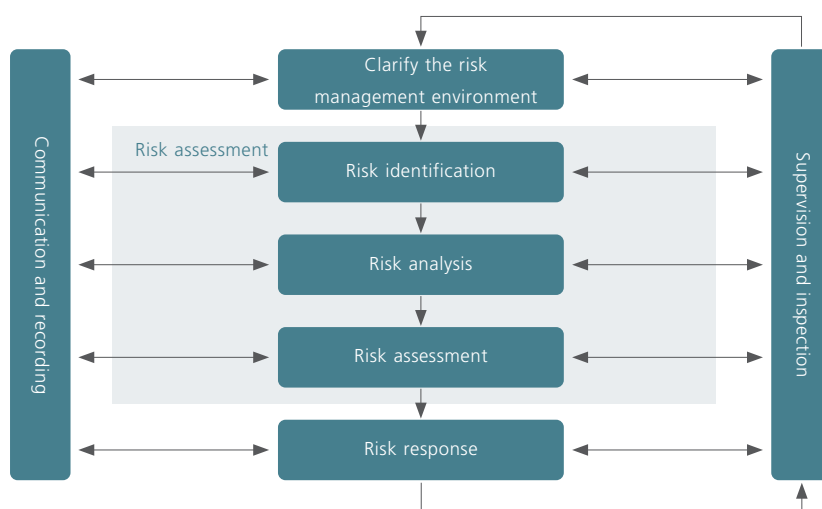
The pilot branches can identify the person-in-charge by installing wireless smoke sensors. Where the alarm is triggered, SMS reminders will be sent to the person in charge immediately. Meanwhile, the national wireless smoke sensor information platform will update the relevant situation in real time, and the headquarters and regions may learn about the fire safety situation of each pilot branch through the platform. By the end of the reporting period, 1,600 wireless smoke sensors had been networked and piloted in some outlets in Northeast China and Zhejiang.

## Safety risk prevention

SF Holding is committed to minimizing the safety risks in the whole business operation process, and enhances the safety production compliance from the aspects of safety risk management and control, hidden danger investigation and management, and safety awareness training, so as to ensure the health and safety of employees, reduce and prevent casualties, and facilitate safety goals.

### ➤ Risk identification and control

The Company formulated the *Regulations on Hazard Source Identification, Risk Assessment and Control Management*, adopted MES risk assessment method, regularly organized regional risk source identification, divided risks into five levels on the principle of hierarchical management and control and business organization settings, and defined the subject of risk management and control at each level<sup>14</sup>.



Key safety risk identification and rectification management process

Risk level	MES Risk Assessment Score	Risk management and control subject
Level 5 (blue logo)	Less than or equal to 18 points	Post/employee
Level 4 (blue logo)	20 points to 48 points	Post/employee
Level 3 (yellow logo)	50 points to 80 points	Transit depot
Level 2 (orange logo)	90 points to 150 points	Region
Level 1 (red logo)	Equal to or higher than 150 points	The Group

In 2021, the Company identified 954 hazard sources, formed a list of important risks, including ten Level 1 risks and nine Level 2 risks, and formulated corresponding control measures to reduce safety risks.

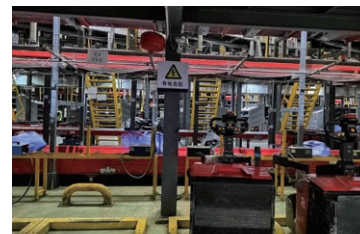
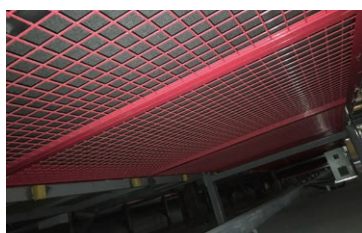
17 MES risk assessment method: M: Status of control measures; E: Frequency of exposure of person (objects) to dangerous environment; S: Accident consequence. Risk degree (grade) R=MES

➤ Remediation of key hidden dangers

SF Holding explicitly requires organizations at all levels to dynamically monitor hazard sources within their respective jurisdictions, and formulates special safety hazard inspection actions for identified key operational risks, such as fires and heavy casualties, so as to find existing problems in time, implement safety control measures efficiently and eliminate potential safety hazards. The Company tracks and monitors safety events in a real-time and dynamical manner through the exception reporting system, generates safety exception event reports every day, and follows up on the closed-loop management of events.

Key risks and hidden dangers	Countermeasures
Risk of personal injury accidents in the field	<ul style="list-style-type: none"> <li>Standardized promotion action</li> <li>Special treatment of sorting-conveying equipment</li> <li>Double treatment of belt conveyor butt joint and separation of people and vehicles</li> <li>Special treatment of anti-pinch hand at the end of extendable conveyor belt</li> </ul>
Hidden fire risks in the site (such as key fire prevention parts in the charging area)	<ul style="list-style-type: none"> <li>Organize special inspections on fire prevention and hidden dangers in summer and winter</li> <li>Assign special personnel to inspect</li> <li>Set up compartments and install wireless smoke sensors and hanging fire extinguishers</li> <li>Promote smart meters and smart charging cabinets</li> </ul>

In addition, in view of safety violations, the Company timely rectifies the personnel who violate the rules of operation, command and labor discipline through the online “Hui Yan Shen Tong” system, manual video spot check and offline personnel inspection, so as to avoid accidents.



Special program to manage sorting-conveying equipment safety

Special program to manage separation between pedestrians and vehicles

Special program to manage fire safety

➤ Contractor safety management

In 2021, SF Holding updated 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. It 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. The Company’s internal safety management systems and regulations also apply to the safety management of the outsourcer and its staff. The Company 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 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.

### ➤ Safety training

The Company formulated *Safety Education and Training Management Regulations* and annual safety training plans to improve the safety production professional skills of all employees. In 2021, relying on the "Xuetang Online" learning platform, and Security Management Fengsheng Information Platform, the Company adopted online and offline trainings regarding site safety and emergency management, laws and regulations, ability and technology, and delivery safety, for new employees, special operators (vehicle drivers and special equipment operators, etc.) and regional leaders, etc., so as to improve employees' awareness and ability of safety management and control.

**For regional leaders, branches and transit person-in-charge**, the Company publicized the latest national safety production related policies and systems in the form of Fengsheng information platform and offline safety production "lecture halls", so as to improve the safety awareness of all employees and implement safety production responsibilities. In 2021, a total of 19,361 trainings were carried out, with a total of 481,612 participants.

**In view of the characteristics of potential risks on the construction site**, the Company organized a series of Construction Safety trainings, and conducted training on the system standards, hoisting operations, high-altitude operations, hot work, temporary electricity consumption, etc.;

**Aiming at employee operation safety risks, vehicle driving risks and delivery safety risks**, the Company produced 40 employee safety cartoons and promoted them through "Xuetang Online" learning platform and Fengsheng information platform.

## Safety Training Related Data in 2021

Total number of employees attending safety training:

**14,904,903**

Safety training coverage:

**100%**

Certified employment rate of special equipment:

**100%**



(Safety training)



➤ Safety culture

SF Holding attaches great importance to the construction of safety culture, and creates a safety culture atmosphere and enhances employees' safety awareness and ability by carrying out comprehensive safety activities such as "Safety Production Month", "100-day Safety Activities" and "Spring Festival Peak Guarantee".

In 2021, the Company launched a collection activity for outstanding safety culture works, and mobilized various regions to sum up experiences and lessons in combination with typical production safety and delivery safety responsibility incidents in recent years. A total of 21 accident cases and 25 original safety education micro videos were submitted, including safety speeches, safety operations, safety awareness training, safety method introduction and so on.

Case: Carrying out the safety publicity campaign of "no revenue at the price of safety"

In order to improve the safety awareness of all employees, stimulate the motivation of self-examination and self-correction, and give full play to the supervisory role of family members beyond "eight working hours", employees and their families were organized in various regions to study and watch videos of typical accident cases of production safety and delivery safety, and a total of 4,780 activities were organized, with a total of 512,890 participants. In addition, a total of 10,995 safety culture products such as publicity pictures, display boards, hanging banners and information numbers were produced in various regions to improve overall safety culture.



➤ Improving emergency response

SF Holding formulated the *Management System of Emergency Plan for Emergencies*. Through a perfect management system, we clarified the process of responding to emergency events, established the ability to regularly test and drill response measures, and revised measures when necessary. In 2021, SF Holding organized a total of 6,119 emergency rescue drills such as fire evacuation, electric shock accident, equipment injury rescue, and self-combustion of express, covering XX million employees.



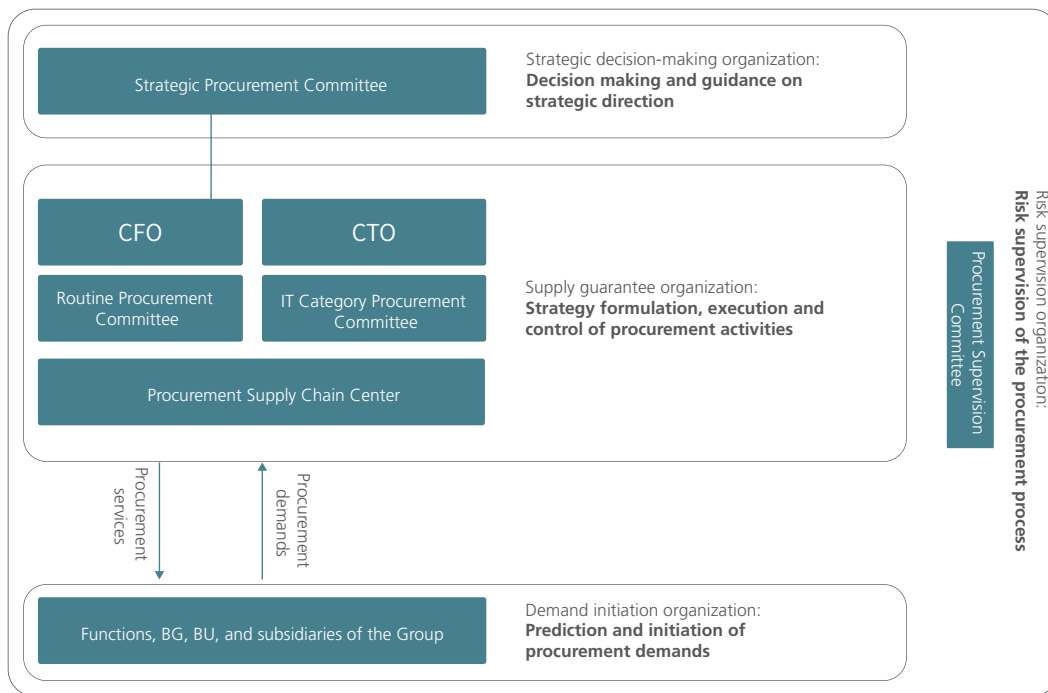
Fire safety drill

# Supply China Management

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

## Procurement and Supplier Management System

SF Holding has been committed to minimizing the environmental, social and governance risks in the supply chain, continuously strengthening internal supplier management and establishing procurement supervision committees with a hierarchical management model, which are divided into the Strategic Procurement Committee, the IT Category Procurement Committee and the Routine Procurement Committee, and assume the responsibilities for making decisions of the strategic direction and strategic management of procurement activities. There is the Procurement Supply Chain Center under the procurement committees, which is responsible for the execution of procurement decisions, procurement demand analysis and supplier management.



(Chart of Procurement Supervision Committee Structure)

In 2021, the Company revised 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*, expanded the management scope of supplier sourcing, control and evaluation, and realized the entire life cycle management from supplier registration, access to exit.

## Registration management

Based on industry analysis and business needs, SF Holding sincerely invites suppliers to register as the Company's suppliers to create space and opportunities for bilateral cooperation. Meanwhile, the Company also continued to broaden the channels of external publicity and pass the latest cooperation information. Suppliers can actively register as suppliers of the Company based on the cooperation intention. In addition, the Company uses supplier relationship management system (SRM) to register suppliers. Relying on online management of the system, it further strengthened supply chain risk management and improved our capabilities of communication and coordination with suppliers.

## Routine management

As regards delivery of key categories or suppliers with high quality risk, the Company conducts quality and delivery control on suppliers through on-site supervision and remote video monitoring. Meanwhile, the Company conducts audits on suppliers with large cooperation amounts and high risks, and reviews the comprehensive capabilities of high-risk suppliers in all aspects by means of on-site evaluation, business qualification and financial credit audit, so as to match the latest supplier requirements of the Company. In addition, the Company regularly organizes procurement specialists to conduct performance appraisals on suppliers, and the evaluation results will be applied to procurement sourcing management, supplier classification and development, supplier performance rectification, supplier supply qualification suspension, supplier elimination, etc.

