

2023 SUSTAINABILITY REPORT



Environment Barcode





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Foreword to the Report

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Chairman's Message

In 2023, the recovery of social production and consumption activities has driven the express delivery and logistics industry to achieve good growth, with China's annual express delivery volume exceeding 132 billion parcels for the first time. Against the backdrop of the global supply chain reshaping and the upgrading and globalization of China's manufacturing industry, SF, as the largest integrated logistics enterprise in Asia and the fourth largest in the world, has always adhered to its original aspiration and practical actions, upheld the concept of sustainable and healthy development, and empowered global customers to achieve high-quality development by providing efficient, green, and low-carbon integrated logistics services. At the same time, we realized social value and demonstrated corporate responsibility and commitment.

Adapting to Change, Embracing Sustainable Vision

In the face of a dynamic external environment, SF has quickly grasped opportunities, continuously innovated and transformed, consolidated its service capabilities, and built a more comprehensive product system, a more complete coverage chain, and a more diversified service scenario in the comprehensive logistics service landscape, covering end-to-end supply chains for customers from procurement and production to sales and services, and from domestic to international. In 2023, SF has completed and put into operation Asia's largest cargo aviation hub in Ezhou, gradually building a "hub-and-spoke" network connecting China with the world, further improving the competitiveness of service efficiency. In the Fortune 500 in 2023, SF has risen to 377th place, making the list for the second consecutive year, and is the only Chinese private express delivery company to enter the Fortune 500.

Integrating Knowledge with Action, Implementing Low-carbon Operations

SF is committed to achieving the integration and unity of commercial and social values, firmly fulfilling its commitment to environmental protection while pursuing high-quality development, and steadily advancing the achievement of the Company's carbon targets. In 2023, SF made considerable progress by promoting low-carbon transportation, building green industrial parks, developing sustainable packaging, and other initiatives, achieving a 15% improvement in its carbon efficiency compared to the target base year. At the same time, the Company committed to the "Science Based Targets initiative" (SBTi) and to achieving net-zero greenhouse gas emissions across its value chain by 2050. Based on its standardized carbon management capabilities, SF independently developed the industry's first shipment-level carbon calculation model in 2023, providing customized green and low-carbon supply chain solutions and services to multiple global leading customers, deeply enabling upstream and downstream partners in the industry chain, and jointly promoting the industry's supply chain towards a zero-carbon future.

Embracing Our Commitment to Serving Society and Honoring Our Corporate Roots

While continuously providing high-quality express logistics services, SF has always adhered to fulfilling its social responsibilities and contributing to society and serving the people's livelihood through tangible actions. In 2023, SF helped expand the production and sales network of agricultural products to cover more than 2,700 county-level cities across the country, transporting 4.58 million tons of specialty agricultural products. It also established over 100,000 cooperative points in rural villages, gradually forming a comprehensive rural express delivery network and continuously injecting new logistics momentum into rural revitalization. In the face of various sudden natural disasters, the Company promptly mobilized emergency resources such as aircraft and vehicles to actively assist in disaster relief operations such as the Baoshan earthquake in Yunnan, the flood situation in Beijing, Tianjin, and Hebei, and the Jishi mountain earthquake in Gansu. Relying on its own resource advantages and efficient organizational allocation capabilities, SF has continuously contributed its due efforts to stand together with the people in disaster-stricken areas and overcome difficulties.

Undeterred by challenges, unfazed by adversities, our journey is marked by resilience and fruition. Gazing toward the future, SF will continue to adhere to the principles of long-termism and sustainable and healthy development, steadily promote the construction of a green and low-carbon supply chain ecosystem, continuously enhance employee welfare and care, fulfill social responsibilities, and strive to become a benchmark enterprise that continuously creates excellent social value, delivering enduring momentum for global sustainable development.

About SF

“S.F. Holding is the largest integrated logistics service provider in China and Asia and the fourth largest in the world.¹”

With the logistics ecosystem as a focal point, the Company has continually developed its portfolio of product and service capabilities, and has expanded to cover time-definite express, economy express, freight, cold chain and pharmaceuticals logistics, intra-city on-demand delivery, international express, international freight and freight forwarding, and supply chain, to provide customers with domestic and international end-to-end one-stop supply chain services. Meanwhile, through leveraging leading technology and research and development capabilities, the Company strives to create a digital supply chain ecosystem, and become a front runner in global intelligent supply chain.

With the aim of sustainable and healthy development through visionary and forward-looking strategic planning, for the past 31 years, the Company has accurately seized opportunities to expand its scale, maintain industry leadership, and has become the leading logistics company in China and Asia ranking the 377th in the Fortune Global 500 list.

The Company’s flagship product, time-definite express, has dominant market leadership in China, and through leveraging the network resources and capabilities for its time-definite express, the Company has rapidly and efficiently expanded into new logistics service sub-segments, covering from small parcels to bulk and heavy cargoes, from standardized express delivery to customized supply chain services, and from China to Asia and further to the world. The Company is the market leader in China¹ across five logistics sub-segments including express, freight, cold chain, intra-city on-demand delivery² and supply chain³, and the market leader in Asia¹ across four logistics sub-segments including express, freight, intra-city on-demand delivery² and international business⁴ in Asia.

Looking ahead, the Company is committed to becoming the leading global logistics company connecting Asia and the world. The Company will solidify its market leadership in China and continue to expand its presence in Asia and globally; rapidly replicate its proven domestic know-how to overseas networks, and expand globally by leveraging its well-recognized brand, leading cost advantages and integrated logistics service capabilities to drive the sustainable and healthy growth of the Company, so as to become the go-to logistics partner of global business customers and retail customers to foster shared-growth and co-create enduring value.

Extensive Scale

Largest in Asia

4th Largest Globally

Integrated Logistics
Service Provider

Undisputed Leadership

No. 1 in Asia

Express, LTL Freight, Intra-city
On-demand, International

No. 1 in China

Express, LTL Freight,
Cold chain logistics,
Intra-city On-demand, Supply chain

Premium Brand

No. 1

Customer Satisfaction for
Express Services in China

14 years in a row

¹ According to the Frost & Sullivan report, in terms of revenue in 2022

² Among third-party intra-city on-demand delivery service providers

³ Among non-state-owned independent third-party supply chain solution providers

⁴ Among the integrated logistics service providers in Asia

SF culture

For thirty-one years, we have been striving for progress, and every season has been fruitful. Time and again, the thorns and breakthroughs engraved in the rapid development of SF, so that the company has 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.

Corporate Vision

Corporate vision is the goal and blueprint of SF, navigating the development direction of SFers.



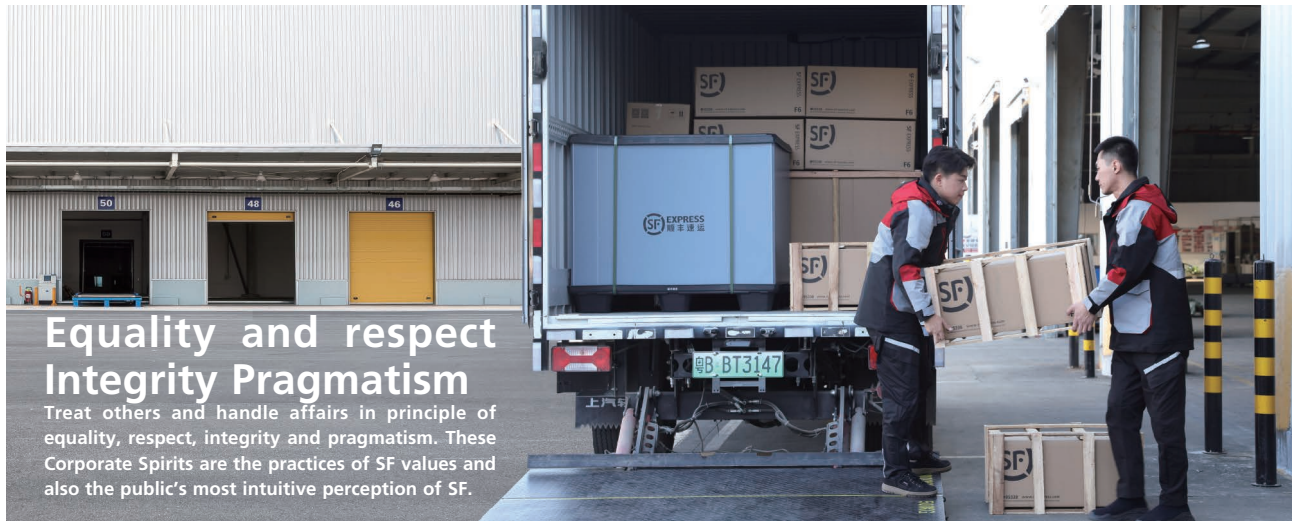
Core Values

Core values are the value standards and basic faith that SFers must believe in, guiding SFers the approaches to realize the corporate vision.



Corporate Spirit

Corporate spirit is the team quality and spiritual outlook that SFers demonstrate in practice, and is the portrait of SFers and the popular image of SF.



**Equality and respect
Integrity Pragmatism**

Treat others and handle affairs in principle of equality, respect, integrity and pragmatism. These Corporate Spirits are the practices of SF values and also the public's most intuitive perception of SF.

Team Culture

SF's team culture, derived from SF's vision, core values and corporate culture with organizational characteristics, guides SF to victory.



**Win the game; teamwork
Identify the weaknesses
and make improvement
Promote the capable ones;
coach; sunshine**

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 means personal achievement of each member.

Awards for Sustainable Development

2023 Honours and awards related to SF Sustainable Development	
 <p>Named to "Fortune China ESG Influential Listing" (in 2 years consecutively)</p> 	 <p>China Association for Public Companies "Best Practices in ESG for Listed Companies," "Best Practices in Corporate Governance for Listed Companies," and "Best Practices for the Board of Directors of Listed Companies" in 2023</p> 
 <p>CCTV-2's "Chinese ESG Listed Companies Vanguard 100"</p> 	 <p>China Corporate Governance Experts 50 Forum "China Listed Companies ESG TOP50 (Non-Financial) in 2023"</p> 
 <p><i>Caijing's</i> Caijing Award "Sustainable Development Inclusive Award" in 2023</p> 	 <p>China Green Point's "Green Point Award for Sustainable Practices" in 2023</p> 
 <p><i>The Time Weekly's</i> "Listed Companies ESG Exemplary Enterprise Award" in 2023</p> 	 <p><i>Stockstar's</i> "ESG New Benchmark Enterprise Award" and "ESG Investment Value List" in 2023</p> 
 <p><i>ChinaTimes's</i> "ESG Practice Excellent Cases" in 2023</p> 	 <p>Wind's "Top 100 Best ESG Practices" for Chinese Listed Companies in 2023</p> 
 <p>Corporate Donor Award in the 12th China Charity Awards</p> 	 <p>Charity Project Award in the 12th China Charity Awards (SF Warmth and Care Program)</p> 

Annual progress on UN Sustainable Development Goals (SDGs)

Governance



- There are 2 female directors among the members of the Board of Directors, accounting for **28.6%** of the total female representation on the Board.
- In 2023, SF carried out targeted updates to risk scenarios and formulated **26** risk response and control plans.
- In 2023, SF conducted specialized risk training courses for a total of over **86,400 hours**, achieving a **100%** coverage rate for new employees' specialized training about risk.
- Over the past three years, SF has achieved a **100%** coverage rate for conducting internal audits of business ethics at all operational sites.
- In 2023, SF organized **20** offline anti-corruption training sessions, achieving a **100%** coverage rate among employees. The total duration of anti-corruption education for employees was **70,073 hours**, and the signing rate for the "Anti-Corruption Commitment Letter" among employees reached **99.0%**.
- In 2023, SF Technology obtained **ISO 27001**, the authentication of information security management system and **ISO 27701**, the authentication of privacy information management system.
- As of the end of 2023, SF had led or participated in the development of **5** national standards and industry standards related to data security, of which **3** national standards had been formally issued.