In addition, the Company has updated the contents of supplier exit, clarifying that supplier exit is based on category. There are two ways of exit, category exit and limited category exit, and the types mainly include penalty exit and idle exit.

## Access management

In the process of supplier access, SF Holding has formulated the *Supplier Access Condition Criteria* in accordance with the Company's business operation demands, and set the access criteria for centralized procurement and regional separate procurement of new suppliers from the perspectives of legal operation, safety, environmental protection certification and assessment, etc. Specifically, we strictly control the access threshold of suppliers to ensure that suppliers meet the Company's requirements and have reliable quality assurance, and to reduce supply risks and supplier management costs<sup>18</sup>.

## Exit management

In 2021, SF Holding updated the contents of supplier penalties, from supplier certification and introduction, the bidding process, contract signing, performance delivery, significant losses, leakage of secrets, violations of the law and other processes. The Company evaluated suppliers with reference to the Supplier Penalty Criteria Form, and implemented the penalty measures of blacklisting, elimination, suspension, warning and fines, taking into account the severity of the supplier's breach of contract and discipline.

Exit type	Type description
Penalty exit	Exit cooperation due to penalties of blacklisting, elimination, or suspension:
	1) Blacklisting: Exit of all categories;
	2) Elimination: Exit of all categories or limited categories;
	3) Suspension: Exit of limited categories in limited region and in limited time.
Idle exit	Applies to suppliers who have not cooperated for more than 18 consecutive months. The category/regional procurement specialist handles the outstanding matters with the suppliers and removes them from the Supplier List.

In 2021, SF Holding blacklisted and penalized over 200 suppliers, and removed 1,000 idle suppliers.

18 The Supplier Access Criteria requires that materials for research and development of intelligent electromechanical products, pearl cotton, property services, electric tricycles, charging piles and other categories shall have the relevant certificates of environmental assessment or ISO14001; in addition, for property services, suppliers shall also have ISO45001.

## 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 to ensure a clean procurement environment.

### Supplier management objectives

The Procurement Supply Chain Center will ensure that the signing rate of suppliers' social responsibility, integrity and confidentiality will reach 100% in 2022 at the level of centralized procurement.

In the process of supplier registration access, the Company requires all suppliers to take the initiative to declare a conflict of interest relationships, and in the "Notification Letter on SF Transparent Procurement", the Company clearly specifies the responsibilities of both parties for joint development of integrity and the rights they enjoy, in order to build and implement high-standard business ethical practices.

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

Supplier participation	Contract signing	Whistleblowing mechanism
<ul style="list-style-type: none"> <li>Manage risk during the supplier bidding process. Monitor aspects including supplier association. Prevent collusion with other suppliers during quotations.</li> </ul>	<ul style="list-style-type: none"> <li>Client must sign our <i>integrity agreement</i> 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. 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>





## Promoting supplier performance

In order to promote the value chain to fulfill the social responsibility and implement the philosophy of green and low-carbon procurement, SF Holding created the *Regulations on Green Procurement Management of Procurement Supply Chain Center*. We added corresponding environmental protection requirements to the category promotion plan, the whole life cycle management of suppliers, bidding regulations, contract signing and daily management, and, to some extent, gave priority to the procurement and use of raw materials, products and services that are conducive to environmental protection, such as energy saving, water saving and material saving, in order to guarantee the implementation of the green procurement concept.

Moreover, SF Holding is committed to regulating the behavior of our suppliers in the areas of environment, society and labor rights. The Company is concerned about ISO certification of suppliers in environmental, occupational health and safety and information security-related systems, and has made environmental and health responsibility an important indicator in the regular evaluation and assessment of suppliers, so as to promote suppliers to strengthen their own environmental, safety and other social responsibility performance.

### ➤ Cooperation with suppliers

SF Holding actively uses our own strength to provide support and assistance to suppliers and cooperate to promote the sustainable development of the industry. In 2021, SF Holding conducted innovation cooperation with suppliers in packaging materials and new energy.

Category	Content of cooperation
Packaging materials	<ul style="list-style-type: none"> <li>We launched a new version of 5C recyclable packaging plastic bags for e-commerce customers in e-commerce customer collection business scenarios, which has been promoted in multiple areas on a pilot basis.</li> </ul>
	<ul style="list-style-type: none"> <li>We researched and developed innovative recycling containers (recycling boxes) to meet the demand for full-scene recycling applications, and established closed-loop management to quickly promote the sustainable development of green recycling.</li> </ul>
New energy vehicles	<ul style="list-style-type: none"> <li>For second and third-wheeled operational vehicles, the procurement and leasing of new energy vehicles have been realized comprehensively. In the future, the procurement and leasing of fourth-wheeled clean-energy operational vehicles will continue to be promoted.</li> </ul>
	<ul style="list-style-type: none"> <li>the procurement and leasing of new energy forklifts has been realized comprehensively.</li> </ul>

### ➤ Supplier training

In 2021, SF Holding organized a live communication conference for suppliers, aiming to disseminate the latest policies and information and promote win-win cooperation between the two sides. The training content included a total of 7 modules: cooperation concept, must-knows and must-learns, system operation, quality management, order delivery, integrity cooperation, and green-environment protection. 2,200 suppliers attended the conference the satisfaction of overall effects reached 99.7%, the professionalism rating reached 99.4%, and the practicality rating reached 99.1%.

For the anti-corruption training of suppliers, SF Holding set up the integrity cooperation training module, which included the management requirements for the integrity cooperation of suppliers, the handling of non-compliance and the complaint and feedback channels, fully conveying the concept of integrity cooperation to suppliers, and strengthening the ability of each partner enterprise in the supply chain to assume social responsibility and of integrity performance.

## Community support

When eating fruits, one should think of the fruit trees; when drinking water, one should think of the source of the river. As SF deeply understands that business and society are intertwined, on the road of development, it has always promoted every bit of social progress through tangible actions. The Company will stay true to our original intention, continue to maintain a positive attitude and uplifting spirit, and gather the strength of all parties. In 2021, SF did not involve operating sites that have actual or potential significant negative impact on local communities. (More about SF's community investment and philanthropy will be disclosed in the 2021 Annual Work Report of SF Public Welfare Foundation)

## Public welfare and charity

The Company formulated the *Articles of SF Charity Foundation* and the *Management System of SF Charity Foundation Volunteer Association* to ensure the standardized operation and management of the Foundation and to ensure that funds and services are focused on social philanthropy.

In 2021, the total annual public welfare expenditure of the SF Charity Foundation was RMB98.89 million, with 20 volunteer associations. 3,585 volunteers actually participating in the activities with 21,601 hours of volunteer services<sup>19</sup>.

In 2021, SF Foundation conducted research, analyzed the headaches of past projects, with the mission and strategy of "building a better life and a better society", defined the four major areas of work of education, healthcare, carbon neutrality and other sustainability issues, and formulated a five-year development plan for each of the first three major fields.



19 As at the end of 2021, there were 25,744 registered volunteers in the system of SF Public Welfare Foundation.

## Education assistance through scholarships

In terms of education charity, the major public welfare programs in 2021 included 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 2021, the SF Lianhua Education Assistance Program added 3,869 sponsored students in 39 project counties across the country, with a total of 11,614 school students sponsored during the year. 2,209 new college students were registered for Regurgitation-feeding and 1,728 college students were granted annual scholarships after review. Throughout the year, the Program awarded RMB24,171,200 in high school grants and RMB5,184,000 in college scholarships. SF Holding has sponsored 30,152 poor students in total over the years, of whom 16,869 have completed high school and over 11,000 have gone on to undergraduate studies.

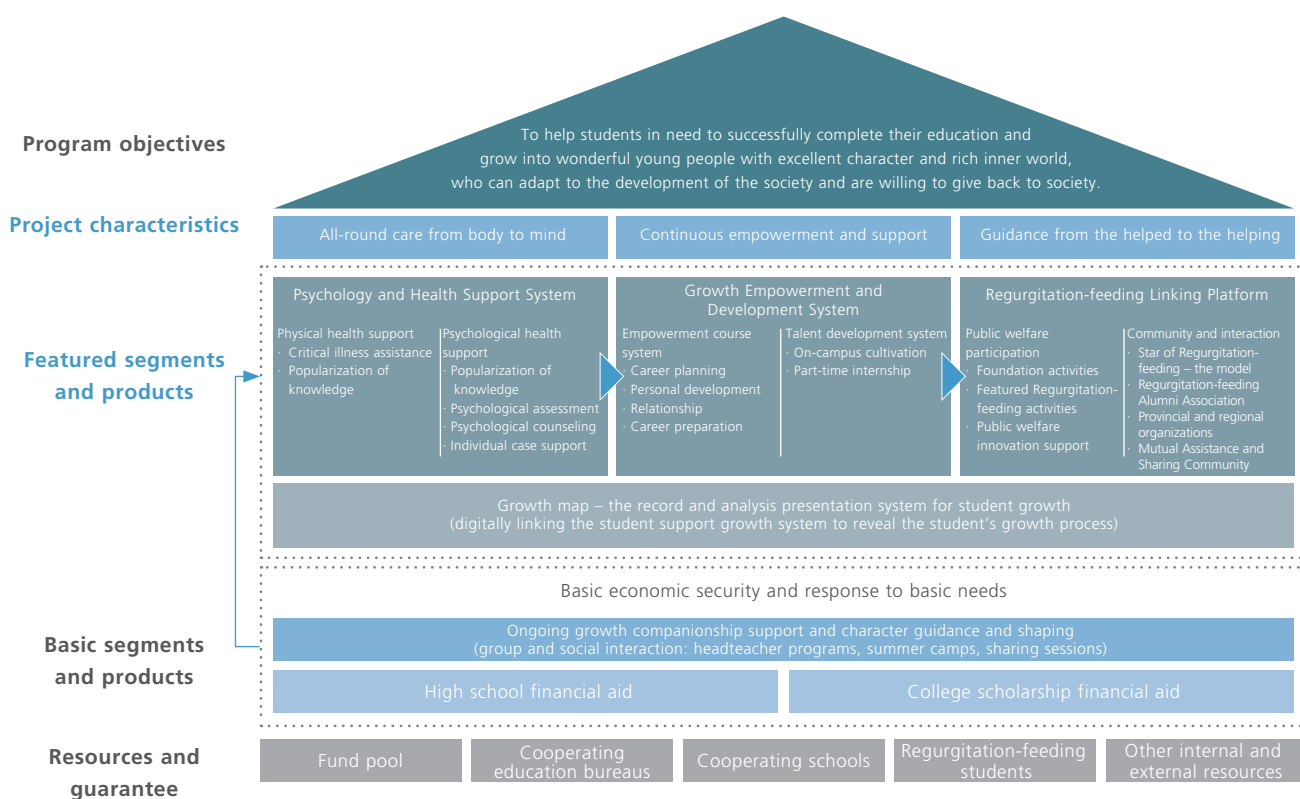


Figure Structure of SF Lianhua Education Assistance Program

In 2021, the total investment of SF Lianhua Education Assistance Program was RMB31,804,929.83. The total investment of the Program from 2014 to 2021 was RMB179,531,768.72.

**SF Lianhua Primary School Program.** The SF Lianhua Primary School Program was established in 2013, mainly providing construction assistance for the whole school for rural schools that are economically backward, have a stable student population, and have dilapidated school buildings that cannot be improved in the short term due to limited local education funding. The Program not only supported the poor rural primary school students, but also benefited the teachers in the mountainous areas. The project was launched in 2013 and has been completed. 10 rural primary schools have been built in Gansu, Hunan, Yunnan and Guizhou, with a total construction expenditure of around RMB18.63 million.

## Case: Zenhua GLP SF Lianhua Primary School, Rongjiang County, Southeast Qianjiang, Guizhou Province

The original campus was built in 1965, mainly composed of wooden structure, and the school operation conditions were difficult. In addition, the humid climate in the mountainous areas caused great corrosion in the school building wood. As a result, the original campus wooden rooms were tilted to varying degrees, with the stairs, floors and tenons in doors and windows moldy and rotten, with many safety hazards. In 2016, the SF Public Welfare Foundation, after evaluating the project, joined hands with GLP to sign a cooperation agreement with Rongjiang County for the construction assistance of Zenhua and Gaolue SF Lianhua Primary School. Due to the frequent impact of rain and fog in the alpine mountains on the project of Zenhua GLP SF Lianhua Primary School, the foundation stone of the project was laid in 2017, the main project was completed and delivered in 2019, and the project was fully completed and listed in March 2021. The new school has a comprehensive teaching building, a teacher dormitory building, a student cafeteria and a sports field, and is the most beautiful building in the surrounding cottage. Zenhua GLP SF Lianhua Primary School is the 10th rural primary school completed by the SF Lianhua Primary School Program. The SF Public Welfare Foundation will continue to pay attention to the improvement of teaching quality and related support.



Zenhua GLP SF Lianhua Primary School

**SF Liangshan Charity Class Program.** SF Liangshan Charity Class Program is a project that SF has been working on since 2010, in cooperation with Liangshan Ma Wei Social Work Development Center. The Program focuses on the living and learning conditions of the abandoned children (children who lost their father or mother and have no one to rely on) and the underprivileged girls in Liangshan. In SF Liangshan Charity Class Program, 2 classes graduated in the spring of 2021, including 1 high school class and 1 junior high school class, a total of 110 students. As of December 2021, the Program has sponsored 21 classes with 1,167 students. In 2021, 9 classes with 509 students were sponsored.





## Healthcare

SF Nuanxin Children Medical Assistance Program (SF Nuanxin Program) was launched in 2014. So far, it has developed into an integrated program featuring collaborative development between a “matrix of economic assistance projects featuring medical assistance” and a “matrix of growth support projects featuring humanistic care”. The program is patient-centric, shoulders the mission of enabling healthy decent lives, upholds the program development concepts of high quality, considerateness, and sustainability, insists on assistance in parallel with care, and is committed to promoting early discovery, early treatment, and early recovery of child patients aged from 0 to 18 who suffer from relevant diseases. It boosts the physical and mental healthy growth of child patients in terms of overcoming illness and warming their hearts, and also contributes to the development of “intra-provincial treatment of serious illness” and the child medical industry. As of the end of 2021, the SF Nuanxin Children Medical Assistance Program invested RMB48.03 million in helping 2,679 children and orphans. As at the end of 2021, SF Nuanxin has invested a total of RMB332 million in helping 14,794 children and orphans, and the Physical Space (Shenzhen Children Hospital, SF Vcare Space, and SF•Sohu Siyuanfocus Nuanxin Center) in Humanistic Care Module has provided companionship and accommodation for 13,355 children and their families.

### Panoramic Architecture of the Program

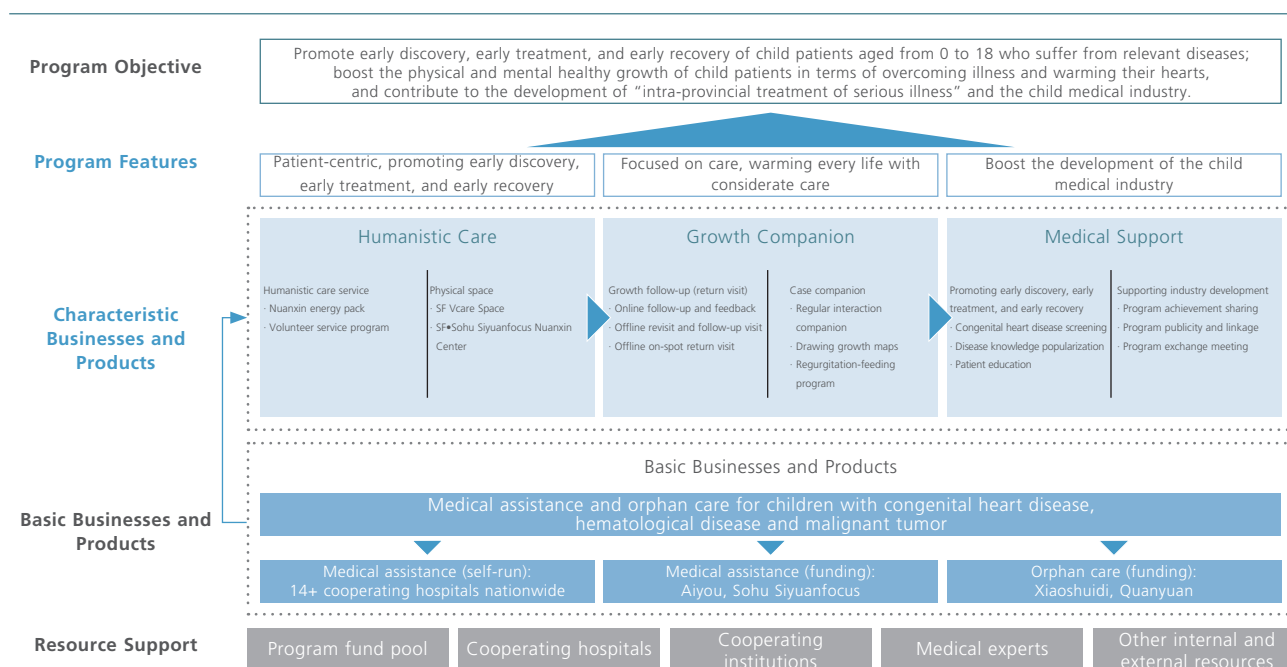


Figure SF Nuanxin Program Architecture

As of the end of 2021, the SF Nuanxin Children Medical Assistance Program has invested a total of RMB332 million in helping 14,794 children and orphans.

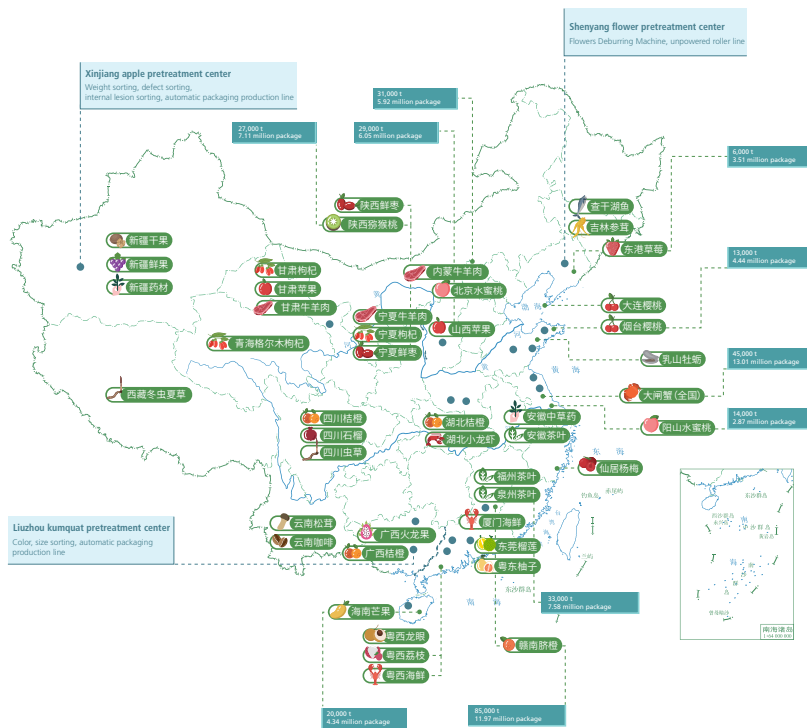
## Rural revitalization

SF Holding is the first domestic logistics company to deliver fresh agricultural products directly from farmers to urban consumers in the form of express delivery. Since then, we have established a business model for delivering agricultural goods directly from “farms” to the end-consumers. For a long time, many high-quality agricultural products have encountered problems in the delivery process such as “vulnerability, difficulty in packaging, many links and impossibility of forming scale effect”. They are also faced with marketing-related problems such as limited number of channels available, formal homogeneity, limited target audience size and limited branding effect. For many years, farmers have been struggling to increase their income, but found it practically impossible to achieve profitability by selling agricultural products. SF Holding adhered to the farmer assistance concept of distributing quality agricultural products across the country and promoting better brands of agricultural products.

SF actively assists local governments in creating regional public brands so that more agricultural products are known to consumers. Over the years, SF has joined hands with the government and origin associations to hold activities themed on logistics or production and marketing, creating featured economic projects such as Yangcheng Lake hairy crabs, Yantai cherries, Lingnan litchi, Yunnan flowers and Ganzi matsutake mushrooms.

So far, the upstream service network of agricultural products benefitting from SF Holding’s services covered more than 2,800 county-level and prefecture-level cities and more than 4,000 fresh products across the country. In 2021, SF Holding delivered 3.746 million tons and 720 million shipments of characteristic agricultural products, representing an increase of 30% compared with 2020, generating an estimated RMB100 billion of income for local farmers (an increase of 30% compared with 2020).

The year 2021 marked the comprehensive promotion of rural revitalization. In order to actively support the national strategy of rural revitalization, continuously consolidate and expand the poverty alleviation results, SF Holding set up a special fund subsidy mechanism for rural revitalization, and continued to promote the special assistance subsidy program for rural revitalization for all the 832 state-level poverty-stricken counties and more than 240 provincial poverty-stricken counties that have been lifted out of poverty. On the basis of logistics subsidies in 2020, SF Holding extended the packaging materials customization subsidies and traceability subsidies for regional brands to 424 merchants with an investment of RMB13 million in special fund, delivering a total of 12.49 million packages and achieving a revenue of about RMB610 million for local farmers, with the aim of helping villages which have been lifted out of poverty achieve sustainability development.



Notes: ● Agricultural products pretreatment center  
● Shipping weight and package volume of single-category agricultural products in 2021

SF Farmer Supporting Map

## Case: SF rural revitalization service solution to help Fengjie navel orange branding

In 2021, at the roundtable forum of “Gathering momentum to improve quality and efficiency, scoring the victory in the consumer market”, SF released a service plan to help rural revitalization. SF will promote the exchange and cooperation of Fengjie navel orange industry from the three aspects of making standards, building brands and raising values, so that good navel oranges can go to the whole country and the world. By means of fully automated assembly lines put into production and guarantee of each process, the after-sales rate of SF navel oranges has dropped by more than 400%; the commissioning of the pre-processing center has also successfully created employment of more than 200 people for the local area. In addition, for Fengjie navel orange express, SF opened an exclusive channel, and provided free upgrade services for navel oranges in part of the flow, such as a free upgrade from land transport to air transport, in order to maximize the freshness of navel oranges.

With the implementation of the national rural revitalization policy, more regional brands will emerge in the future. SF will also continue to play an exemplary role in the industry to help more good fresh produce get known to the public and help rural revitalization.



Figure SF unmanned vehicle at the Third China-Chongqing Fengjie International Orange Expo and China Fengjie Navel Orange High-Quality Development Forum

## United effort to combat the pandemic

During the pandemic period, SF Holding always paid close attention to the domestic and international pandemic prevention situations, regarded serving the society and ensuring people’s livelihood as its responsibility, and committed itself to giving full play to its advantages in timeliness and stability to provide safe and efficient transportation services for industrial materials, daily necessities and pandemic prevention supplies. The Company has great respect for people from all walks of life and medical staff who are working on the frontline in this fight against the pandemic, and it will pay close attention to the pandemic situation in different places, mobilize more resources, and continue to contribute to the fight against the pandemic together with the whole society.

### – Boosting the fight against the pandemic through science and technology

SF has utilized the power of science and technology to deploy efficient transportation and distribution tools such as unmanned aerial vehicles (UAVs) and unmanned vehicles to support the pandemic prevention work, and assist in the transportation of pandemic prevention supplies and daily necessities during grim pandemic situations in different places, so as to reduce the risk of contact and improve the efficiency of pandemic prevention.

## Case: SF UAVs assisted in the transportation of nucleic acid samples

In order to solve the problems of scattered medical sites and traffic control in some areas of test centers, Shenzhen Luohu Hospital Group and SF have jointly carried out the regular transportation project of sending medical samples by UAV since June 2021. UAVs can realize multiple deliveries of small quantities of samples and adopt automatic flight and contactless delivery, which are not affected by ground traffic conditions. This can guarantee delivery timeliness even in peak traffic hours, and achieve the high efficiency requirement of delivery in 13 minutes over the air distance of 10.3 kilometers. By the end of 2021, nearly 1,200 UAV flights of this transportation project had been completed, and more than 230,000 samples had been transported, with a maximum one-day delivery of 12,000 samples.