Environment



- In 2023, SF achieved a carbon efficiency⁵ of **41.1 tCO₂e/million** revenue, representing a **15.3%** improvement compared to the carbon target baseline year (2021). And the carbon footprint per shipment was **730.9 gCO₂e/parcel**, a decrease of **15.1%** compared to the carbon target baseline year (2021).
- In 2023, SF independently developed the **industry's first shipment-level carbon calculation model**, which accurately calculates the carbon emissions generated by each shipment in various transportation stages using different modes of transportation based on the actual business data.
- As of the end of 2023, SF had deployed **over 31,000** new energy vehicles, **covering 243 cities**.
- As of the end of 2023, **14 photovoltaic projects in industrial parks** had been successfully put into operation, with a total installed capacity of **64 MW**. The photovoltaic power generation in 2023 reached **18.39 million kWh**, reducing GHG emissions by **10,229 tCO₂e**.
- In 2023, SF reduced paper usage by approximately **43,000 tons**, plastic usage by approximately **162,000 tons**, and GHG emissions by approximately **164,000 tCO₂e** through packaging reduction measures.
- In 2023, SF reduced GHG emissions by approximately **540,000 tCO₂e** through green packaging initiatives.
- In 2023, SF completed the R&D of a recycled formula and products for "Double Easy" (easy to recycle, easy to regenerate) plastic bags in Shanghai, adding up to **30%** recycled resin (PCR) while maintaining excellent performance. It met the national standard requirements for express bags and was awarded an excellent rating certificate for "**Plastic Product Easy to Recycle and Easy to Regenerate Design Certification**".
- In 2023, SF launched the **industry's first pilot project for the closed-loop recycling and regeneration of plastic packaging waste** in Shanghai, with over **880,000** "Double Easy" packaging bags distributed. The total amount of recycling exceeded **1.1 tons**.
- As of the end of 2023, SF had jointly planted over 823.5 **acres of carbon-neutral forests** with enterprises, employees, and customers, planting over **600,000 trees** in total. It is estimated that these trees will absorb over **110,000 tons** of carbon dioxide during their growth in the future.

⁵ This is the carbon efficiency data of SF only, excluding Kerry logistics network limited.

Society



- By the end of 2023, SF has extended its service network for agricultural product production and marketing to cover **over 2,700** county-level cities nationwide, encompassing **more than 6,000** characteristic agricultural products. In 2023, we transported approximately **4.58 million tons** of characteristic agricultural products.
- In 2023, SF supported an exterior training program for employees with an investment of **over RMB4.6 million**. A total of **21,445** employees obtained academic certificates through the “SF Supports Your University Education” program.
- In 2023, SF assisted **more than 20,000** employees and their families in need, with a total relief amount of approximately **RMB11.61 million**.
- In 2023, SF **did not experience** any major fire accidents or major casualties. The accident rate for every one million parcels decreased by **15.1%** compared to 2022.
- In 2023, SF conducted assessments of the safety production system for the entire network. **55%** of regions and **100%** of distribution areas’ safety production system underwent assessments by the headquarters.
- In 2023, SF achieved a **100%** signing rate for safety management agreements with contractors and conducted on-site safety inspections for **321** contractors.
- In 2023, SF conducted a total of **96,000** safety training sessions of different types, covering **100%** of employees with safety education. The number of employees holding safety qualifications reached **940**.
- In 2023, SF conducted a total of **13,000** firefighting safety emergency drills, with a cumulative participation of **440,000** people.
- In 2023, the signing rate for integrity agreements with suppliers reached **100%**.
- In 2023, SF spent a total of **RMB106 million** on public welfare, organizing a total of **155** public welfare activities with **8,861** participants, and a total volunteer service duration of **34,948 hours**.
- In 2023, the SF Lotus Education Assistance Program sponsored **13,718** students, with a total scholarship of **RMB31.19 million**. By the end of 2023, the SF Warmth and Care Program had assisted **21,379** needy children suffering from serious illnesses or orphans, providing humanistic care services to **35,803** children and their families.

Services



- SF has created a highly realistic and efficient **logistics digital twin** with high algorithm verification efficiency, finding optimal decision-making solutions for numerous scenarios and improving the logistics operational efficiency in various aspects of the real world.
- The SF Ezhou Hub has an automated sorting equipment line with a total length of **52 kilometers**, is capable of sorting a peak of **280,000** parcels per hour.
- In 2023, SF received 32,578 complaints, a decrease of **12.1%** compared to 2022. The handling rate reached **100%**.
- SF conducts quarterly customer satisfaction and Net Promoter Score (NPS) surveys. In 2023, the total sample size exceeded **100,000**, covering **hundreds** of cities nationwide, and involving **more than 40** sub-indicators across **six dimensions**.
- In the 2023 public satisfaction survey on express delivery services released by the State Post Bureau, SF **ranked first** in all three quarters of 2023. According to the China Net Promoter Score (C-NPS) released by Chnbrand in 2023, SF **ranked first in the recommendation of express delivery**.
- In 2023, SF launched the “**SF ID**” service, which supports users in setting customized codes to replace traditional address information, ensuring **end-to-end information encryption**, and providing users with a more convenient and privacy-safe way of sending parcels.

External ESG Ratings Highlights

» SF has been rated **BBB** by MSCI for two consecutive years (2022-2023)



» For two consecutive years (2022-2023), SF has obtained a CDP climate change questionnaire rating of **B**



» SF has rated as "**Low Risk**" by Sustainalytics for two consecutive years (2022-2023)



» SF has been included in the **FTSE Russell ESG Index series** for three consecutive years (2021-2023)



Note: the above rating results were collected on March 26, 2024.

Sustainability Management

SF is committed to integrating corporate value with social value, nurturing a vision to drive sustainable industry development, and actively exploring the path of corporate sustainability. SF continuously improves its sustainable development management system, actively integrating ESG principles into every aspect of its value chain, enhancing its sustainable development capabilities and business resilience, and achieving long-term value creation.

Declaration from the Board of Directors

The Board of Directors and all directors solemnly declare that the contents of this report are true, accurate, and complete, without any false records, misleading statements, or significant omissions. The Board also makes the following statements regarding its ESG supervision and management work:

ESG Management Policies and Strategies

The Board of Directors closely monitors the main trends of global ESG and changes in the domestic and international macroeconomic situations. Combining with the Company's current development strategy, the Board actively communicates with stakeholders to accurately identify ESG-related risks and opportunities. The Board also updates its ESG management policies and strategies when necessary to ensure that SF's ESG principles keep pace with the times.

ESG Risk Management

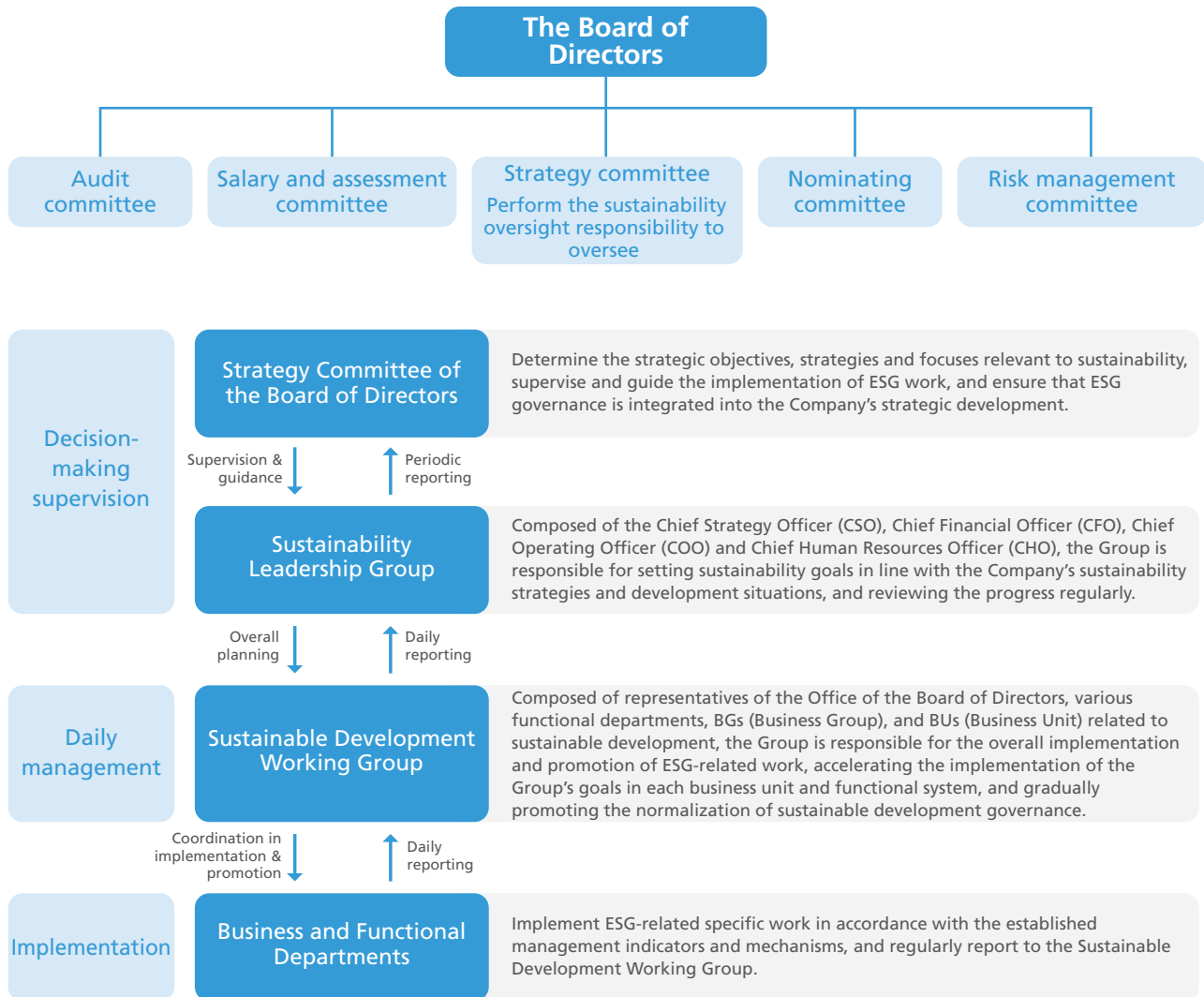
The Board of Directors attaches great importance to the management of ESG-related risks and actively participates in stakeholder communication. It assesses, analyzes, and prioritizes the materiality of ESG issues, identifies related risks and opportunities, and updates management policies and strategies as necessary. SF has incorporated ESG-related risks, including climate change, into its risk assessment system, regularly conducts risk identification and assessment, and formulates corresponding risk response measures. For more information on risk management and internal controls, please refer to the "Governance – Strengthening Risk Control Management" section of this report. As for information on climate change-related risk management, please refer to the "Disclosure of Climate-Related Information" section of this report.

ESG Goal Setting and Progress Review

The Board is responsible for overseeing and managing the Company's sustainable development matters, making decisions on strategic goals, strategic directions, and key work areas in the core domains of sustainable development, and supervising and guiding the implementation of ESG work to ensure that ESG governance is integrated into the Company's strategic development. The members of the Sustainability Leadership Group under the Board's Strategic Committee have their compensation linked to ESG performance. SF has achieved all its ESG goals in 2023, and significant progress has been made in advancing long-term ESG goals. The Board will continue to optimize the Company's ESG governance, regularly review its progress of approaching the goals, actively respond to stakeholder concerns, and continuously improve its ESG governance levels.

ESG Governance System

SF integrates ESG principles into its corporate development strategy, establishing a scientific and professional ESG management system and a clear and transparent ESG governance structure. Meanwhile, it comprehensively implements the ESG-related strategies to support the sustainable development of the Company's business.



Communication with Stakeholders

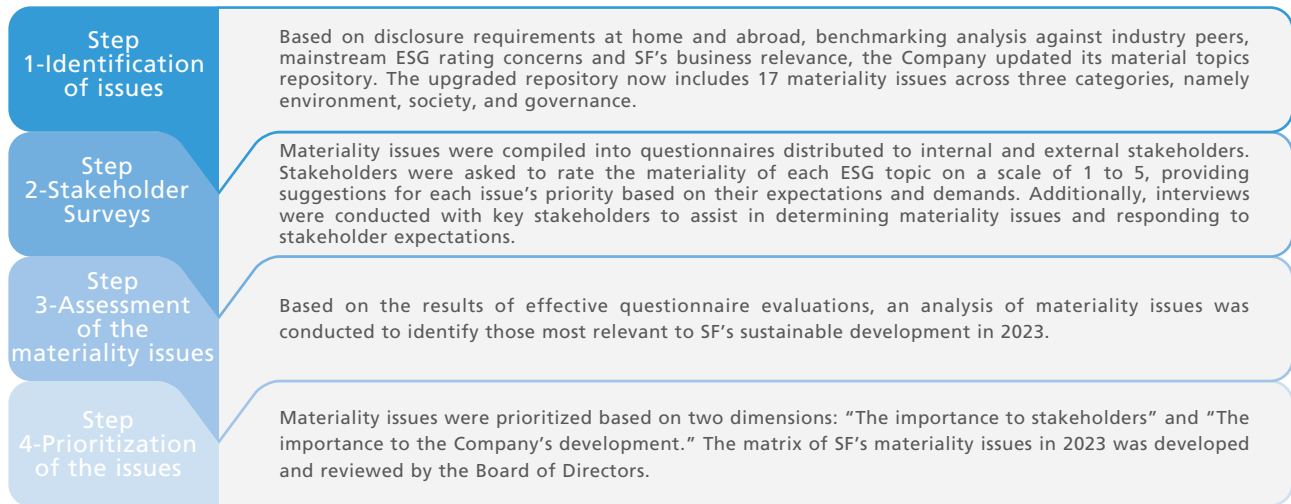
SF attaches great importance to communication with stakeholders and has established diverse and efficient communication channels tailored to the characteristics of different stakeholders. Through regular and diversified communication with nine categories of stakeholders including regulatory agencies, investors, employees, customers, value chain partners and so on, SF optimize the rights to know for all stakeholders. At the same time, the Company actively considers stakeholders' concerns, integrating their expectations and demands into strategic and operational management, and regularly reviews the materiality of various issues in the Company's operations and development.