In addition, SF UAVs are also used at Taizhou Hospital of Zhejiang Province, assisting in the transportation of nucleic acid samples between the old hospital area and east hospital area, realizing 12-minute delivery for each flight and improving the transportation efficiency by 70%.

UAV transport has accelerated the pace of nucleic acid testing, improved the release efficiency of test reports, and met the requirements of COVID-19 prevention and control to the maximum extent with scientific and technological means.



Luohu Hospital Group uses SF UAVs to transport test samples



SF UAV used to transport nucleic acid samples

## Case: SF unmanned vehicles assisted in the delivery of life necessities

During the pandemic prevention and control period in Shenzhen, two SF unmanned vehicles “Baibai” were successively deployed to Yitian Community in Shenzhen and respectively used for express delivery and assisting in the transportation of pandemic prevention supplies within the community. This alleviated the manpower shortage caused by the sudden pandemic outbreak, and the use of these unmanned vehicles relieved the delivery pressure on some logistics personnel, reduced the contact risk among community personnel and contributed to Shenzhen’s effort to prevent and control the pandemic.



SF unmanned vehicles “Baibai” transporting supplies



## – Transportation of pandemic prevention supplies

In view of the urgent demand for various pandemic prevention supplies brought about by the pandemic prevention and control work nationwide, SF utilized its transport capacity resources and actively cooperated with the national material distribution arrangements to open up special routes and special flights to fully support the transportation of supplies during the pandemic prevention and control period.

### Case: SF Airlines transported nearly 300,000 virus sampling tubes to Changchun City, Jilin Province for emergency use

In order to quickly respond to the demand of Changchun City's pandemic prevention and control command center for the transportation of pandemic prevention supplies, SF Airlines established a special support team to quickly develop the transportation plan and put supportive resources in place. Within a short time, it completed the flight preparation work including flight schedule application, remote transport capacity allocation, goods collection and loading. It adopted the B757 all-cargo aircraft for the "Chongqing-Changchun" flight, delivering 300,000 disposable virus sampling tubes to Changchun without delay and thus fully ensuring the timely transportation of pandemic prevention supplies.



Scene of loading virus sampling tubes onto the aircraft at Chongqing Jiangbei Airport

### Case: SF Airlines opened "Shenzhen-Hong Kong" freight air route to help Hong Kong combat the pandemic

In early 2022, Hong Kong faced ups and downs in its fight against the pandemic. Logistics vehicles traveling between Shenzhen and Hong Kong on a daily basis were successively called to a halt, which severely affected Hong Kong's material supply and city operation. In order to help resume the logistics supply chain to Hong Kong and help Hong Kong combat the pandemic, SF Airlines used B747-400 all-cargo aircraft to open the "Shenzhen-Hong Kong" air route to guarantee express delivery and transportation of pandemic prevention supplies to Hong Kong. This air route, which takes only 30 minutes for a single flight to complete, is the shortest air route ever operated by SF Airlines. It established a high-density and high-stability air freight channel for the logistics demand between Shenzhen and Hong Kong.

Besides, upon learning the grim pandemic situation in Hong Kong, SF donated HKD20 million to support Hong Kong's fight against the pandemic and guarantee that medical staff and citizens have the necessary materials to combat the pandemic.



Pilots of the special aircraft bound for Hong Kong

## – Guaranteeing the supply of life necessities

During the pandemic period, the continuous implementation of containment measures brought about huge needs for material distribution. SF actively cooperated with the material supply needs and dispatched transport vehicles and volunteers to support the delivery of daily supplies and community materials, providing residents with livelihood guarantee during the pandemic period.

### Case: SF helped deliver life necessities in Jilin Province

SF Holding is listed as one of the key life necessities logistics and distribution enterprises in Jilin Province. During the pandemic prevention and control period, the Company received the urgent demand from the Department of Commerce of Jilin Province for the transportation of daily necessities in Changchun, and immediately made transportation plans and allocated transport capacity resources. So far, it has allocated 70 transportation vehicles and set up a 400-person supply guarantee team to fully guarantee the transportation of daily necessities at any time.



Jilin SF supply guarantee team standing by

### Case: Love in Weihai, United Fight against the Pandemic

At the beginning of 2022, the situation of pandemic prevention was severe in Weihai. In order to guarantee the supply of living materials for residents, SF sent 15 delivery vehicles and 30 volunteers from SF Weihai Sorting and Distribution Center to and from the three material supply assurance units in Lingang District to provide free food delivery services to communities and villages.



Scene of SF loading life necessities onto vehicles in Weihai

## Case: "11 warriors" joined the fight against the pandemic to show love and shoulder responsibility

During the pandemic period, 11 buildings of Packaging Town in Jiading District, Shanghai were sealed off, and more than 4,000 people were confined in them. In order to ensure the normal livelihood of these confined people, Shanghai issued a mobilization order, and more than 100 couriers volunteered. Within 1 hour, a team of 11 volunteers was formed, and they immediately joined the fight against the pandemic. These 11 couriers took charge of the three meals of more than 4,000 people every day, meaning that each of them had to deliver an average of more than 1,000 takeout meals every day for 14 consecutive days. With their selflessness and perseverance, they exemplified the commitment and dedication of all SF employees.

Every SF employee working on the frontline against the pandemic shows a keen sense of responsibility and mission and utilizes his or her professional advantages to fulfill duties and obligations in pandemic prevention and control, livelihood guarantee, and other aspects, demonstrating the responsibility and commitment of all SF employees.



11 volunteers formed the SF vanguard team





**服务篇**  
SERVICE

04



	<b>Targets of 2021</b>	<b>Progress in 2021</b>	<b>Targets of 2022</b>
<b>Targets</b>	To ensure that the customer service dissatisfaction <sup>20</sup> is lower than 5%	The customer service dissatisfaction was 4.30% in 2021	To ensure that the customer service dissatisfaction is lower than 5% in 2022
	N/A	N/A	To make deployment of AI, big data, operations research, IOT and digital twin, unmanned technology and other cutting-edge technologies through measures such as independent research, industry-research cooperation, investment and merger

	<b>Indicators</b>	<b>Data</b>
<b>Key performance in 2021</b>	Total Investment amount in technology	RMB4.93 billion
	Cumulative Number of patents granted	1,680
	Number of new patents	283
	Coverage rate of training on safe delivery for couriers	100
	Number of safety training courses on safe delivery	26
	Pass rate of delivery safety training	99.9
	Certified employment rate of special equipment	100
	Number of illegal and contraband items detained	32,460
	Handling rate of consumer complaints	100%
	The number of customer complaint acceptance on social platforms	480,000
	The closed loop rate of customer complaint acceptance	99.6%
	Cumulative quantity of COVID-19 vaccine carried	372 million doses



<sup>20</sup> The statistical results of customer service dissatisfaction come from customers' satisfaction evaluation of the handling of their complaints, that is, the number of customers are dissatisfied with the handling of complaints / the total number of customer complaints.

# Jointly building a smart international hub

In August 2020, the NDRC issued the *Opinions on Promoting the Development of Air Freight Facilities*, proposing to speed up efforts to strengthen the weak points of air freight and promote the development of air freight facilities in China. As the first professional freight hub airport in China, Ezhou Huahu Airport plays an important role in improving China's air freight capacity and strengthening the steady and rapid development of the aviation industry.

SF Holding aims to build Hubei international logistics hub centering on Ezhou Huahu Airport into the fourth professional aviation logistics hub in the world and the first in Asia. Ezhou Huahu Airport is the first pilot project of the BIM based cost management reform of the Ministry of Housing and Urban-Rural Development (MOHURD), as well as the first airport project in China that delivers physical engineering and digital model at one time. On 29 December 2021, Ezhou Huahu Airport successfully started its test flight, and completed the spot verification test flight on March 19 2022. It is expected that the annual cargo throughput of the airport will exceed 3.3 million tons and the passenger throughput will reach 1.5 million persons by 2030.





• **Establishing a green benchmark**

With a leading green concept, SF Holding focuses on the environmental impact throughout the project lifecycle, from design, construction to operation. The project built 247,000 m<sup>2</sup> PV roof and 11,600 m<sup>2</sup> PV curtain wall, with a total installed capacity of 34.4MW, and adopted new technologies such as ground source heat pump and chilled water storage technologies to reduce the overall energy consumption of the airport. The new technologies have met 45% of the airport’s cooling and heating energy demand. In addition, Through a smart energy management and control platform, the Company flexibly schedules airport electricity and energy consumption according to the actual situation. It is expected to improve energy efficiency by 10% and reduce carbon emissions by 53,700 tons per year. In May 2021, the terminal, complex and other individual buildings of Ezhou Huahu Airport passed the three-star green building certification, realizing the building energy saving rate of over 65%.



• **Building a comprehensive multimodal transport system**

Ezhou Hub Transit Center of Ezhou Huahu Airport is the first large-scale comprehensive hub that can undertake both air transportation and land transportation in China. After the airport is completed, its two-hour flight circle can cover 90% of China’s economic aggregate, and will become the integration center and allocation center of China’s aviation resources, contributing to strengthening the aviation support for the comprehensive carrying capacity of Wuhan metropolitan area and the internal and external connectivity of Yangtze River Economic Belt.

Ezhou Huahu Airport will effectively connect with Wuhan Tianhe Airport, Yangluo Port, Sanjiang Port, Wujiashan Railway Hub and other transportation hubs to form a multimodal transport system of “railway, waterway, road and air” in Wuhan Metropolitan area, forming a development landscape featuring the linkage of “water port, land port and airport”, and comprehensively improving the timeliness standard of the integrated hub of water, land and air transport. The Company will introduce new technologies such as AI vision processing and high-speed security inspection to achieve the whole process control of incoming express parcels and improve the efficiency of cargo security inspection.



• **Creating a smart hut empowered by technology**

Innovation is SF Holding’s driving force to provide customers with convenient and intelligent service experience. By building digital foundation, establishing real-time and all-domain information perception and developing simulation operation, the Company innovatively applied 15 new technologies, such as intelligent runway, simulation, automatic driving, collaborative decision making, intelligent security and intelligent energy, to further promote the digital construction of Ezhou Huahu Airport, provide customers with high-quality and fast intelligent services, and build a smart freight hub with airport informatization and innovative infrastructure as the core for the country. So far, the airport has won a series of awards including Transport and Logistics Innovation Award, “Innovation Cup” BIM Competition Special Prize and 2021 Going Digital Awards, and applied for 63 patents and copyrights.



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## Technological innovation and reform

SF Express adheres to the innovation-driven sustainable development path. The Company aims to build an open and interconnected innovative technology ecosystem. On one hand, the Company focuses on the digital-intelligent transformation and upgrading of the foundation for logistics network and supply chain, opens up the digital closed-loop of logistics, builds the intelligent brain of SF Holding to improve customer experience and reduces operating costs. On the other hand, the Company researches and develops technical products through independent research, investment and merger, and industry-research cooperation, and quickly empowers external customers based on characteristic industry scenarios, in an effort to promote the diversified and intelligent development of logistics business.

### Creating smart logistics

SF Holding establishes its smart logistics system by building core technologies. The Company firmly implements the relevant directives of the State, such as *Opinions on Promoting High-quality Development of Logistics and Forming a Strong Domestic Market* and *Implementation Plan for Promoting In-depth Integration and Innovative Development of Logistics and Manufacturing Industries*, to create a benign innovation ecosystem focusing on the logistics and supply chain technological change. In addition, the Company keeps increasing the investment in technological pre-research, deploy blockchain, private computing, unmanned X and other emerging technologies to promote SF Holding' steady and long-term development in business diversification and provides customers with the best smart logistics services. As of the end of 2021, SF Holding was granted 1,680 patents, 2,137 software copyrights and 4,542 trademarks, including 283 patents newly granted in 2021. It stays at a leading position in the domestic delivery industry in terms of number of patents held.

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In 2021, SF Holding invested

**RMB4.93 billion**  
in science and technology.

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### Smart logistics system

Based on its original intention to enable the digital-intelligent transformation of the industry and promote the high-quality development of the logistics industry, SF Holding actively improves the intelligent level of the logistics industry. To address the diversified business demand, the Company vigorously explores the block chain, big data, AI and other technologies, and improves the efficiency of logistics operation and service quality.

#### **Block chain technology – Fengsu and Fengzheng**

Fengsu is the product traceability platform of SF Holding, based on which we ensure one code for one product through digital logistics, so that customers can learn about the information and trace the source of the goods. Fengsu has been implemented in more than 20 business scenarios, covering more than 10 processes, such as planting/production, transportation, storage, distribution, reverse logistics, to achieve multi-format traceability management and ensure the authenticity of products.

Based on the block chain technology in combination with cryptography and privacy protection mechanism, Fengzheng is a block chain evidence storage platform that achieves efficient and secure electronic data storage evidence. By far, Fengzheng has been connected with the judicial authorities to ensure the credibility of the stored evidence, and ensure that the information and data security is effectively protected. Currently, Fengzheng technology has been used in electronic contract, and supply chain storage evidence storage effectively.



## Case: Fengsu – Block chain-based beverage traceability system solution

To address the pain points in wine industry, such as fake goods and cross-region sold goods, high logistics costs, and failure to monitor the sales, SF Holding introduced Fengsu – a block chain-based beverage traceability solution, to trace through the whole process information about beverage, including production information, warehousing and logistics information, and endpoint delivery information, record the whole beverage transport information, satisfy the demands of enterprises for the downstream supply chain control, solve the problem of information island and process control, and provide consumers with reliable beverage products.

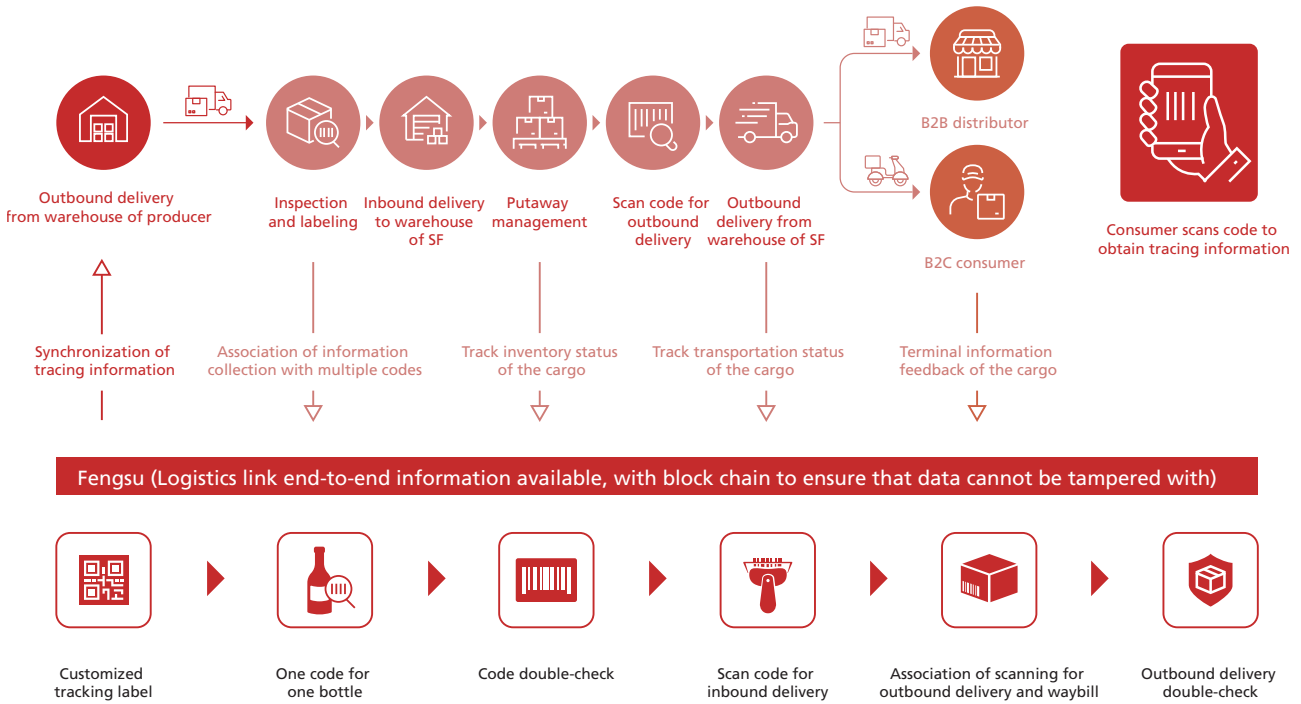
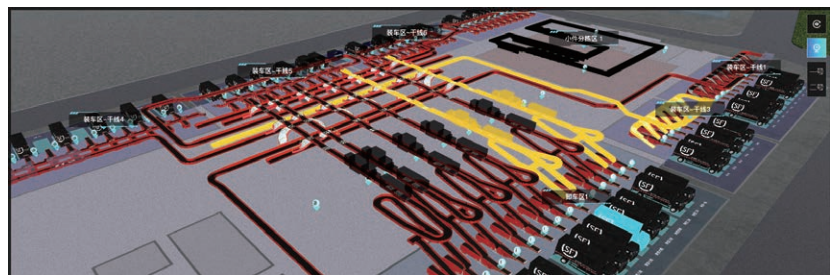


Figure Fengsu logistics traceability management process

### Transit Management System

The transit management system is SF Holding’s one-stop platform for transit management and operations. It integrates the data and information about personnel, transport capacity, venue, delivery and equipment, and utilizes AI visual recognition, big data algorithms, machine learning, edge cloud computing and other technologies to realize business prediction, intelligent vehicle scheduling, precise resource input and 3D visualization of the whole process, and help the site management personnel effectively control ex ante production planning, in-process production monitoring and ex post data production summary and improvement, greatly improving the transit efficiency and quality.



On-site transit management system

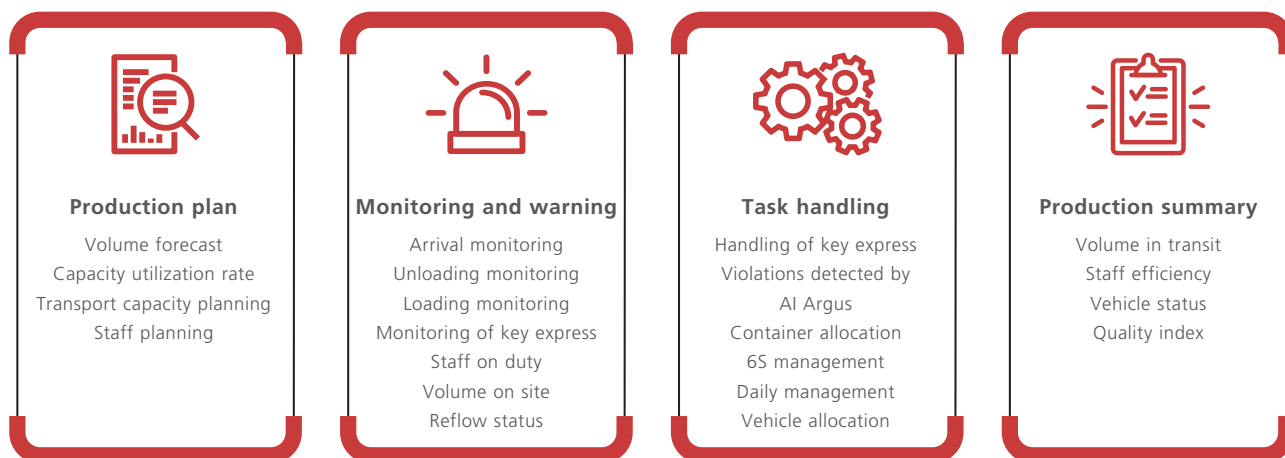


Fig. Key Functions of SF Transit Management System

### AI Argus

SF Holding attaches great importance to site operation and management. AI Argus collects full operation related data in the site via various sensors such as cameras, and utilizes AI technology to establish a real-time computing platform, a visual analysis platform and an operation and maintenance management platform to achieve all-stage intelligent test and analysis of people, vehicles, goods and sites, realize the digitalization of production factors, management visualization, and controllable operation and maintenance services of SF Holding’s sites, thus avoiding the damage to the express in transit, mitigating the risks caused by hidden danger, and reducing the maintenance costs.

## Innovation cultivation mechanism

SF Holding pays attention to technological capacity building and exploration of innovation potential in various scenarios, which is an important guarantee for our steady and sustainable development. In 2021, SF Holding continued to implement innovation cultivation, innovation generation and innovation application. By guiding and inspiring employees to ponder about innovation, we built a closed-loop platform of “finding problems, digging problems, discussing problems and giving feedback” to promote more creation of innovative results.



### Science and technology application innovation incubator

In 2021, SF Holding continued to implement the science and technology application innovation incubator. As of the end of 2021, the number of participating teams increased to more than 20, with nearly 200 employees engaging in exploration and innovation in various fields and business scenarios. 8 innovation teams established projects in the fields of data ecosystem application, business model innovation, basic capacity improvement, terminal transport capacity improvement, and corporate digital-intelligent transformation, boosting the digital-intelligent development and technological innovation capacity.

### Technology carnival

SF Technology launched the sixth Technology Carnival to create a comprehensive open stage for employees to share, exchange, learn and compete in technology. This technology carnival mainly included four events, namely “Product Marathon”, “Programming Marathon”, “Data Algorithm Challenge” and “Intelligent Operation and Maintenance Challenge”, and harvested a total of 162 pieces of innovative works. It effectively promoted the internal technical exchange, enabled the implementation of innovative ideas, and created an open and innovative technical atmosphere of SF Holding.

### Industry-university-research cooperation

The Company works with colleges and universities to carry out cooperative innovation, actively promote the integration of industry, university and research, builds smart logistics industry ecosystem with colleges and universities, and serves as a bridge from academic achievement to industrial application.

## Case: Innovation $\pi$ – the first Intelligent Logistics Application Innovation Competition

Creation  $\pi$  – the first Intelligent Logistics Application Innovation Competition sponsored by Zhejiang University Science Park and SF Technology was held in 2021. The event focused on the field of intelligent logistics, gathered talents in scientific and technological innovation and entrepreneurship, projects and achievements, deeply combined the innovation demand and industry orientation of SF system, and promoted the integration of industry, university and research with “competition as the medium”, thus creating a complete intelligent closed-loop chain, and enabling an organic integration of relevant technology, talent, service and application in the logistics industry.



The Scene of Innovation  $\pi$  – the first Intelligent Logistics Application Innovation Competition

## Improving transportation timeliness

The delay of express delivery has always been a pain point in the industry. In order to improve the timeliness of express delivery, in 2021, SF Holding completed the construction of logistics software system framework, formed its supply chain technological architecture, and reduced the delivery time of express to a large extent through the support of big data-backed system. In addition, the Company optimized the forecast allocation scheme, integrated the whole process and big data analysis in logistics, improved the transportation and distribution of express items, thereby provide customers with faster and safer delivery services.

## To consolidate supply chain technology capacity

The technology capacity of supply chain is based on all links and system to form a closed-loop throughout the process from ordering, warehousing, and transportation to settlement. It is able to perform horizontal coordination according to difference in service target and demand, thus enabling high-efficiency logistics service. In the meantime, with the help of the big data system, it achieves transparency all along the supply chain, and more accurate forecast and analysis to support efficient and proper operation of the enterprise.

- **Order management system (OMS):** To collect orders from multiple channels and monitor orders throughout the process, realize optimal warehousing and distribution solution through intelligent order allocation policy; meanwhile, to improve service level and help customer reduce costs through smart replenishment in warehouses/stores and reasonable replenishment and transfer;
- **Warehouse management system (WMS):** To realize full chain process monitoring and management of goods entry – storage – exit in warehouses; through warehouse layout planning, warehouse optimization and loading optimization, achieve optimal operation path and intelligent inventory warning, increase utilization and loading rate in warehouses, improve timeliness, and lower costs;
- **Transportation management system (TMS):** To support different vehicles, output and plan periodic routes, develop different schemes for the transportation of the same product, and arrange the overall distribution reasonably and freely. By coordinating with the warehousing process, it can meet the diversified needs of customers (such as pre-warehousing, return and exchange of goods, etc.), improve the integration efficiency of warehousing and distribution, and improve the delivery timeliness.
- **Billing management system (BMS):** Multi-dimensional settlement accounts, flexible settlement period and receipt/payment period significantly enhances the bill circulation process; standardized process ensures full records of examination, approval and adjustment for each sum, and a complete closed-loop for logistics business management is formed;
- **Big data platform:** The whole-process order tracking and status warning, core KPI monitoring, and data display guarantee transparency all along the supply chain, more accurate forecast and analysis, and help customers manage and operate their business in a more efficient and reasonable manner.