Main Stakeholder Groups	Main Concerns	Main Channels for Communication	Response Measures
 Regulatory agencies	<ul style="list-style-type: none"> Compliant operation Paying taxes in accordance with laws Building Integrity 	<ul style="list-style-type: none"> Information disclosure Policy implementation Inspection of institutions 	Operating in compliance with laws Preventing major safety accidents Increasing local employment rate Promoting actively industrial poverty alleviation
 Employees	<ul style="list-style-type: none"> Employees rights and benefits Employee development and training Employee care Occupational health and safety 	<ul style="list-style-type: none"> Employee communication channels Employee satisfaction survey Employee meeting Employee activities 	Protecting employees' rights according to the law Providing training Improving the talent promotion and salary system mechanism Strengthening occupational health and safety management Promoting diverse employee benefits
 Customers	<ul style="list-style-type: none"> Safety Delivery Consumers Protection Customers privacy Responsible marketing 	<ul style="list-style-type: none"> Customer research Customer hotline Customer satisfaction survey 	Providing efficient, reliable, and fast logistics services Enhancing the customer claim settlement process Building a safe ecosystem
 Shareholders and investors	<ul style="list-style-type: none"> Investment returns Corporate governance ESG management 	<ul style="list-style-type: none"> General meeting of shareholders Announcements and circulars Investor roadshow 	Establishing and improving the scientific decision-making and supervision mechanism Strengthening risk management Disclosing information properly Organizing and participating in activities targeting different types of shareholders
 Directors, supervisors and senior management	<ul style="list-style-type: none"> Corporate governance Compliance risk Sustainable Operations 	<ul style="list-style-type: none"> Regular board meetings 	Periodic report Operating in compliance with laws and regulations Strengthening risk management
 Suppliers	<ul style="list-style-type: none"> Sustainable procurement Honesty and integrity Industry cooperation 	<ul style="list-style-type: none"> Supplier conference Supplier training Industry communication 	Promoting transparent procurement Eliminating commercial bribery
 Community	<ul style="list-style-type: none"> Public charity Community development Rural revitalization 	<ul style="list-style-type: none"> Provision of employment Industrial assistance Volunteer service Public welfare activities 	Interactions through websites and other official platforms Paying regular visits
 Industry association	<ul style="list-style-type: none"> Strengthening communication and cooperation Industrial standard development 	<ul style="list-style-type: none"> Convening summit activities Organizing technological communication 	Participating in industry activities Participating in the development of industrial standard
 Media/the public	<ul style="list-style-type: none"> Information transparency Interaction with the media 	<ul style="list-style-type: none"> Information disclosure Building a communication mechanism 	Active communication through websites and other official platforms Providing external publicity materials

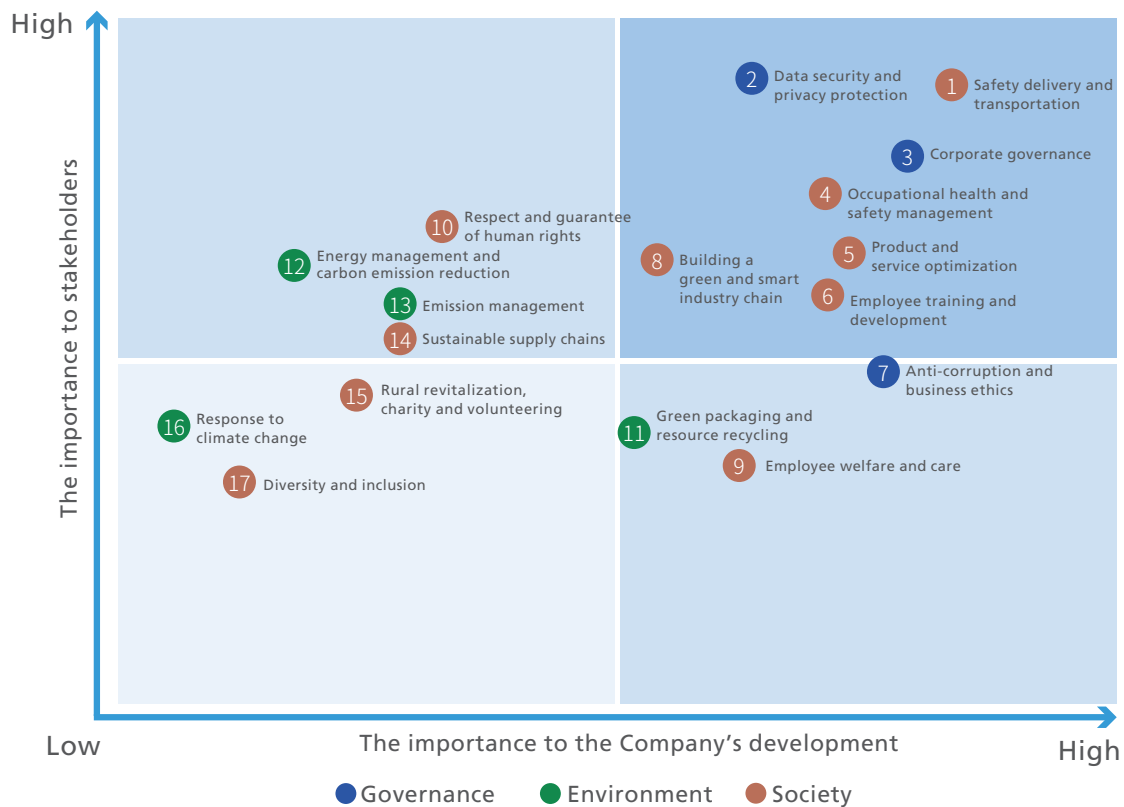
Assessment of Materiality Issues

To review the commitments, policies, management strategies, actions and performance in the aspect of sustainable development, and to respond to stakeholders' concerns regarding the Company's sustainable development-related matters, SF annually identifies and updates ESG materiality issues through a combination of questionnaire surveys and on-site interviews. These issues are comprehensively integrated into the Company's operational management work, continuously strengthening the management and practice of sustainable development within the Company.

Process of Assessing Materiality Issues



Analysis Result of Materiality Issues





GOVERNANCE

Theme: Forging Ahead with Original Mission and Writing a New Chapter Under Concerted Efforts Led by Party Building

Standardizing Corporate Governance

Strengthening Risk Control Management

Abiding by Business Ethics

Ensuring Information Security

Theme

Forging Ahead with Original Mission and Writing a New Chapter Under Concerted Efforts Led by Party Building

The year 2023 is the starting year to fully implement the spirit of the 20th National Congress of the Communist Party of China (CPC). SF is determined to make another progress in the new journey. Blessed with the leadership of the Party, SF promotes the party building and the growth of the Company, fulfills corporate social responsibility, and contributes to the development of the times.

Standing Firm in Our Beliefs and Convictions Under the Leadership of the Party

Focusing on the Importance of Policies in Development, and Integrating Party Building into Management

Under the leadership system of "two-way entry and cross-appointment" for the Party Committee team, SF has built the Party Committee comprising all senior executives of the Company. Besides, the practice of Party building is included in our Articles of Association to ensure the implementation of the principles and policies of the Party during our development.

Advocating the Learning of Party's Ideology and Organizing Thematic Education

In 2023, SF carried out extensive thematic education on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and studied and implemented the spirit of the 20th CPC National Congress. The Company formulated and released an implementation plan for thematic education throughout the year, encouraged Party members and comrades to read the original versions of books and articles and comprehend the theories, and subscribed a total of 4,400 books on thematic education for Party members. The Company also organized party workers to carry out thematic education and learning in Jiaxing, striving to cast the soul, increase wisdom, correct the atmosphere and improve proactivity by learning.



Training class of thematic education on the study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era



SF Party Committee won the Group Champion of Shenzhen Express Industry Party Committee Knowledge Competition

Conducting High-standard Party Building and Strengthening Primary-Level Party Building

Adhering to the Principle of “One Synchronization” and “Two Coverage”

For a more comprehensive coverage of Party organization and leadership, the Company has made continuous efforts to optimize the building of primary-level Party organizations, and has established Party branches in new business units in a timely manner to expand the coverage of Party organizations. In addition, SF adopts a Party building management model of “centralized guidance and localized management” for branches across the country. In 2023, the Company managed 93 Party organizations with 2,323 Party members, and coordinated the management of 76 local Party organizations nationwide.

Reinforcing the Construction of Party Building Front to Provide Strong Spiritual Support for Party Members

Based on the “1+N” pattern, the Party Committee of the Company directs the construction of the Party building front in each region, including the design of exhibition walls with focuses on the organizational building and elegance of Party members to promote the Party building culture, trying to build important platforms to serve Party members. Meanwhile, on the basis of the Group’s original Party and mass service centers, 15 new Party building stations have been set up in Shenzhen, of which the Party and Mass Service Station of Nanshan Branch is recommended as an investigate site for the education management of Party members in Shenzhen.



Party and Mass Service Center of SF Group

In 2023, the coverage of the Company’s Party building was as high as **85%**.


Carrying out High-quality Party Members Activities to Stimulate Their Vitality as a Pioneer

To be fully prepared for the “Double Eleven” business peak, the Party Committee of SF issued the *Party Members Pioneer Action Initiative*, calling on all primary-level Party organizations and the majority of Party members to take the initiative in the prompt establishment of the “Pioneer Team of Party Members” to support the front line and serve as a strong reserve force to win the “Double Eleven” peak battle.

In addition, SF arranged an array of activities to celebrate the 102nd anniversary of the founding of the CPC, and encouraged couriers who were Party members to play a part in urban governance, and serve as a “mobile probe” in civilized city construction, urban environment, and resident services.



Celebration of the 102nd Anniversary of the Founding of the CPC and The “July 1” Commendation Conference

 In the “seven goals for the youth in the new era” series of activities, each primary-level party organization actively recommended its excellent parts for the appraisal of role models:



Party member Qin Wenchong won the 27th “China Youth May Fourth Medal”

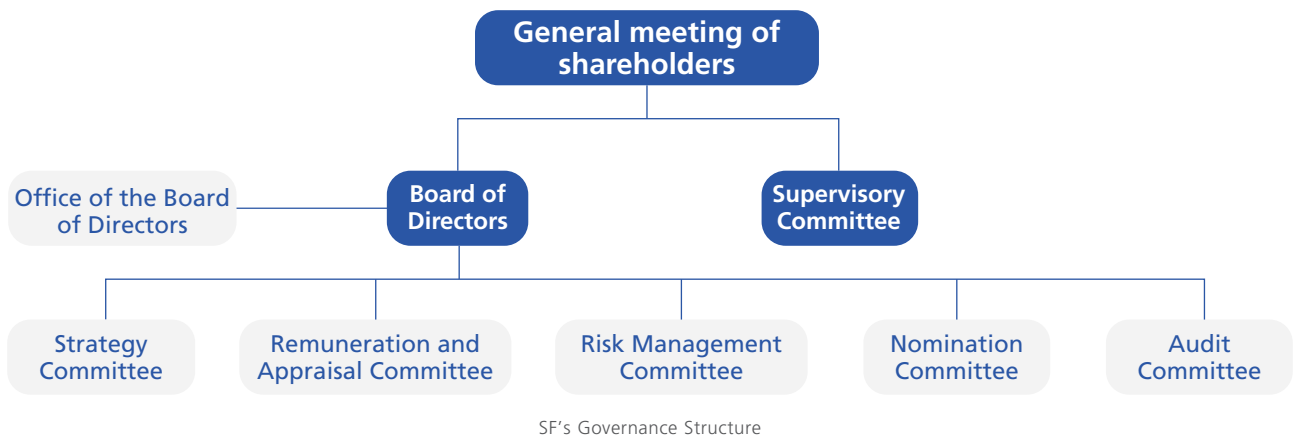


SF Aviation Department was awarded “National Workers Pioneer”

Standardizing Corporate Governance

Corporate Governance

SF has formulated the *Articles of Association*, the *Rules of Procedure for General Meeting of Shareholders*, the *Rules of Procedure for Board of Directors*, and the *Rules of Procedure for Supervisory Committee* and other internal control rules and regulations to improve the internal corporate governance structure and the internal management system and regulate the conduct of the Company. The Company has clearly defined the responsibilities and authorities of decision-making, execution and supervision, established a corporate governance structure composed of the general meeting of shareholders, Board of Directors and Supervisory Committee, and formed an effective division of labor and restraint mechanism with clear rights and responsibilities and standardized operation.