## To optimize forecast and allocation

With the economic development and the expansion of the logistics industry, and the increase of end consumers' personalization needs, the supply chains of customers are facing great challenges, especially the business, warehousing and transport costs covering multiple regional warehouses remain at a high level. SF Holding timely provides customers with demand prediction and replenishment strategy optimization system solutions to find the best balance between performance requirement and cost control for customers, and deliver products to downstream distributors or consumers.

### Case: Providing forecast allocation optimization solution for a well-known condiment enterprise

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The customer has factories and warehouses all over the country. Manual planning for daily allocation, decentralized management and too many distributors resulted in long delivery time of sales orders, large deviation between replenishment forecast and actual situation, lack of coordination in all links from production to sales, etc. SF Holding provided a demand forecasting and replenishment optimization system solution for the customer, which output automatic replenishment plan in place of the original manual plan to improve the digitalization and intelligence of the customer's supply chain through the recovery of local demand, coordination with the production department, inventory strategy optimization, out of stock and slack inventory early warning settings and other measures. At present, the forecasting accuracy of monthly overall demand of the customer has been improved to 90%, the cost of holding goods has been reduced by 76%, and the inventory turnover days have been shortened by 68%. It has relieved the pressure on warehousing, improved the transportation timeliness and significantly reduced the overall cost.

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## Safe delivery

It is our duty to deliver express parcels to our customers safely and in good condition. SF Holding strictly complies with regulatory requirements, and constantly improves the level of express delivery safety management. The Company aims to ensure delivery safety by developing the safety management equipment, refining security control, and strengthening safety management in all links. For the special needs of customers in the transport link, the Company carries out targeted safety management improvement, and enhances implementation of such measures as the prevention and control of the pandemic, the control of illegal and contraband products and the security and privacy of users.

### Delivery safety management

SF Holding strictly abides by the *Measures for Supervision and Management of Posting and Delivery Safety in the Postal Industry*. In 2021, it optimized the *Operation Procedures of Receiving and Sending Express Packages Containing Lithium Batteries* and the *Operation Procedures of Receiving and Sending Express Packages with Real Names* to further improve the delivery safety management.

### Express safety management during the Pandemic

SF Holding proactively responded to various national pandemic prevention and control policies, strictly implemented the overall prevention and control strategy of “preventing the coronavirus from re-entering the country to cause a new pandemic”, while continuously doing well in the normalized COVID-19 prevention and control in terms of personnel, parcels, places and equipment according to the *Suggestions on Production and Operation Specifications of Postal Express Industry during Pandemic Prevention and Control*. Meanwhile, the Company has formulated the *Compilation of Guidelines for Response to Major Infectious Diseases* to ensure rapid and accurate response to pandemic emergencies and guarantee safety of each link of delivery.



Table. SF Holding Measures for Prevention and Control

Pandemic prevention	<ul style="list-style-type: none"> <li>The Company strengthened publicity to ensure that all front-line employees receive vaccination and nucleic acid testing according to the requirements of local government departments, scientifically implemented personal protection and cleaning and disinfection of receipt and delivery tools, implemented personnel mobilization control, and ensured that all people need to measure temperature and check the health code and travel history code before entering the Company's operation sites or workplaces.</li> <li>The Company optimized the service pattern of receipt and delivery and promoted the use of Hive Box on the premise of determining the delivery methods with customers, so as to avoid personnel contact and reduce the risk of pandemic spread.</li> </ul>
Parcel disinfection	<ul style="list-style-type: none"> <li>The Company fully disinfected all parcels. For international parcels, the Company set up separate entry disinfection area, static storage area, handling area for stranded parcels and departure disinfection area in the first-stop handling sites to disinfect and statically handle the parcels according to the set area. At the same time, the Company arranged special personnel and special areas for sorting to ensure that operators wear the mask, take temperature measurements and check the health code.</li> </ul>
Disinfection of places and equipment	<ul style="list-style-type: none"> <li>During the daily operation, the Company disinfected all workplaces, business outlets and transfer stations, and ensured that transport vehicles are fully disinfected before entering the places and after unloading.</li> </ul>

SF Holding fully considered the health and safety needs of customers during the delivery, and strengthened the communication with customers. The Company actively informed customers of the impact of the pandemic through WeChat or SMS, so that customers can timely and synchronously access the information of express delivery. For special areas affected by the pandemic, the couriers would confirm solutions with customers through intelligent outbound calls, such as returning to the sender's address, forwarding to a new address, re-delivery after the pandemic, and disposal as waste, so as to ensure that the customers' safety and health will not be affected by contact with express packages. Considering the special nature of fresh goods, the Company took the initiative to negotiate solutions with customers to protect their rights and interests when the express items were damaged due to the pandemic.

## Management of illegal and contraband products

Safety inspection related to contraband products is a necessary means to protect SF Holding, customers and national security. In 2021, SF Holding formulated the *Special Control Plan 3.0 for the Control of Illegal and Contraband Products*, the *Rewards for Self-Inspection of Illegal and Contraband Products* and other control systems, organized the employees to participate in the relevant training, clearly defined the incentive mechanism for safety inspection related to contraband products, and used high-speed security inspection machine, contraband AI map recognition and other intelligent equipment to minimize the occurrence of contraband transportation, thus effectively protecting the national security and the rights and interests of customers.



This year, the Company formulated the *Reward Management Measures for Self-Inspection of Illegal and Contraband Goods*, allowing employees to identify illegal and prohibited situations of express independently, and ensured that illegal and contraband dangerous goods were handled legally and according to the standards, so as to ensure that the delivery of the relevant cargo to customers will not be affected. In addition, the Company set up rich rewards for self-inspection to greatly improve the enthusiasm of couriers for safety inspection of the consignment, so as to ensure the implementation of a series of actions such as identification, assessment and control of dangerous goods and reduce the risk of delivery.

**Incentives for safety inspection related to contraband products:**

The Company divided the business into 7 groups, adopted monthly indicators for assessment of incentives, and awarded RMB5,000 to the group ranking the first. From May to December 2021, a total of 8 awards were granted, amounting to RMB504,000. The error rate of illegal contraband inspection improved by 20.5% compared with last year.

In addition, for the transit areas and business areas, the Company required the employees to carry out safety inspections on express parcels and report illegal and contraband products, and granted bonus rewards to the reporter on a monthly basis. In 2021, the award amount was RMB2.844 million.

**User privacy**

SF Holding strictly complies with the *Personal Information Protection Law of the People's Republic of China* and is committed to protecting customers' privacy. In 2021, the Company formulated the *Privacy Data Security Compliance Regulations* to strengthen data security protection. We implemented full-link customer data security protection strategies around the "placing orders, receiving and dispatching, transferring, after-sales and operation" links of business flow and the "collection, transmission, storage, processing, exchange and destruction" stages of data life cycle to comprehensively protect customers' data and privacy security.

Placing order	Receiving and dispatching	Transferring/after-sales	Operation
The SF encrypted express sheet is used to hide the middle 4 digits of the receiver's phone number, and whether to print the sender's information and goods information is customized to protect customer privacy to the greatest extent.	When the innovative barcode gun is used for receiving and dispatching, asterisks are used to hide some digits of the phone number on the call screen, call history screen or SMS screen, or virtual numbers are used to contact customers.	Data desensitization and intelligent outbound call are used to contact customers, with the desensitized number displayed on the call interface, or the customers are directly called by the back office, and SF Holding staff do not need to know the customer phone number.	Encrypted storage and transmission are used to encrypt customer information stored in the business systems and big data platforms to realize cipher text transmission during data transfer.





## Diversified business and service

SF Holding respects and safeguards the right of customers to enjoy high-quality logistics services. The Company constantly improves the customer service system, and pays attention to the change of social needs, in order to provide logistics services that keep up with the times. Taking continuous improvement of service quality as our responsibility, the Company deeply listens to and understand the voice and feedback of customers, with an aim to provide customers with fast, reliable and intelligent logistics services.

In 2021, the handling rate of consumer complaints reached

**100%**

The number of customer complaint acceptance on social platforms reached

**480,000** times

the closed loop rate of customer complaint acceptance reached

**99.6%**

## Focus on social demands

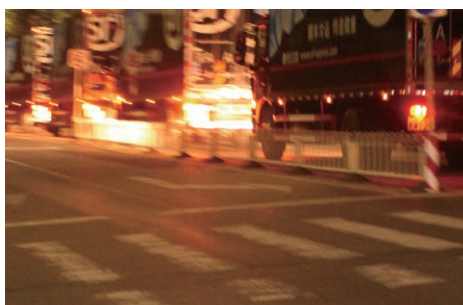
Harmonious coexistence of enterprises and the society is an important topic of sustainable development. SF Holding provides timely and reliable targeted services for the society and customers with the demand-driven concept. In 2021, based on the change in demands of addressing the climate change and COVID-19 prevention and control in the world, the Company provided the society and customers with transportation services of COVID-19 vaccines and nucleic acid samples and optimized logistics services for pandemic prevention and control to help the state fulfill the goal of carbon neutrality and the regions implement COVID-19 prevention and control, so as to promote the sustainable development of the society.

### Transportation of COVID-19 vaccines

SF Holding worked with many manufacturers of COVID-19 vaccines, rapidly established a special vaccine project team and cooperated with various organizations to develop COVID-19 vaccine transportation standards and operation SOP. The Company exchanged opinions with Sinopharm, Ministry of Transport and China IoT, and jointly offered advice on COVID-19 transportation standards established by the State. By the end of the reporting period, SF Holding has carried 372 million doses of COVID-19 vaccines cumulatively.

## Case: Provision of COVID-19 transportation services during the difficult period in Henan

In July 2021, Henan was hit by an unusually heavy rainfall. Meanwhile, the COVID-19 pandemic broke out. After receiving the urgent task, SF Holding made a quick response and developed an emergency vaccine transportation support scheme. Without lowering the transportation standards, we successfully delivered over 1 million doses of COVID-19 vaccines from Beijing to 28 disease control and prevention centers in Henan within 36 hours, achieving zero damage, zero timeout and zero over-temperature of vaccines and providing accurate and timely services for the public.



COVID-19 vaccine transportation in Henan



**Transportation of nucleic acid test samples**

Relying on the perfect logistics network, rich experience in emergency response and professional guarantee teams, SF Holding undertook the sample transportation and the test reagent and instrument supply task of nucleic acid screening for the residents in multiple regions, and ensured that test samples were safe and free from contamination by developing perfect operation procedures, adopting management methods such as special cars for special persons, whole-process closed loop and whole-process monitoring. From May to December 2021, SF Holding acted as “carriers” of nucleic acid test samples and carried over 5 million nucleic acid test samples cumulatively in multiple sudden outbreaks of the pandemic in Guangdong to help the local government implement the joint prevention and control mechanism and contain the spread of the pandemic.



Provision of transportation services of nucleic acid samples by employees of SF Holding

**Transportation of reagents and instruments**

For emergency scenarios under which diagnostic reagents and instruments need to be provided to medium- and high-risk areas, SF Holding customized national separate warehouse service for medical device manufacturing customers, and helped manufacturers deliver reagents and instruments to 2,849 districts and counties nationwide within 24 hours by the warehouse network planning solution with the coverage ratio of 88.6%. During the pandemic, we guaranteed that customers could deliver the pandemic prevention supplies to the site at once to provide nucleic acid testing services for the local places.

## Improvement of customer satisfaction

SF Holding strictly abides by the Law of the People's Republic of China on Protection of Consumer Rights and Interests, continuously optimizes the service quality and improves the customer satisfaction. In 2021, the Company improved the mechanism for handling customer complaints, expanded the channel for accepting customer demands, improved the guarantee for logistics delivery time and provided differentiated quality services for customers to improve the logistics service experience of customers. In addition, the Company actively conducted a survey on the customer satisfaction, fully listened to the voice of customers and implemented service improvement measures. In 2021, SF Holding held the top spot of the industry in the satisfaction survey conducted by the State Post Bureau for the 13th consecutive year.

### **Construction of customer service teams**

SF Holding built an internal customer service expert sharing platform to enable managers and "experts" related to the customer function to share the customer service experience to all the staff, create an organizational learning atmosphere of "teaching by anyone and learning from anyone" in the customer service function and cultivate excellent customer service personnel. The Company holds a regular meeting related to the customer service quality weekly analyzing the results and deficiencies and providing effective experience summary and management for the implementation of the subsequent work, so as to continuously improve service quality.

### **Optimization of the customer service mechanism**

By controlling such indicators as customer satisfaction rate, customer service error rate, post complaint rate and claim processing time and implementing the responsibility of customer complaint handling and follow-up, the Company ensures that customers' voice can be reported and their demands can be handled at top speed, so that we can give a pleasant complaint experience to customers and provide better logistics services for customers subsequently.