General Meeting of Shareholders

The Company convenes and holds general meetings of shareholders in strict compliance with relevant laws and regulations, 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 and investors. The Company's controlling shareholders strictly regulate their behaviors, exercise their rights through the general meeting, and do not interfere with the Company's management or decision-making directly or indirectly by passing the general meeting and the Board. In 2023, SF held 3 general meetings.



Board of Directors

SF's Board of Directors is composed of 7 directors, of which 4 are executive directors and 3 are independent non-executive directors. In 2023, the Company, giving full play to the decision-making functions, held a total of 9 board meetings to study and make decisions on major matters such as related-party transactions, exercise of equity incentives, and external guarantees. In strict accordance with the requirements of the *Company Law*, the *Articles of Association* and the relevant laws and regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, SF has meticulously conformed to the relevant procedures of the board meeting, and made timely disclosure of information after the meetings.

The Board of Directors has established five special committees, namely the Strategy Committee, the Remuneration and Appraisal Committee, the Risk Management Committee, the Nomination Committee, and the Audit Committee. In 2023, these special committees held a total of 11 meetings. All directors diligently fulfilled their duties with an industrious and responsible attitude. The independent directors perform their responsibilities independently, protect the overall interests of the Company, and express independent opinions on important and major issues.

Performance of Duties by Special Committees of SF's Board of Directors in 2023

Strategy Committee	Consider the overall development strategy and sustainable development strategy of the Company, supervise and guide the ESG implementation, and make recommendations to the Board of Directors.
Remuneration and Appraisal Committee	Ensure that the remuneration system serves the Company's business strategy and is subject to constant adjustment to support the Company's further development.
Risk Management Committee	Guide the Company's overall risk management, evaluate the completeness of the risk management system and issue opinions, and provide support for the Board of Directors to perform risk management functions.
Nomination Committee	Make decision and provide professional recommendations on the candidates, selection criteria and selection procedures for directors, general managers, and other senior management appointment of the Company.
Audit Committee	Give full play to the role of audit supervision, review audit work reports every quarter and provide guidance and suggestions, promote the establishment and improvement of internal controls, standardize the Company's business behaviors, optimize business management, and avoid business risks.

Diversity of the Board of Directors

The members of the Board of Directors were experienced in different industries, with different educational backgrounds and professional qualifications in engineering, economics, law, accounting, and business administration, comprising a well-balanced group of directors in line with SF's Board Diversity Policy. There were two female directors in the Board, representing 28.6% of the Board.

Supervisory Committee

SF's Supervisory Committee comprises 5 supervisors, of which 2 are employee representatives and 3 are non-employee representatives. In 2023, SF held 6 meetings of Supervisory Committee in total, and each supervisor attended the meetings in earnest, performed their duties conscientiously, and supervised and expressed their opinions on the Company's major issues, related party transactions and financial situation.

Compliant Information Disclosure

SF honestly fulfills the information disclosure obligations, strictly follows the regulations and requirements of the China Securities Regulatory Commission as well as the Shenzhen Stock Exchange on information disclosure and the relevant provisions of the Company's *Management System for Information Disclosure* in our information disclosure work. The company further intensifies the collection, feedback, collation, and review of major information, so as to ensure the truthfulness, accuracy, completeness and timeliness of the information disclosed.

Strengthening Risk Control Management

SF has established a sound internal control and risk management system to strengthen and standardize the internal management of the Company, continuously improve the effects of risk prevention and control, and promote the sustainable and healthy development of the Company. The Company also actively identifies and assesses environmental, social and governance (ESG) risks in operation and development, and clarifies the response strategies for such risks to effectively reduce operational risks.

Risk Management System

SF has established a risk management 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, led by the Chief Financial Officer (CFO) of the Company, is a professional decision-making body for the overall management and control of the Company’s risks. The Committee is mainly responsible for deliberating and making decisions on the building of the Company’s risk management system, policies, prevention of major risks and response to major crises. The Risk Committee reports to the Risk Management Committee of the Board of Directors on a quarterly and annual basis. The Risk Control and Compliance Office of the Company coordinates the management of risk control and compliance; while the leader of each functional department, BG (Business Group), BU (Business Unit) and region has the primary responsibility for the relevant risk control, responsible for the formulation of specific risk control measures and implementation rules, as well as the identification and assessment of daily risks and the implementation of control measures.



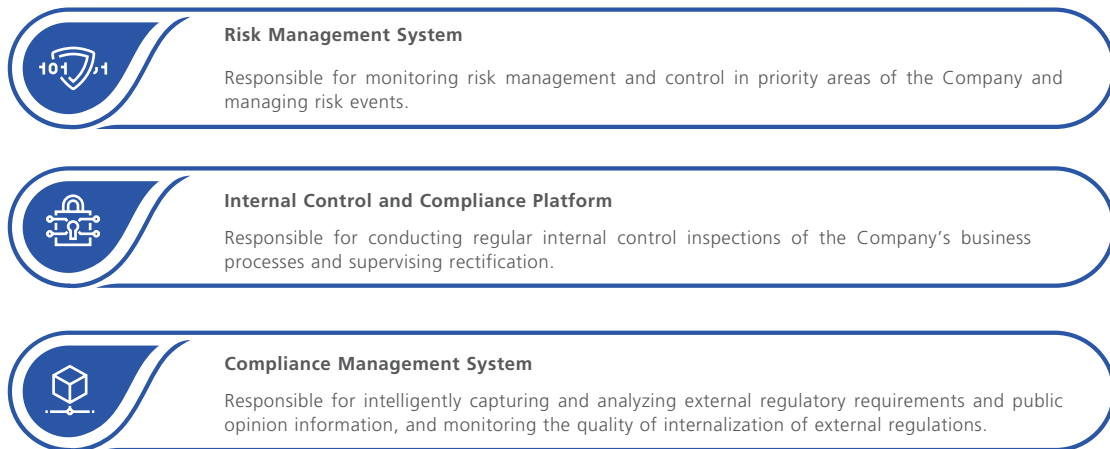
SF Risk Management Organizational Structure

Risk Management Practices

SF continues to improve its risk management system on the basis of the Company's comprehensive risk management system. In 2023, SF newly built a compliance risk management system in various fields including environmental protection, safety production, anti-monopoly and unfair competition by comprehensively sorting out compliance requirements and referring to domestic and international advanced experiences. SF also synchronously updated policy documents such as the *Risk Control and Compliance Management Policy*, and the *Risk Event Management Policy* to consolidate the Company's risk management capabilities.

Enhancement of Digital Risk Management Capability

SF has continued to strengthen its digital risk management capability by continuously upgrading the Company's risk management system, internal control and compliance system and compliance management system. Through continuous iterative optimization of the systems, SF has achieved the digitization of the entire chain from risk identification, assessment, monitoring, early warning, response, to loop closing, thereby effectively improving the efficiency of risk identification and management.

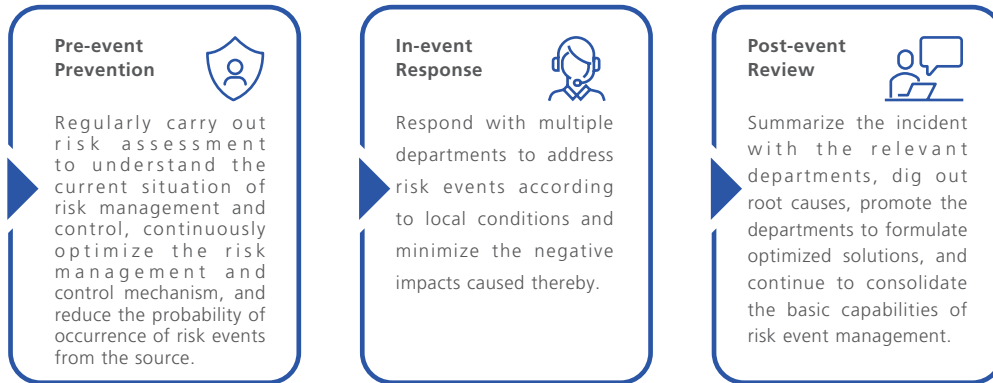


In 2023, SF completed the building of its compliance management system, applying intelligent algorithms to mark and aggregate compliance information in a systematic way, and enhancing its ability to aggregate, precipitate, analyze, share and proactively manage compliance information in an intelligent manner, thus realizing the scheduled position-based push of compliance information and improving the efficiency of compliance management. In addition, the Company has optimized the risk management function and launched the risk event database at the mobile end to further enhance the efficiency of risk management.



Loop-closing Management of Risk Events

SF has established a sound risk event management system, which realizes graded risk event management through risk labels, and strengthens the whole-process risk management of pre-event prevention, in-event response and post-event review, so as to enhance the efficiency of risk event management and control.



Based on risk event management, the Company carried out a targeted refresh of the risk scenario and deposited **26** risk response management and control plans in 2023.

Based on the summarized response experience of historical risk events, the Company considered medium- and high-risk points into business scenarios to prepare corresponding risk plans, achieving **100%** coverage of medium and high-risk points.

ESG Risk Management

SF regularly carries out the identification and sorting of risk information database, and fully integrates environmental, social and governance risks into the original level 1, 2 and 3 risk level database. The ESG risk management structure is consistent with SF's risk management organizational structure, with the Risk Management Committee of the Board of Directors as the highest risk management body responsible for the identification, prevention and control of ESG risks.

At present, SF has identified 16 types of ESG risks including natural disaster risk, intellectual property risk, fraud risk, safety production risk, human resource management risk and others. Environmental risks contain carbon neutrality risk, operation risks under extreme weather and high temperature, covering a wide range of the ESG field. (Please refer to the "Climate-related Information Disclosures" for the governance, countermeasures and targets of climate change risks.)

In 2023, the Company held **24** weekly meetings on risk control, generating a total of **52** resolutions, of which **4** meetings and **5** resolutions were related to ESG issues.

Risk Management Training

SF continues to organize diversified risk training and empowerment courses to strengthen employees' risk awareness through offline training, online learning, examination and other forms. In 2023, the Company conducted a total of 29 training courses on risk compliance, covering such risk areas as product and service quality, anti-monopoly and unfair competition, export control and trade sanctions, and intellectual property rights. A total of 86,400 hours of risk-specific training courses were conducted throughout the year, and the coverage rate of new employees reached 100%.

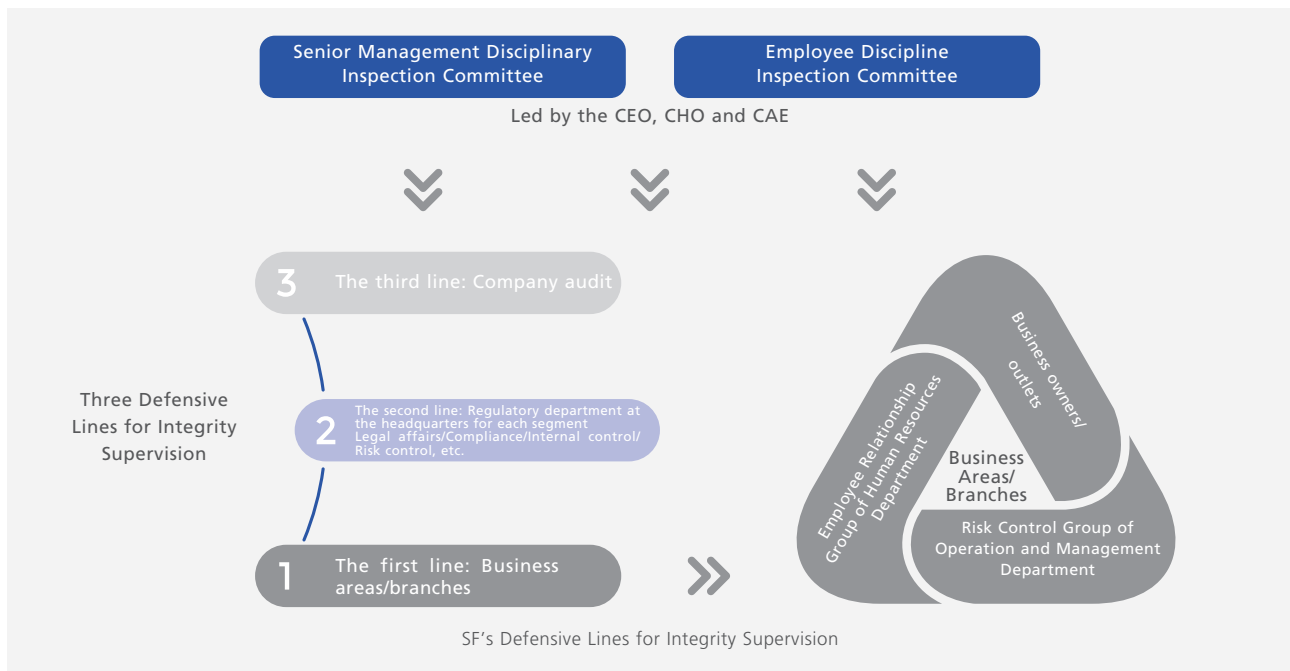
Abiding by Business Ethics

SF adheres to compliance operation and business ethics. The Company has established a management mechanism led by the Audit Committee of the Board of Directors, while the Chief Audit Executive (CAE) is responsible for the overall management of the Company’s business ethics affairs, including anti-corruption, anti-money laundering and anti-unfair competition, and regularly reports to the Audit Committee. For primary-level managers, the Company formulated the “369 Code of Conduct”, which put an end to three violations of business ethics, required six affairs to be made public, and established nine guidelines for managers to set an example and adhere to business ethics in operation and management. In 2023, SF had no legal litigations related to improper competition and anti-monopoly.