### **Improvement of customer complaint handling**

**Dissatisfaction analysis:** In order to improve the service perception, SF Holding includes the customer dissatisfaction rate as an important measurement indicator, deeply analyzes the causes for customers' dissatisfaction, and tracks the source of dissatisfaction by customers, links, labels and other indicators to improve the service and service quality from the source.

**Improvement of personnel skills:** In order to help staff improve the ability of solving problems, the Company designed and launched a "class program" of the customer service function. By establishing the curriculum system of the whole operation process, unifying the operation language and working methodology, we enabled the staff to really know how to serve customers and how to solve the difficult problems of customer complaints.

**Remote assistance of customer service:** The Company carries out fine management for the customer service think tank, sets service indicators, solves the difficult problems of customer complaints, and improves the service quality and problem solving efficiency.

## Conclusion

The past year kicked off the 14th Five-year Plan. SF Holding achieved satisfactory results in environmental, social and governance aspects, laying a solid foundation for sustainable development in the future. We are well aware that sustainable development cannot be achieved overnight, so we practice for the long-termism, and continue to build a sustainable ecology of integrity and responsibility, dedication to the success of employees and customers, innovation and inclusion, and passion for excellence.

Looking ahead, SF Holding is full of enthusiasm, proactively sets the sustainable development goals for the coming year, and constantly moves towards the corporate vision of building a digital ecosystem and enabling global customers to succeed, achieving common prosperity and enjoying a better life, with an aim to becoming a benchmark enterprise in the logistics industry in the field of sustainable development.



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## About the Report

This is the third 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 1 January 2021 to 31 December 2021.

### 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

In 2021, SF Holding acquired 51.5% shares of Kerry Logistics and the transaction was closed on 28 September. As a result, Kerry Logistics was included in the consolidation scope of our financial statements. Since the acquisition was completed at the end of the third quarter, SF Holding didn't manage Kerry Logistics' ESG work before the acquisition. Based on the clarity and reliability principle, Kerry Logistics is not included in the disclosure scope of this report. SF Holding will integrate and explain the data in the report for the next year.

With the assistance of SGS, a professional third-party organization, SF Holding conducted an inventory of greenhouse gas emissions in Scope 1, 2 and 3 in accordance with the ISO14064 standards and with reference to the *GHG protocol*, *IPCC Guidelines for National Greenhouse Gas Inventories* and other documents.

Coverage of environmental data:

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

Land transportation data covers self-owned, leased, employees' owned and outsourced vehicles as well as multimodal transport in mainland China, Hong Kong and Macau; 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 self-owned and leased office buildings and service network in mainland China, but the use of air conditioning refrigerant, water consumption and office papers only cover headquarters office buildings; data on industrial parks and transit depots covers Mainland China, Hong Kong self-run industrial parks, self-owned and leased transit depots, and self-owned and leased warehouse 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 《深圳證券交易所上市公司社會責任指引》

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



SF Holding 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. SF Holding 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 Group”, “the Company” and “our company” in this report refer to “S.F. Holding Co., Ltd.”.

## Approval of this Report

This report was approved by the Board of Directors on 30 March 2022 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

ESG Indicator	Internal system for 2021
Governance	<p>Operational Guidelines for Seal Usage of SF Party Committee</p> <p>Measures for the Management of Party Building Work of SF Remote Enterprise Party Organization (for trial implementation)</p> <p>Administrative Measures for the Party Building Work Done by Branch Offices of SF's Party Committees</p> <p>Advocacy for Party Members' Pioneer Actions</p> <p>Articles of Association of SF Holdings Co., Ltd.</p> <p>Management System of Company Risk Control V2.0 (for trial implementation)</p> <p>Management System of SF Holding Crises V3.0</p> <p>Implementing Rules of the Risk Committee of SF Holding V1.0</p> <p>Administrative Measures for Reporting</p> <p>SF Holding Anti-Corruption Management System</p> <p>Administrative Measures for Relatives Avoiding Rewards and Penalty Management Regulations</p> <p>Notice on Issuing the 'Self-declaration of 842 Employees With No Worries'</p> <p>Letter of Commitment to Anti-corruption</p> <p>SF Holding Integrity Handbook</p> <p>Integrity Agreement</p> <p>Employee Handbook</p> <p>Standards for Rewards and Remuneration for Patents</p> <p>Group Patent (Software Copyright) Management System</p> <p>Group Trademark (Trade Name) Management System</p> <p>Employee Communication Management Regulations</p> <p>Data Compliance Management System</p> <p>SF Privacy Policy</p> <p>Safety Management Provisions on the Use of Employee Information</p> <p>Compliance Management Provisions on the Private Data Security</p> <p>Emergency Plan for Information Security Incidents of SF Holding</p> <p>Administrative Measures for Rewards and Penalties for Information Security</p> <p>Safety Technical Specification of SF Express</p> <p>Regulations on Network Security Incident Management</p> <p>Network Security Management Code</p> <p>Administrative Measures for Information Leakage Security Incidents</p>

ESG Indicator	Internal system for 2021
<b>Environment</b>	Lump-sum Oil Consumption Plan for Commercial Vehicles Energy Measurement Management System SF Aviation Fuel Saving Incentive Scheme 2021 Waste Oil Management Regulations SF Aviation Regulations on Offices and Public Areas Management Dangerous Goods Management Procedure Measures for Office Space Management Measures for the Management of Water and Electricity Engineering Electromechanical Management Manual of SF Fengtai Industrial Park Property Equipment Management System Property Environment Management System SF Packaging Operation Specification Technical Specification for Green Products
<b>Society</b>	Regulations on Attendance Management Labor Contract Irregular Working Hours System SF Recruitment Management System Second Onboarding V4.0 Measures for the Management of Value Contribution Implementation Rules for Performance Management of Functional Staff Regulations on Management of Outstanding Employees Implementing Rules for Performance Management of Third-Tier Functional Staff V2.1 Administrative Measures for SF Labor Union Representatives V1.1 Mechanism of Offer of Advices and Suggestions from SF Labor Union Representatives (for trial implementation) Guidelines for the Work of SF Labor Union Representative Democratic Management Committee V3.0 Work Guideline on Handling of Employees' Demands through Labor Union Implementation Guidance on the Appointment and Dismissal of the Chairman of the Labor Union Detailed Rules on Vitalizing Key Teams of the Labor Union V2.0 Guidance on Caring for the Psychological Health of Employees Operation Guidance on the System for Demands Implementation Guidance on Performing the Democratic Procedures for Rules and Regulations Complete Management Process of Employee Demands Guidance on Visits and Talks Welfare Management System for Employees of Express Business Group Supporting Management Guidelines for Employees with Severe Diseases Emergency Employee Care and Handling Mechanism Talent Promotion Management System Guidelines for Non-Senior Management Promotion Operational Guidelines for Senior Management Promotion SF Instructor Management System Course Management System Mentor Management System Implementation Guidance on Training "721" Administrative Measures for Training Before External Assignment Implementation Plan of SF Holding for Occupational Skill Certification Occupational Health and Safety Management Manual SF Express Safety Management Manual

ESG Indicator	Internal system for 2021
	<p>Safety Production Responsibility System</p> <p>Management Provisions on Dangerous Source Identification, Risk Assessment and Control</p> <p>Management Provisions on Access, Identification and Compliance Assessment of Safety Laws and Regulations</p> <p>Management Provisions on Withdrawal and Use of Work Safety Expenses</p> <p>Management Provisions on Safety Accident Reporting, Investigation and Handling, Statistics and Analysis</p> <p>Dangerous Operation Management Provisions</p> <p>Administrative Provisions on Acting as Work Safety Director</p> <p>Work Guideline on Work Safety Director</p> <p>Regulations on Acting as a Safety Supervisor</p> <p>Post Safety Operation Standard</p> <p>Operational Safety Management System for Transit Depots</p> <p>Regulations on Safety Inspection, Hazard Identification, and Risk Management</p> <p>Safety Assessment and Incentive Management Regulations</p> <p>Emergency Preparedness Management Provisions</p> <p>Administrative Provisions on Contingency Plan</p> <p>Regulations on Safety Education and Training Management</p> <p>Program for Safety Professionals' Ability Improvement</p> <p>Administrative Measures for the Safety of Collection and Delivery Vehicles and Driver</p> <p>Fire Safety Management System</p> <p>Measures for the Management of Fire-fighting Facilities and Equipment on Property Sites</p> <p>Regulations on Safety Management of Dangerous Work</p> <p>Post Safety Operation Regulations</p> <p>Regulations on Safety Management of Logistics Suppliers</p> <p>Safety Management Agreement for Logistics Handling and Sorting Services</p> <p>Operation Standards for Safe Driving of SF Vehicles (Automobiles)</p> <p>Administrative Measures for the Safety of Outsourcing Vehicles and Drivers</p> <p>Administrative Measures for the Safety of Self-operated Vehicles and Drivers</p> <p>Guidance on the Safety Services for Outsourcing Trunk and Branch Lines</p> <p>Work Guideline on Preventing Vehicles from Damage of Damp</p> <p>Administrative Measures of Collection and Delivery Vehicles and Drivers</p> <p>Safety Management Agreement for Cargo Transportation Services by Road</p> <p>Measures for Management of Material Procurement Sourcing in the Supply Chain Center</p> <p>Measures for the Management of Material Suppliers in the Procurement Supply Chain Center</p> <p>Letter of Notification of SF Transparent Procurement</p> <p>Regulations on Green Procurement Management of Procurement Supply Chain Center</p> <p>Articles of SF Charity Foundation</p> <p>Management System of SF Charity Foundation Volunteer Association</p>
	<p>Operation Guidelines for Handling Group Infringement Incidents</p> <p>Administrative Provisions on the Safety in Installation and Construction for Sorting-Conveying Equipment</p> <p>Safe Operation of Belt Conveyor (Sorting)</p> <p>Safe Operation Procedures for Forklifts</p> <p>Administrative Measures for Provision and Use of Common Safety Signs and Labels</p> <p>Administrative Measures for Rewards for Self-inspection of Illegal Prohibited Goods</p>
<b>Service indicators</b>	<p>Dangerous Goods Transportation Manual</p> <p>Operation Procedures for Receiving and Sending Express Mail Containing Lithium Batteries</p> <p>Administrative Provisions on First Aid Kit</p> <p>Provisions on Management of Labor Protection Supplies</p> <p>Operation Procedures for Real-Name Receiving and Sending of Express Mail Collection</p> <p>Grading Management of Food Safety Risks in Cold Transport Division</p> <p>Employee Information Security Undertaking</p>



## ESG key performance tables

Index – Governance	Unit	2020	2021
Number of general meetings	Time	2	5
Follow-up feedback rate of effective reporting	%	100	100
Completion rate of “three ones” in handling complaints	%	95.0	96
Workforce’ signing rate of the <i>Letter of Commitment to Anti-corruption</i>	%	89.1	92.9
Total duration of workforce anti-corruption education	Hour	17,500	19,017

Index – Environment	Unit	2020	2021
Gasoline consumption	L	69,149,667.3	109,935,193.6
—Gasoline consumption of land transportation	L	69,067,775.7	109,833,639.6
—Gasoline consumption of ground aviation	L	81,891.6	101,554.0
Diesel consumption	L	914,265,444.4	1,109,540,654.1
—Diesel consumption of land transportation	L	913,116,365.4	1,108,470,842.4
—Diesel consumption of ground aviation	L	1,149,079.0	1,069,811.7
Outsourced electricity consumption	kW·h	676,296,585.9	1,568,141,421.8
—Electricity consumption of land transportation	kW·h	117,336,376.5	104,746,128.0
—Electricity consumption of ground aviation	kW·h	7,731,677.	12,032,767.1
—Industrial park and transit depots electricity consumption <sup>21</sup>	kW·h	299,143,742.3	847,387,358.4
—Electricity consumption of office and service network	kW·h	252,084,789.6	542,971,434.1
—Electricity consumption of warehouses	kW·h	/	61,003,734.1
Aviation kerosene consumption	t	500,657.7	424,717.8

21. The industrial park electricity consumption in 2021 contains 3,053,515.0 kW·h renewable energy.

Index – Environment	Unit	2020	2021
Comprehensive energy consumption <sup>14</sup>	kW·h	16,321,547,680.4	18,591,404,375.1
Comprehensive energy intensity <sup>22</sup>	kW·h/RMB million revenue	105,993.1	88,826.6
Total greenhouse gas emissions <sup>23</sup>	tCO <sub>2</sub> e	5,426,964.7	6,883,274.9
—Greenhouse gas emissions (Scope 1)	tCO <sub>2</sub> e	4,182,419.2	2,248,559.8
—Greenhouse gas emissions (Scope 2)	tCO <sub>2</sub> e	590,431.6	117,158.1
—Greenhouse gas emissions (Scope 3)	tCO <sub>2</sub> e	654,113.9	2,365,718.0
—Greenhouse gas emission intensity	tCO <sub>2</sub> e/RMB million revenue	35.2	32.9
Greenhouse gas emissions per package <sup>24</sup>	gCO <sub>2</sub> e/package	666.7	652.44
Water consumption	t	702,968.0	821,882.0
—Water consumption of industrial parks and transit depots	t	620,251.7	653,893.00
—Water consumption of office and service network	t	43,600.3	123,485.00
—Water consumption of ground aviation	t	39,116.0	44,504.0
Waste production	kg	20,801,957.2	30,720,615.0
—Waste production of industrial park and transit depots	kg	16,703,832.4	23,934,635.0
—Production of waste in office and service network	kg	4,098,124.8	6,785,980.0
Paper used of the headquarters office	kg	31,961.5	38,331.2
Total use of packaging items	kg	358,264,904.0	410,749,708.2
—Consumption of express envelope	kg	75,051,139.1	80,620,029.4
—Consumption of waybill	kg	22,287,605.8	23,026,516.6
—Carton consumption	kg	231,477,670.1	239,955,822.7
—Consumption of plastic bags	kg	26,761,002.0	37,258,837.2
—Consumption of scotch tapes	kg	26,316,984.3	29,888,502.4

22. The intensity data is calculated by the revenue during the reporting period changed from adopting the revenue of the financial year prior to the reporting period, restating the comprehensive energy loss intensity and the greenhouse gas emission intensity of 2020.

23. Under the help of the professional third-party institution SGS, SF Holding checked the greenhouse gas emissions of scope I, II and III and adjusted the scope classification of all emission data in accordance with ISO14064 standard, and referring to *GHG Protocol* and *IPCC Guidelines for National Greenhouse Gas Inventories* and other documents.

24. The GHG emissions of a single shipment are calculated from the total GHG emissions and the total shipment volume during the reporting period. The total shipment volume does not include the shipment volume of Kerry Logistics' business in overseas countries.

Index – Society	Unit	2020	2021
Number of labour union members	10,000 people	20	45
Collective bargaining agreements cover rate	%	31.0	40
Resolution rate of workforce communication and advice	%	96	98
Employee satisfaction survey results	%	88	86
Employment contract signing rate	%	100	100
Total number of workforces <sup>17</sup>	People	634,328	678,413
Couriers turnover rate	%	19.2	18.7
Total number of employees trained	Person-times	6,238,439	7,178,737
Total hours of workforce training	Hours	1,905,093	2,747,491
Total investment in workforce training	RMB100 million	1.3	1
Male workforce online training	Person-times	5,126,141	5,966,421
Female workforce online training	Person-times	1,112,298	842,225
New workforce training	Person-times	205,127	229,623
Total number of employees receiving financial support for degree	People	1,191	1,299
Total amount of educational certification subsidy	RMB	7,466,000	8,157,674
Lost time injury rate (LTIR)	%	0.004	0.0038
Serious express fire accident	Accident	0	0
Fire accidents of Level I and Level II	Accident	0	0
Lost work days per million shipments	Day	77	57
Safe production investment amount	RMB100 million	2.8	7.6
Safety inspection and rectification rate of potential safety hazard of activities	%	100	100
The number of safety drills	Times	6,000	6,119
Safety training coverage rate	%	100	100
Condolences to workforces and their families	10,000 Person-times	240	240

Index – Society	Unit	2020	2021
Input of workforce care services	RMB'0,000	7,625	28,718
Number of suppliers in China	Company	11,126	8,938
Number of suppliers in Hong Kong, Macao and Taiwan	Company	11	22
Number of suppliers in America	Company	3	3
Number of European suppliers	Company	2	2
Number of suppliers in Asia (excluding China)	Company	2	2
Suppliers with systematic management	Company	11,144	8,967
Newly introduced centralized purchasing supplier in 2021	Company	1,008	664
Newly introduced sub-suppliers in 2021	Company	7,558	2,222
Signing rate of supplier social responsibility clauses	%	100	100
Signing rate of supplier integrity agreement	%	100	100
Supplier satisfaction rate	%	No supplier satisfaction survey was conducted in 2020	No supplier satisfaction survey was conducted in 2021
Index – Service	Unit	2020	2021
Technology investment	RMB100 million	42.7	49.3
Number of patents granted	Patent	1,371	1,680
Number of new patents	Patent	420	283
Coverage rate of training on safe delivery for couriers	%	84.0	100
Number of safety training courses on safe delivery	Course	31	26
Pass rate of delivery safety training	%	99.8	99.9
Rate of special equipment with certificates	%	100	100
Number of illegal and prohibited products intercepted	Item	10,713	32,460
Effective complaint rate of consumers	Part per million	0.03	0.04
Handling rate of consumer complaints	%	100	100



## GRI Standards Index

GRI Standard Indicator No.	GRI Standard Indicator	Chapter or explanation
<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 2021 Annual Report
102-4	Location of operations	Please refer to the SF Holding 2021 Annual Report
102-5	Ownership and legal form	Please refer to the SF Holding 2021 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
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 2021 Annual Report

GRI Standard Indicator No.	GRI Standard Indicator	Chapter or explanation
102-23	Chair of the highest governance body	Please refer to the SF Holding 2021 Annual Report
102-24	Nominating and selecting the highest governance body	Please refer to the SF Holding 2021 Annual Report
102-25	Conflicts of interest	Integrity management system
102-26	Role of the highest governance body in setting purpose, values and strategy	Governance structure for sustainable development management
102-27	Collective knowledge of the 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; Determination of materiality issues
102-35	Remuneration policies	Please refer to the SF Holding 2021 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	Determination of materiality issues
<b>Reporting practice</b>		
102-45	Entities included in the consolidated financial statements	Please refer to the SF Holding 2021 Annual Report
102-46	Defining report content and topic boundaries	About the report
102-47	List of material topics	Determination of 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 the most recent report	Not applicable
102-52	Reporting cycle	About the report
102-53	Contact point for questions regarding the report	About the report

GRI Standard Indicator No.	GRI Standard Indicator	Chapter or explanation
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>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of materiality issues; about the report
103-2	The management approach and its components	Integrity management system; Procurement and supplier management system
103-3	Evaluation of the management approach	Anti -corruption measures; Procurement and supplier management system
GRI 201 Economic Performance		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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	Input in and support to communities; 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 202 Market Presence		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of materiality issues; About the report
103-2	The management approach and its components	Talent attraction and retention; Training and development
103-3	Evaluation of the management approach	Talent attraction and retention; Training and development
203 Indirect Economic Impacts		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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 supporting services	Community investment and support
203-2	Significant indirect economic impacts	Community investment and support

GRI Standard Indicator No.	GRI Standard Indicator	Chapter or explanation
<b>204 Procurement Practices</b>		
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	Compliance and integrity procurement
103-3	Evaluation of the management approach	Compliance and integrity procurement
<b>205 Anti-corruption</b>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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
<b>206 Anti-competitive Behavior</b>		
GRI 103 Management Approach		
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>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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



GRI Standard Indicator No.	GRI Standard Indicator	Chapter or explanation
302 Energy		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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
302-5	Reduction in energy requirements of products and services	Green transportation
303 Water and Effluents		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of materiality issues; About the report
103-2	The management approach and its components	None
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
304 Biodiversity		
GRI 103 Management Approach		
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, located 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

GRI Standard Indicator No.	GRI Standard Indicator	Chapter or explanation
305 Emissions		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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
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)	Not applicable
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	Determination of materiality issues; About the report
103-3	Evaluation of the management approach	Green Office
306-2	Total wastes sorted by categories and disposal methods	Green Office
306-3	Water discharge by quality and destination Not	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	Determination of 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	Violation of environmental laws and regulations	Create green logistics
308 Supplier Environmental Assessment		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of materiality issues; About the report
103-2	The management approach and its components	Promoting supplier performance

GRI Standard Indicator No.	GRI Standard Indicator	Chapter or explanation
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 of the supply chain and actions taken	Promoting supplier performance
<b>Social Standards</b>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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 Employment		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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
402 Labor/Management Relations		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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
403 Occupational Health and Safety		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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

GRI Standard Indicator No.	GRI Standard Indicator	Chapter or explanation
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 with 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>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of materiality issues; About the report
103-2	The management approach and its components	Employee training and development
103-3	Evaluation of the management approach	Employee training and development
404-1	Average hours of training per year per employee	Employee training and development
404-2	Programs for upgrading employee skills and transition assistance programs	Employee training and development
404-3	Percentage of employees receiving regular performance and career development reviews	Employee training and development
<b>405 DIVERSITY AND EQUAL OPPORTUNITY</b>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of materiality issues; About the report
103-2	The management approach and its components	Protection of rights and interests; Training and development
103-3	Evaluation of the management approach	Protection of rights and interests; Training and development
405-1	Diversity of governance bodies and employees	Promotion management
<b>406 NON-DISCRIMINATION</b>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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

GRI Standard Indicator No.	GRI Standard Indicator	Chapter or explanation
<b>407 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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>409 FORCED OR COMPULSORY LABOR</b>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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>		
GRI 103 Management Approach		
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>		
GRI 103 Management Approach		
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



GRI Standard Indicator No.	GRI Standard Indicator	Chapter or explanation
<b>412 HUMAN RIGHTS ASSESSMENT</b>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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
<b>413 LOCAL COMMUNITIES</b>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of materiality issues; About the report
103-2	The management approach and its components	Procurement and supplier management system
103-3	Evaluation of the management approach	Procurement and 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	Procurement and supplier management system
<b>415 PUBLIC POLICY</b>		
GRI 103 Management Approach		
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 Indicator No.	GRI Standard Indicator	Chapter or explanation
<b>416 CUSTOMER HEALTH AND SAFETY</b>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of 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>		
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundary	Determination of materiality issues; About the report
103-2	The management approach and its components	Business ethics management
103-3	Evaluation of the management approach	Business ethics management

## SASB index

Table. Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Category	Code	Chapter
Greenhouse Gas Emissions	Gross global Scope 1 emissions covering global operation	Quantitative	TR-AF-110a.1	Sustainable Logistics ESG Key Performance Table
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	TR-AF-110a.2	Environment
	Fuel consumed by (1) road transport, including the percentage of (a) natural gas and (b) renewable, and (2) air transport, percentage (a) alternative and (b) sustainable	Quantitative	TR-AF-110a.3	Sustainable Logistics ESG Key Performance Table
Labor Practices	Capital losses caused by legal proceedings associated with labor law violations	Quantitative	TR-AF-310a.2	Not Applicable
Employee Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) regular employees and (b) contract employees	Quantitative	TR-AF-320a.1	Employee Health and Safety ESG Key Performance Table
Supply Chain Management	Total greenhouse gas (GHG) footprint across transport modes	Quantitative	TR-AF-430a.2	Green Packaging ESG Key Performance Table
Accident & Safety Management	Description of implementation and outcomes of a Safety Management System	Discussion and Analysis	TR-AF-540a.1	Employee Health and Safety Delivery Safety Management
	Number of aviation accidents	Quantitative	TR-AF-540a.2	ESG Key Performance Table
	Number of road accidents and incidents	Quantitative	TR-AF-540a.3	ESG Key Performance Table

Table. Activity Metrics

Activity Metric	Category	Code	Chapter
Revenue per ton kilometer (RTK) for: (1) road transport and (2) air transport	Quantitative	TR-AF-000.A	ESG Key Performance Table
Number of employees, number of truck drivers	Quantitative	TR-AF-000.C	ESG Key Performance Table

## Readers' feedback

Dear reader,

Thank you for taking the time to read the 2021 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 email to [sfir@sf-express.com](mailto:sfir@sf-express.com)

### Readers' Feedback Form of 2021 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 highlighted the important ESG information about the Group?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Do you think the information and indicators contained in this report are clear, accurate and complete?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Do you think the content layout and style design of this report make it easy for you to read the 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 sustainability report?





**DELIVERY ON  
OUR EVERY PROMISE**

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