Integrity Management System

SF analyzes the causes of corruption incidents investigated and punished every year, confirms whether there are deficiencies in processes and systems, and updates the internal policies with necessary iterations to ensure the effectiveness of the Company’s integrity management as well as anti-corruption policies and systems. In all relevant policies, SF explicitly prohibits bribery, illegal kickbacks, non-compliance business gifts and other violations, clearly defines the approval and control process involving sensitive transactions such as large gifts, and provides employees and management with specific rules and operational guidelines on acceptable behaviors and approval procedures. In 2023, the Company evaluated and updated its integrity management policies, such as *Reward and Penalty Management Regulations*, further improving the penalty rules for violation of integrity-based incidents and providing guidance to employees and management when faced with business ethics dilemmas.

The Company has established a defensive line for integrity supervision from the Audit Committee of the Board of Directors, the regulatory department at the headquarters to the business areas/branches. Three defensive lines have also been established simultaneously within business areas/branches to achieve an integrity management system that runs through the whole network and all positions of management. In addition to the two-level three defensive lines, the Company has also set up a Senior Executive Discipline Inspection Committee and an Employee Discipline Inspection Committee led by the Chief Executive Officer (CEO), the Chief Human Resource Officer (CHO), and the Chief Audit Executive (CAE). These committees are respectively responsible for managing the integrity and discipline of senior management and other employees.



To create a fair, just and open working atmosphere, SF has also established an anti-corruption system of “no courage, no ability and no intention” to strictly prevent and sternly punish illegal and corrupt behaviors such as bribery, acceptance of bribery, embezzlement, and fraud.



SF’s “No Courage, No Ability and No Intention” System for Anti-corruption

Anti-Corruption Management

SF integrates anti-corruption management into its daily operations, and continues to strengthen the Company’s ability to control anti-corruption, anti-bribery, anti-money laundering and other ethical business behaviors through anti-corruption risk assessment, anti-corruption audits, and anti-corruption education.

Risk Assessment on Anti-Corruption

SF has built an anti-corruption risk assessment mechanism to identify and assess the relevant risks in each business area, and formulated relevant response initiatives in parallel to strengthen anti-corruption risk management. In 2023, SF continued to explore anti-fraud risks, identified and exported more than 500 anomalous clues, and launched the “Action of Purity” to rectify potential risk points.

In addition, SF conducts an annual review of the effectiveness and compliance of internal controls to prevent and detect bribery and corruption risks in a timely manner. Once relevant risks are identified, SF will report the risks, violations and countermeasures directly to the Audit Committee of the Board of Directors.

Anti-Corruption Audit

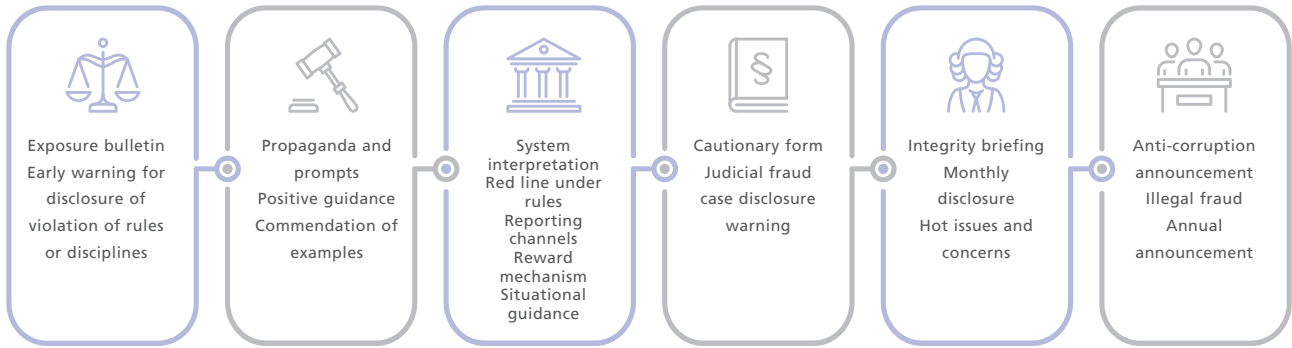
SF has included anti-corruption in its key audit areas to identify and assess potential risks, so as to ensure the effectiveness of its internal anti-corruption management system, and safeguard the Company’s compliance operation. In the past three years, the percentage of all operational sites for which an internal audit/risk assessment concerning business ethics issues has been conducted was 100%.

In addition, SF conducts third-party external audits every year to independently review the Company’s business ethics and sort out and identify potential business ethics-related risks in the Company’s operations.

Anti-Corruption Education

SF has formulated the *Employee Handbook* and *Integrity Handbook* to clarify the Company’s definition of internal and external integrity behaviors, the definition of violation behaviors and the corresponding penalties, thus providing all employees with a clear and reliable code of conduct, to regulate the behaviors of the employees, and to advocate honest practices.

The Company understands the internal integrity situation through regular research on integrity index. At the same time, the Company continuously carries out publicity and education on integrity culture which covers all employees, promotes the anti-corruption system and initiatives to the employees through various forms, including policy interpretation, integrity briefings and anti-corruption announcements. Furthermore, the Company also adopts a combination of online cases and offline training to carry out positive propaganda on integrity culture and negative warnings on fraud cases to strengthen employees' anti-corruption awareness.



SF's Anti-Corruption Propaganda and Education

In 2023, SF actively carried out special training on integrity topics through a variety of online and offline channels to organize all employees to learn, to know and to abide by the rules together. Integrity related training covers 100% of the employees, with a total of 70,073 hours of anti-corruption education. Among them, 20 offline special anti-corruption training sessions were held throughout the year.

“Honesty and Integrity – Double Full Pass”:
SF launched the “Honesty and Integrity – Double Full Pass” action for all employees, and a total of 115,000 employees participated in learning and examination.

“Preventing and Controlling Risks for Operation”:
The integrity-themed training, “Preventing and Controlling Risks for Operation”, was conducted for key positions and specific functions, covering more than 3,500 employees.

Management Lectures:
10 sessions of “Management Lectures” were held for management, covering core values, cultural concepts, integrity and anti-corruption, with more than 6,600 people participated in total.

2023 Integrity Training Program

In order to prevent and combat against all kinds of corrupt behaviors, SF actively encourages all employees to sign the *Letter of Commitment to Anti-corruption*, to protect the legitimate interests of the Company, employees, customers and partners from infringement, and to promote the sustainable and healthy development of the Company. In 2023, the rate of the workforce signing the *Letter of Commitment to Anti-corruption* reached 99.0%, up 4.4% from that in 2022.

In addition, the Company requires cooperative suppliers to sign the *Integrity Agreement* to jointly build an integrity value chain. In 2023, the rate of suppliers signing the *Integrity Agreement* reached 100%.

Excerpts from the Anti-Corruption Commitment:

- I will refuse to engage in any bribery, acceptance of bribes, embezzlement and other improper business practices during the tenure of office.
- I will refuse to engage in any behavior that conflicts with the interests of the Company during the tenure of office, unless prior written and explicit intention is obtained from the Company.
- During employment, if any unit or individual related to the business of the Company offers or request any gift to me during the tenure of office, I will refuse and promptly report to the Company.

Reporting channels

SF provides multiple open 7*24 reporting channels for internal and external stakeholders, including e-mail, hotlines, and the Company’s official website, to encourage employees, suppliers and other stakeholders to actively expose violations. At the same time, the Company has established a mutual communication mechanism to understand the plight of employees on business ethics through employee symposiums, internal media and other forms.

Reporting channels		Target group
Reporting e-mail	sf5198@sf-express.com	All internal employees and external stakeholders
SF official website	About us – I want to report	
Mailing	SF Headquarters – Audit Department (Receipt)	
Forespace APP	Service – I want to report	All internal employees
Labor union hotline	4006883783	

Upon receipt of the report, SF will act as soon as possible, requiring the relevant department to follow up, and make immediate and positive responses in accordance with the “Triple Ones” (“三个一”) timeliness requirements.

“Triple Ones” Requirements:

- Response within one working day: Respond to the whistleblower within one working day upon receipt of the report.
- Case confirmation within one week: Confirm whether a case needs to be filed for investigation within one week upon receipt of the report.
- Completion of the investigation within one month: Complete the investigation of the report and provide the results within one month of confirming the case.

After the investigation and review of any violations, the Company will take disciplinary action against the responsible person involved, depending on the severity of the violation. If the violation is suspected of being illegal, the responsible person will be referred to the judicial authorities for prosecution.

In 2023, SF achieved a **100%** follow-up rate for effective reports and a **96%** compliance rate for the “Triple ones” requirements regarding time-efficient complaint handling.

Whistleblower Protection

SF has clearly defined the requirements for confidentiality of whistleblower information in its *Reporting Management Measures*: Any employee who has access to information reported shall keep the information confidential. The responsible person of each organizations the first person responsible for the protection of witnesses (including whistleblower), and shall take reasonable measures to protect witnesses (including whistleblower), ensure that the basic rights and interests of witnesses (including whistleblower) are not infringed, and stamp out any form of retaliation.

In 2023, there is no breaches of privacy for anonymous whistleblowers in SF.

SF 's Measures for the Management of Whistleblowing sets out the confidentiality requirements for whistleblower information, including but not limited to the following:

- All personnel who receive information reported shall submit the information to the department in charge of whistleblowing and shall not, at their discretion, disclose the information to other personnel.
- Personnel involved in the follow-up of the report shall not disclose the relevant information to other personnel.
- Investigation results and handling opinions shall not be disclosed prior to the assessment and public announcement of the disciplinary opinions.
- Investigation reports and evidence shall not be disclosed to other personnel at their discretion.

Intellectual Property Protection

Having attached great importance to the protection of intellectual property, SF continuously improves its internal intellectual property management system. In 2023, SF revised the *Patent (Software Copyright) Achievement Management System*, updated the rules for managing intellectual property as intangible assets, and the rules for the inventory of intellectual property assets and capital utilization. In addition, the Company formulated a grading and classification standard for intellectual property. Experts in various fields completed the grading and classification of existing intellectual property, enabling fine management of the value of intellectual property.

The Company actively conducts intellectual property training by offering courses such as *Intellectual Property Protection and Operation*, *Patent Mining and Application Training* and *Patent Protection and Compliance for Overseas Business Operations*. These courses encourage all types of talents to develop expertise in their respective fields and help to raise employees' awareness of intellectual property protection.

At the end of the reporting period, SF had **4,093** patents in force or pending and **2,490** software copyrights. Of these, invention patents accounted for **59.3%** of the total patent portfolio.

Ensuring Information Security

Information and Cybersecurity Management System

SF remains highly vigilant with regard to information security and cybersecurity risks. The Company continuously improves its internal information and cybersecurity management system. The Company also updates and iterates its internal policies and related measures in accordance with the latest relevant domestic and international laws, regulations, as well as data protection standards. These efforts strengthen the foundation for data protection and network information security.

In 2023, SF updated its information and cybersecurity governance structure by establishing a 3-layer information security and privacy management structure that includes decision-making, management and execution organizations.



Information and Cybersecurity Governance Structure

SF Technology Information and Cybersecurity Management System has obtained ISO 27001 Information Security Management System Certification and ISO 27701 Privacy Information Management System Certification, covering the Company's main business operation scenarios. In addition, the SF Express app has passed the Level 3 Protection Assessment for Cybersecurity Classification Protection, and the CCRC Certification in Mobile Internet Application (Android/iOS) Security.




Information and Cybersecurity Management


SF attaches great importance to information and cybersecurity. Several systems have been established to guide the response mechanisms and handling initiatives of information and cybersecurity incidents. The Company's security defense capabilities are strengthened through cybersecurity vulnerability detection, cyberattack drills and other measures. In addition, high-risk behaviors related to internal information and cybersecurity, and the corresponding disciplinary principles for violations have been clarified to standardize the behavior of employees in this regard.

SF regulates the collection, use, sharing, and retention of user privacy data according to the latest domestic and international laws and regulations to ensure that user data is obtained through legitimate and transparent means. Adhering to the principle of "Minimization" in data collection, the Company ensures that the user data is collected and processed within the prescribed scope.


SF regularly conducts data security audit and assesses internal and external data security risks in accordance with the latest regulatory requirements. Based on the assessment results, the Company improves the information and cybersecurity management system accordingly.



Assessment of Graded Protection:
The security compliance of information systems is monitored and assessed based on national and industry standards and specifications. This assessment enables the Company to gain a timely understanding of the security protection status of information systems and to assess their security protection capabilities. In addition, targeted corrective actions can be proposed for any identified security issues and potential risks.



Internal Audit of the Management System:
Internal audits of the information security management system are carried out in accordance with ISO 27001, ISO 27701 and other relevant standards in terms of compliance, applicability and sufficiency. Any issues identified are addressed promptly to ensure the reliability of the Company's information and cybersecurity system.



Security Response Center (SRC):
The SF SRC is designed to enable potential internal risks to be identified externally and remediated in a timely manner, and to reward users who discover security vulnerabilities in the systems and operations.

SF Data Security Risk Assessment

In order to strengthen information and cybersecurity management, SF has taken various measures to improve the data security awareness and data security and personal information protection skills of all employees, thereby enhancing the foundation of SF's data security.

Red-blue confrontation drill

In March 2023, SF conducted a two-week Red-blue confrontation drills in collaboration with the attack team of an external security company. The drill simulated classic scenarios of various external cyberattacks. Throughout the drill, the Company continuously identified weaknesses in the cybersecurity defenses system and reviewed them for improvement. The aim of the drill was to improve the collaboration and emergency response capabilities of our security team, thereby strengthening the Company's data security capabilities.

Employee Training

Information Sharing in Cybersecurity: In 2023, SF organized a total of 16 technical cybersecurity sharing activities and 28 security awareness campaigns for relevant professionals.

Data Lifecycle Training: Focusing on the data lifecycle, SF developed a series of training courses covering the collection, classification and grading, transmission, use, exchange, and destruction of data. These courses significantly enhanced employees' professional understanding of data security and increased their awareness of privacy compliance. In 2023, these training courses totalled over 1,200 hours.

Information Security Education for All Employees: SF continuously carries out information security education for all employees, emphasizing the importance of privacy protection and raising awareness of information security through various means such as special training and publicity. In 2023, SF essentially achieved full coverage of data security education, with more than 650,000 participants on a cumulative basis.

By the end of 2023, SF had led and participated in the development of 5 national and industry standards on data security, with 3 national standards officially published, contributing to promote the standardization and normalization of data security in the industry.

	Standard	Status
1	National standard <i>Information Security Technology – Data Security Requirements for Express and Logistics Services</i> (GB/T 42013-2022)	Officially published in October 2022
2	National standard <i>Information Security Technology – Basic Requirements for Collecting Personal Information in Mobile Internet Applications</i> (GB/T 41391-2022)	Officially published in April 2022
3	National standard <i>Information Security Technology – Implementation Guidelines for Notices and Consent in Personal Information Processing</i> (GB/T 42574-2023)	Officially published in May 2023
4	National standard <i>Information Security Technology – Security Requirements for Processing of Sensitive Personal Information</i>	Officially open for public consultation in August 2023
5	<i>Cyber Security Standard Practice Guide – Data Classification and Grading Guidelines</i>	Officially published in December 2021



Third-Party Data Management

SF also pays close attention to data security during its cooperation with third-party partners. Prior to any data interaction with third-party partners, the Company conducts thorough data security due diligence to assess the risk in their information security qualifications, information security policies, human resources security, physical security, and data security (including data collection, storage, provision, use, backup, and disaster recovery). By doing so, the Company strives to mitigate the risks associated with data security in third-party collaborations.

In 2023, the Company updated its supply chain security agreement to include additional data security requirements for suppliers. These requirements covered the destruction and return of data upon termination of the collaboration, the establishment of contingency plans for data security incidents, the protection of data centers, the business continuity plans, etc., aiming to standardize the management of data security throughout the collaboration.

Personal Information Protection

SF fully recognizes the significance of personal information security. In accordance with relevant laws, regulations and industry best practices, a comprehensive privacy management framework and the personal information security and compliance policies have been developed and continually enhanced, serving as guidelines for appropriate personal privacy protection practices. In order to effectively protect personal information, various measures covering the digital lifecycle have been put in place to ensure the security of customer privacy in a responsible manner. In 2023, there were no significant breaches of privacy and information security in SF.



Strengthening the Technical Foundation of Privacy Protection

SF keeps improving its data security technology capabilities, including unified privilege management platforms, automated encryption/decryption platforms, log management and analysis tools, and personal data desensitization. The aim of these efforts is to protect users' personal information from unauthorized access, manipulation, disclosure, corruption or loss.



Personal Data Lifecycle Security Management

Under the data lifecycle theory, the personal information involved in the business activities is subject to classification and grading management. SF takes protective measures such as encryption, de-identification, and access control during the data collection, transmission, use, and storage processes, depending on the sensitivity of the data and the principle of minimum necessary rule. These measures aim to effectively protect personal information security.



Security Incident Detection and Response

SF uses a security incident investigation and response platform to monitor both internal and external threat signals targeting sensitive data in real time. This platform allows for immediate identification of abnormal operations and high-risk behaviors that may pose the risk of personal information leakage. Once an abnormality is identified, the Company immediately launches an investigation and takes measures to minimize the risk of personal information leakage at the source.



Mechanism for Receiving and Responding to Requests Regarding Personal Information Rights

SF has established a mechanism for receiving to requests regarding personal information rights. Prior to the collection and processing of user data for business purposes, users will be promptly informed of their personal information rights and related information through means such as privacy agreement check boxes and device pop-ups. In addition, users' requests to exercise their personal information rights are responded to within the specified timeframe as required by the law.



Privacy Waybill Protection

SF desensitizes the fields on the express waybill that contain users' personal information, namely the names, contact and address details of the sender and recipient. In addition, delivery personnel and customer service representatives communicate with customers using virtual phone numbers. This effective management of the risks associated with data sharing enhances users' privacy experience.

Measures to Protect Personal Information



ENVIRONMENT

**Theme: Exploring Value through Carbon,
Racing towards the Zero-Carbon Future**

Creating Green Logistics

Promoting Circular Economy

Protecting the Environment

Green Office



Theme Exploring Value through Carbon, Racing towards the Zero-Carbon Future

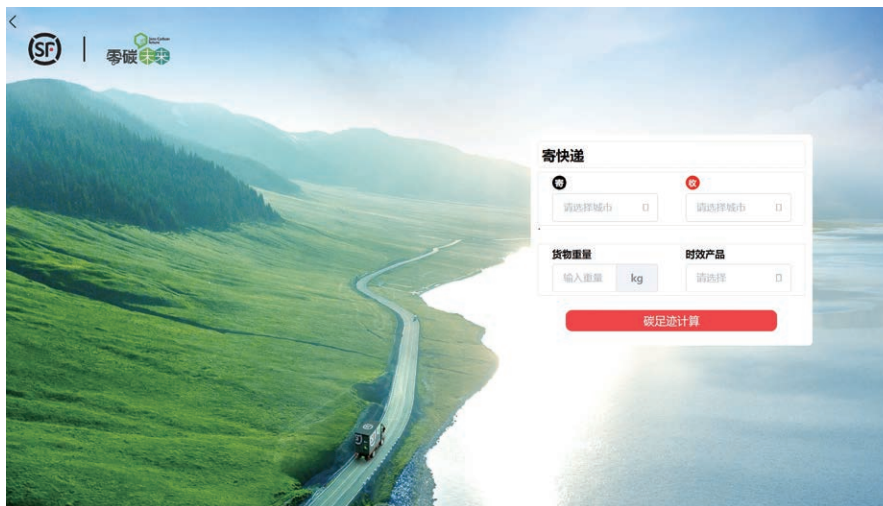
With the implementation of the national “dual carbon” strategy, the green and low-carbon development concept has gradually penetrated into various economic activities across industries. The logistics industry, as a fundamental, strategic, and leading industry supporting national economic development, is trending towards the establishment of a green, low-carbon, and efficient logistics transportation and distribution system.

As an enterprise with a strong sense of social responsibility, SF actively responds to the national “dual carbon” policy, adhering to its original intention of sustainable development. SF is committed to driving green and low-carbon changes in the industry with its own efforts and extending green value to the industrial chain, working together with upstream and downstream partners to achieve a zero-carbon future.

Developing the Industry-First Carbon Calculation Model, Consolidating the Foundation for Green Technology

Since officially publishing the white paper on carbon targets in 2021, SF has been committed to building an integrated green and low-carbon supply chain service capability that is environmentally friendly, green, and low-carbon for sustainable development. Its aim is to reduce the impact of greenhouse gases on the global environment through the management of supply chain carbon emissions across all links of the industrial chain. In recent years, SF has built a standardized carbon management system and independently developed a digital and intelligent carbon management platform called the “Fenghe Sustainability Platform”, which integrates the Company’s carbon emission and carbon reduction data, covering multiple links such as packaging, transportation, transfer, and delivery.

Based on SF’s standardized carbon management capabilities, in 2023, the Company independently developed the industry’s first shipment-level carbon calculation model. This model not only simulates the scenarios of cargo transportation to calculate greenhouse gas emissions generated by various modes of transportation, but also supports the calculation of the actual greenhouse gas emissions and emission reductions generated by each shipment in all stages of “collection, transit, transportation, and delivery”. It achieves fine-grained and automated calculation of carbon data for massive shipments, continuously consolidating the foundation of SF’s green technology capabilities.



The Industry’s First Shipment-level Carbon Calculation Model Independently Developed by SF

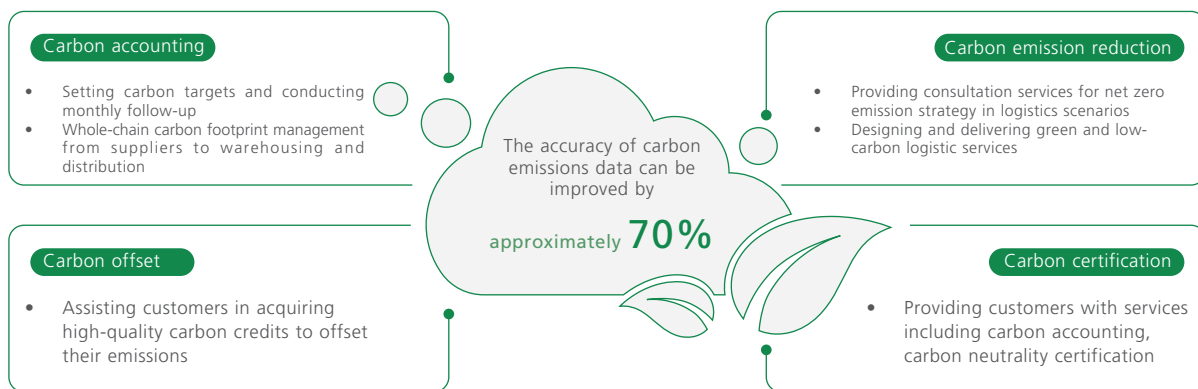
Providing Low-carbon Supply Chain Solutions, Empowering Industrial Chain Partners

As a benchmark enterprise actively promoting and implementing the “dual carbon” strategy in the logistics supply chain, SF understands that the value of green development goes beyond itself to influence the entire industry chain. Based on its standardized carbon management system and fine-grained carbon calculation capabilities, combined with the leading experience in the logistics industry, SF has reached deep into various industries such as new energy, high-tech, clothing, footwear, and luxury goods, providing customized green and low-carbon supply chain solutions and services to multiple brand customers. It strongly enables upstream and downstream partners in the industrial chain, collaborating with our customers to accelerate low-carbon transformation and jointly drive the industry towards a zero-carbon future.

SF joins hands with a world leading luxury brand to launch a carbon neutrality acceleration plan at the level of supply chain

In 2023, SF signed a letter of intent for a low-carbon strategic service agreement with a leading global luxury brand on “carbon footprint system and management for the entire logistics supply chain,” officially initiating the LNA+ (Logistics Neutral Acceleration Plus, or “supply chain-level Scope 3 carbon neutrality acceleration”) plan led by SF in the context of logistics supply chain scenarios.

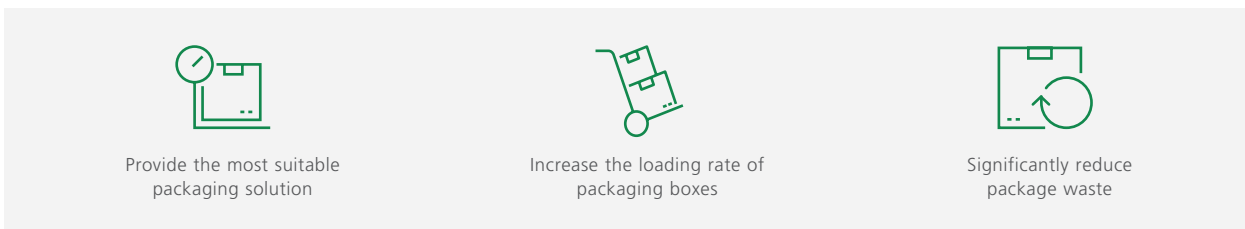
Through this plan, not only will the precise carbon footprint of each shipment be calculated, enhancing the transparency and accuracy of carbon information in the supply chain service scenarios between brand owners and logistics providers, but it will also include customized comprehensive improvement actions to enhance the climate resilience of sustainable supply chains, optimize the transportation modes of upstream and downstream logistics providers, support greenhouse gas emission reduction and offset actions in their supply chains. Additionally, it could reduce the cost of environmental compliance and climate risks in operations, and comprehensively enhance the green and low-carbon operational resilience of the entire logistics supply chain.



SF's Intelligent Packaging Algorithm Solution helps the Motorcycle Parts Company Enhance its Green Value

To help the motorcycle parts company solve problems such as low warehouse loading efficiency, severe packaging material waste, and high transportation costs, SF customized an intelligent packaging algorithm system for this company.

The system simulates the packaging process through computer modelling, and uses algorithms to accurately calculate the most suitable box size for each order. Compared to the traditional method of packaging based on employee experience, the digital packaging tool algorithm achieves precise and efficient box selection, improves the loading rate of packaging boxes, and significantly reduces the usage of packaging materials. Meanwhile, the adaptation of box sizes effectively reduces space waste during transportation, improves the efficiency of transportation resource utilization, and also reduces transportation costs. It not only solves the problem of warehouse packaging for customers, but also brings dual improvements in environmental protection and economic benefits.



SF's Intelligent Packaging Algorithm Solution

Building a Green and Low-carbon Logistics Ecosystem, Charting a Global Carbon Neutral Blueprint together

Building a zero-carbon business environment is of paramount importance in turning the grand blueprint of global carbon neutrality into reality. SF attaches great importance to cross-industry exchanges and cooperation, and actively engages in professional exchange and sharing activities, striving to establish long-term and friendly partnerships.

Based on the core value of sustainable development, SF fully leverages its leading advantages and successful practices in the field of green and low-carbon logistics to promote cross-industry collaboration. Through participation in and conduct of continuous green and low-carbon special discussions, mutual empowerment, and the establishment of industry standards, it achieves win-win cooperation while driving the development of the industrial chain towards green and low-carbon directions. SF releases its green influence and joins hands with business partners to build a green and low-carbon logistics ecosystem, contributing to global sustainable development.



SF Joins China ESG Alliance to Contribute to a Green Future

In 2023, SF officially joined the China ESG Alliance (hereinafter referred to as the "the Alliance"), which was jointly established by several well-known enterprises and institutions in the industry. The Alliance integrates professional ESG insights and ecological development resources, creates an innovation-driven communication platform that is supported by digital technology, and hatches green and sustainable solutions to help enterprises enhance their ESG values.

As a member of the Alliance, SF will leverage its leading advantages and successful practices in ESG areas, such as green technology innovation and low-carbon logistics solutions, strengthen cross-industry communication and cooperation, and exert positive influence as a member enterprise. SF, together with other members, strives to drive ESG development on all fronts and leads the green transformation.



China ESG Alliance



SF Conducts Training on Green and Low-Carbon Capability Building

In January 2024, SF conducted training session on green and low-carbon capability building with the theme of "Exploring Value through Carbon, Racing towards the Zero-Carbon future." This training aimed to actively respond to customer demands for a green and low-carbon supply chain, enhance customer loyalty, and consolidate the Company's core competitiveness.

Centered on the requirements for the development of SF's green and low-carbon capabilities, this training session focused on the customer-centric approach, allowing employees to gain more diverse and authentic external perspectives from both the macro-environment and the customer's perspective. At the training, domestic and international brand customers from various industries such as new energy, high-tech, clothing and footwear, consumer goods, and luxury goods were invited to share their green and low-carbon practices and needs. Internal brainstorming sessions were also conducted, which not only deepened the understanding of the significance and value of green and low-carbon capability building but also jointly identified the directions and paths for the company to achieve capability development in the green and low-carbon field.



Exploring Value through Carbon, Racing towards the Zero-Carbon Future
—Training Venue for SF's Green and Low-Carbon Capability Building

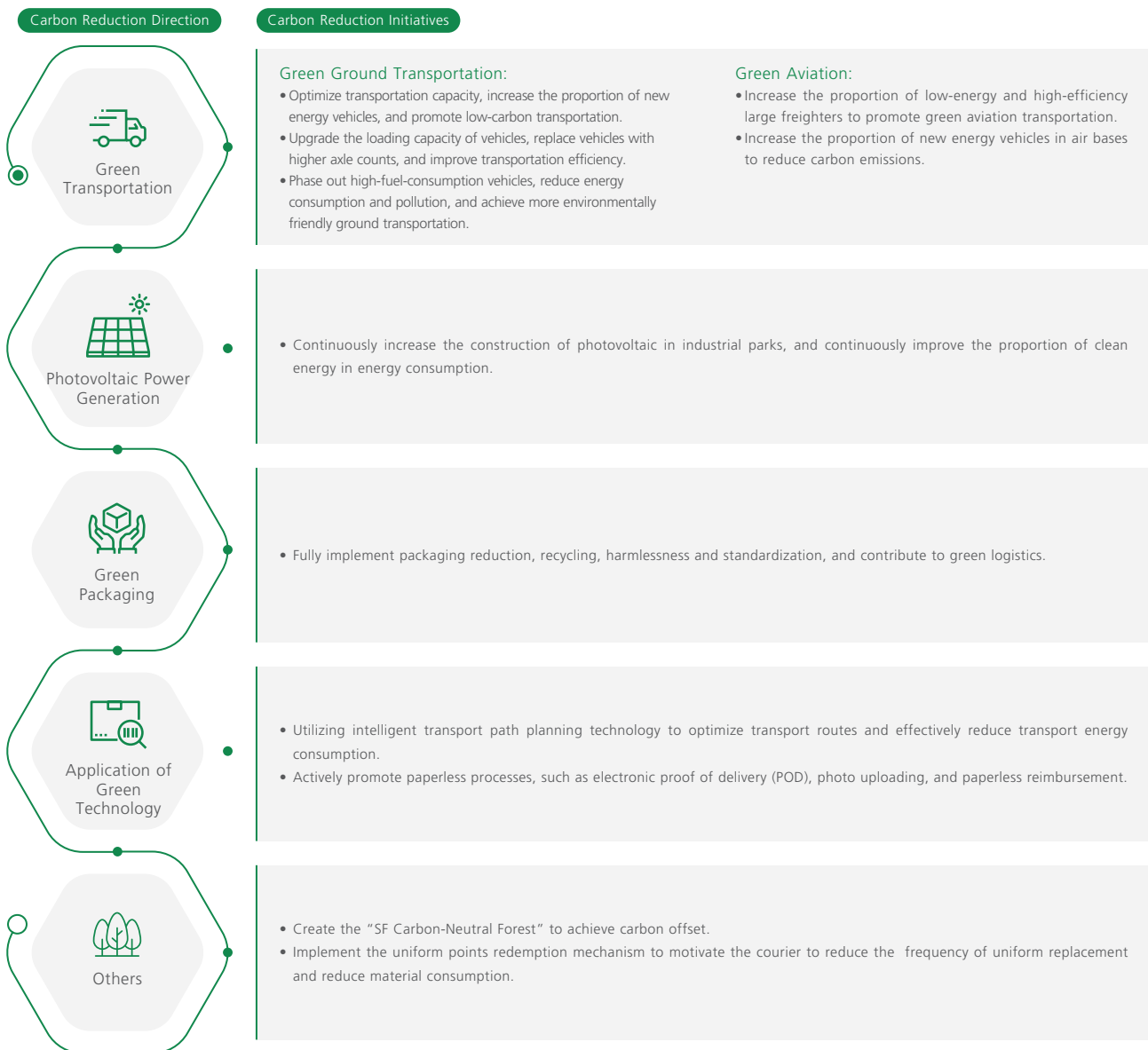
Creating Green Logistics

Aiming to protect the environment, save energy and reduce emissions, SF has continuously improved its environmental management system, realized green management covering the whole life cycle of logistics by promoting low-carbon transportation, building a green industrial park, developing sustainable packaging and applying green technology, etc., and actively created sustainable logistics.

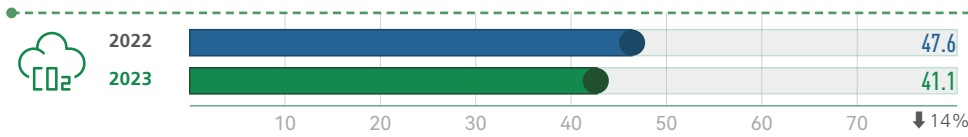
In 2023, SF reduced greenhouse gas emissions by

1,945,917 tCO₂e

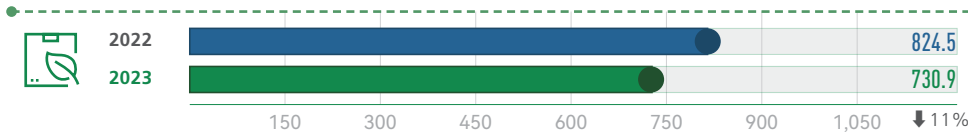
Carbon Reduction Initiatives and Achievements



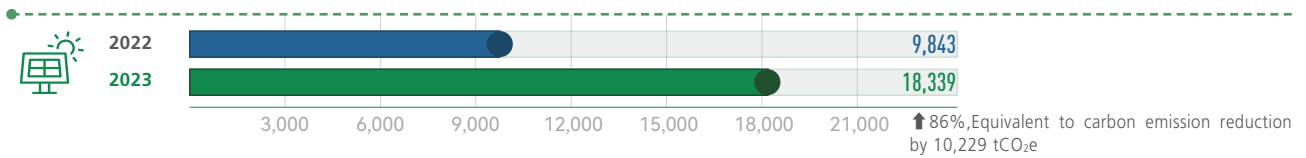
GHG emission intensity (tCO₂e/million revenue)⁶



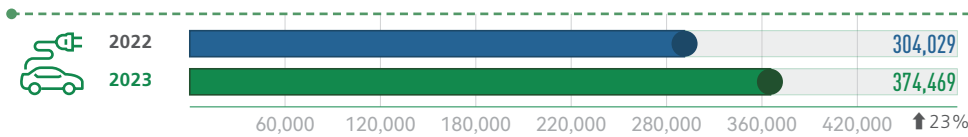
Carbon footprint per parcel (gCO₂e/parcel)



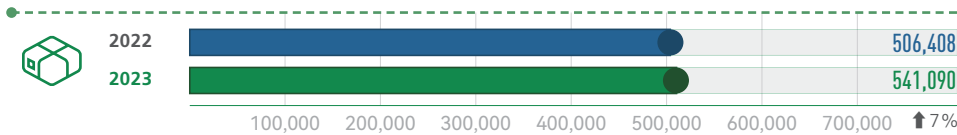
Photovoltaic power generation (MWh)



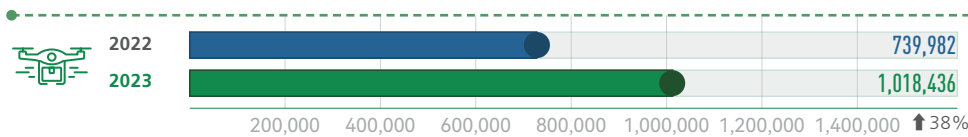
GHG emissions reduced through green transportation (tCO₂e)



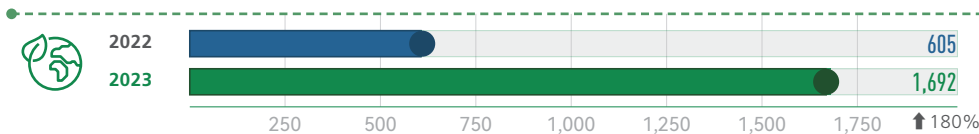
GHG emissions reduced through green packaging (tCO₂e)



GHG emissions reduced through the application of green technologies (tCO₂e)



Emission reduction contributed by other initiatives (tCO₂e) ("SF Forest" included)



⁶ This is the GHG emission intensity data of SF only, excluding Kerry Logistics Network Limited.

Optimizing Environmental Management System

SF has established a sound environmental management system and energy management system, and will continue to facilitate the completion of official environmental and energy management system certifications of each business segment. As of the end of the reporting period, all of the Company's main business segments have passed ISO 14001 environmental management system certification, and SF Airlines has obtained ISO 50001 energy management system certification.

ISO 14001 Environmental Management System	Shenzhen S.F. Taisen Holding (Group) Co., Ltd.
	S.F. Express Co., Ltd.
	S.F. Express Group (Shanghai) Express Co., Ltd.
	Guizhou S.F. Express Co., Ltd.
	Shenzhen SF Freight Co., Ltd.
	GZ SF Pharmaceutical Supply Chain Co., Ltd.
	Fengyi Technology (Shenzhen) Co., Ltd.
	Jiangxi Fengyu Shuntu Technology Co., Ltd.
	Shenzhen SF Comprehensive Logistics Service Co., Ltd.
	SF Multimodal Transportation Co., Ltd.
	Shenzhen SF International Supply Chain Management Co., Ltd.
	Zhejiang Shuangjie Supply Chain Technology Co., Ltd.
	Shanghai Shunxiaofeng Distribution Co. Ltd.
	Wuhan Shunfeng Zhida Logistics Co., Ltd.
	Shenzhen Xingshun Intelligent Supply Chain Co., Ltd.
Shenzhen Fenglang Supply Chain Co., Ltd.	
Shenzhen Chengfeng Business and Enterprise Services Co., Ltd.	
ISO 50001 Energy Management System	
RB/T 104-2013 Energy Management Systems for Transport Industry Enterprises	SF Airlines Co., Ltd.

Promoting Low-carbon Transportation

With green and sustainable development as the core, SF has effectively applied the low-carbon concept to its operation practice, continuously strengthened its environmental management system, and vigorously promoted diversified low-carbon transportation scenarios. SF is committed to realizing green management covering the whole life cycle of logistics, actively building sustainable logistics, laying a solid foundation for building a sustainable logistics system, and realizing the harmonious development of corporate value growth and environmental protection.

Green Ground Transportation

Ground transportation is one of the key carbon emission segments in SF’s logistics operations. the Company focuses on promoting the comprehensive development of green ground transportation. By increasing the investment in new energy logistics vehicles, optimizing the selection of fuel logistics vehicles, establishing an intelligent monitoring platform to track the real-time energy consumption of vehicles, and applying advanced logistics technology to optimize transportation routes, SF strives to reduce air pollution and greenhouse gas emissions in the process of ground transportation.

Optimizing Structure of Transportation Capacity

Optimizing the structure of transportation capacity is one of the crucial measures for achieving green, efficient, and sustainable development in the logistics transportation industry. As the industry leader, SF expanded the green vehicle fleet through multiple approaches such as self-owned and leased, to phase out traditional fuel-powered transport vehicles. In 2023, more than 5,000 additional new-energy powered vehicles were put into operation, covering scenarios such as short-haul feeder routes, feeder and end-of-line collection and delivery within cities, as well as primary and secondary trunk routes across provinces and cities. By the end of the Reporting Period, over 31,000 new energy vehicles have been placed in service, with a service coverage of 243 cities.

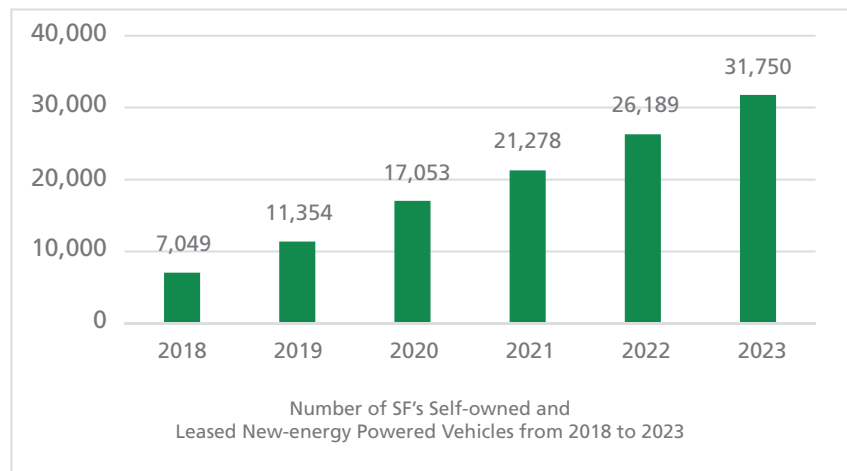


A total of **31,750** new energy vehicles have been placed in service



Service coverage extends to **243** cities

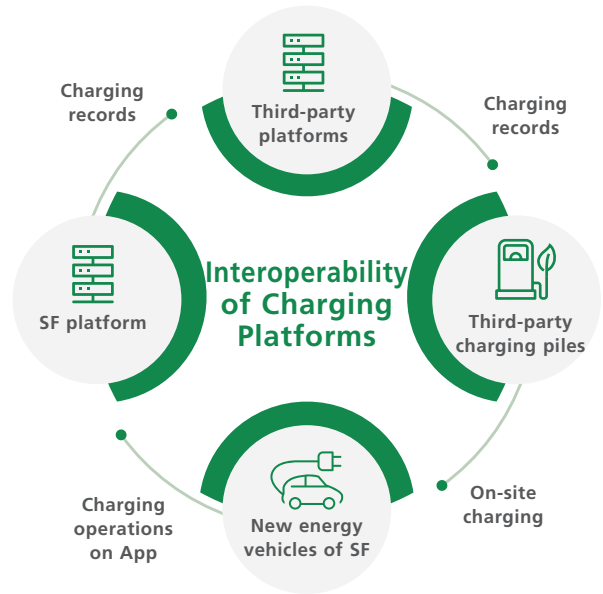
Additionally, SF continues to explore the wider deployment of renewable energy vehicles. After taking into account the maturity of new energy vehicle technology and refueling conditions, as well as the applicability and feasibility in practical operations, the Company has initiated pilot operations of LNG and hydrogen vehicles in certain regions and routes. In 2023, a total of 11 hydrogen-powered light duty trucks had been put into operation in Shanghai and two LNG tractors in Beijing.



Monitoring Energy Consumption Data

In order to accurately assess and manage the energy consumption efficiency of new energy vehicles, SF has introduced a new energy vehicle system management platform to monitor their daily operation data in real time. This platform performs visualized data analysis on factors such as vehicle mileage, driving duration, charging duration, as well as the distribution of usage and charging periods. This enables targeted optimization of energy management strategies for new energy vehicles to improve the efficiency of their operation and energy consumption.

In addition, to further meet the charging demand of new energy vehicles, SF has been developing and optimizing the self-owned charging platform. In 2023, SF integrated internal charging piles resources and actively cooperated with third-party charging piles providers. With the resources from multiple channels, the features of the platform were continuously optimized and updated, expand the interconnectivity of more third-party service providers, and effectively obtain charging energy data for new energy vehicles while providing more convenient and efficient charging services for SF's new energy vehicles.



Replacing Fuel Vehicles

Replacing fuel vehicles in ground transportation scenarios is a crucial part of promoting energy transformation and plays a vital role in reducing air pollutants and greenhouse gas emissions. In 2023, SF continued to optimize and replace traditional fuel vehicles. Methods such as increasing loading capacity, replacing high-axle count vehicles and phasing out vehicles with high energy consumption, were adopted to comprehensively improve the fuel efficiency and to significantly reduce the negative environmental impact of exhaust emissions from fuel vehicles. In 2023, more than 2,000 fuel vehicles were replaced or decommissioned by the Company.

<p>Phase-out of models with insufficient loading capacity</p>	<p>Replacement of high-axle count vehicles</p>	<p>Precisely managing fuel efficiency</p>	<p>Strict implementation of vehicle emission standards</p>
<p>Adopting the strategy of “replacing small vehicles with larger ones”, where vehicle models with insufficient loading capacity are replaced and eliminated, to reduce the frequency of deployments and improve the efficiency of transport. capacity input by increasing loading capacity.</p>	<p>Gradually replacing high-axle count vehicle models with low-axle count ones to reduce unnecessary fuel consumption, as the latter performs better in terms of fuel savings.</p>	<p>For models with high fuel consumption, management approaches such as fuel consumption calibration and speed ratio adjustment are employed to lower fuel consumption Models with failure in improvement are eliminated to ensure an overall improvement in fleet fuel efficiency.</p>	<p>Strictly in accordance with national and local requirements, implement the “National Stage VI Motor Vehicle Pollutant Emission” vehicle emission standards, and take the initiative to dispose of fuel vehicles with substandard emissions.</p>

Controlling Vehicle Fuel Consumption

To effectively control the fuel consumption of transport vehicles, SF adopted a two-pronged approach of empowering management and implementing measures to strengthen control over and further reduce fuel consumption of the fuel vehicle fleet. From the perspective of management measures, SF has formulated the Lump-sum Oil Consumption Plan for Commercial Vehicles. The plan determines the scientific fuel consumption standards in light of different business scenarios, sets fuel consumption targets, and specifies fuel consumption reward and punishment rules, in order to achieve efficient use of fuel and effective control over transportation costs.

To ensure the effective implementation of fuel consumption management measures, SF irregularly rectifies instances of abnormally high fuel consumption in vehicles. By launching and optimizing the intelligent fuel consumption management platform, we also conduct precise and comprehensive management from aspects including monitoring energy consumption in real time and overseeing the driving behaviors. In addition, SF regularly carries out training related to fuel consumption control and energy saving and emission reduction for drivers, launched a course on fuel consumption control for self-owned vehicles, and carried out special training on fuel consumption control for the actual situation in different regions in order to raise awareness of fuel conservation amongst drivers.

Optimizing Transportation Routes

In the ground transportation, SF provides optimal paths through intelligent algorithms, in combination with factors such as express delivery timeliness and distance. During transportation, SF has pre-transit planning alerts, in-transit automated alerts and interventions, as well as post-transit tidal analysis and time-out handling. These measures enable the early identification of congested road stretches and comprehensive optimization of transportation routes, ensuring improvement of transportation timeliness. SF also deploys data analysis and deep learning technology to accurately match freight routes and capacity resources to ensure the best combination of vehicles and goods, thus significantly improving overall transportation efficiency.

Green Aviation

SF Airlines actively implements the concept of “double control” (i.e. controlling the total amount and intensity of energy consumption) and steadily promotes the construction of green aviation. By establishing the energy management structure of SF Airlines, continuously optimizing the energy management system, and promoting the energy saving and emission reduction efforts of the air transport module, SF Airlines has penetrated energy conservation and carbon reduction into every aspect of flight operations.



Driving behavior modelling

Supported by the Company’s data technology, we established a driving behavior database, which includes idling speed, over speed and many other factors, achieving a breakthrough in developing a fuel consumption management tool from scratch.



Analysis tools for energy consumption

We made in-depth analysis on factors including routes, vehicle models, axle count and emission standards, providing strong support for optimizing fuel consumption control.



Management and training empowerment

In the Company’s internal regular meetings, exemplary management methods related to vehicle replacement, job rotation, and parking are shared to constantly improve fuel consumption control measures. In some key regions, supportive measures for fuel consumption management have been implemented, successfully reducing fuel consumption by 1% to 5%.

Energy Management Taskforce

- Conduct statistical analysis on aviation kerosene, gasoline, diesel, 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.

Energy Conservation and Emission Reduction Leading Group and Management Committee

- Guide the work of the Energy Management Taskforce;
- Review and assess the work plans and measures proposed by the Energy Management Taskforce.

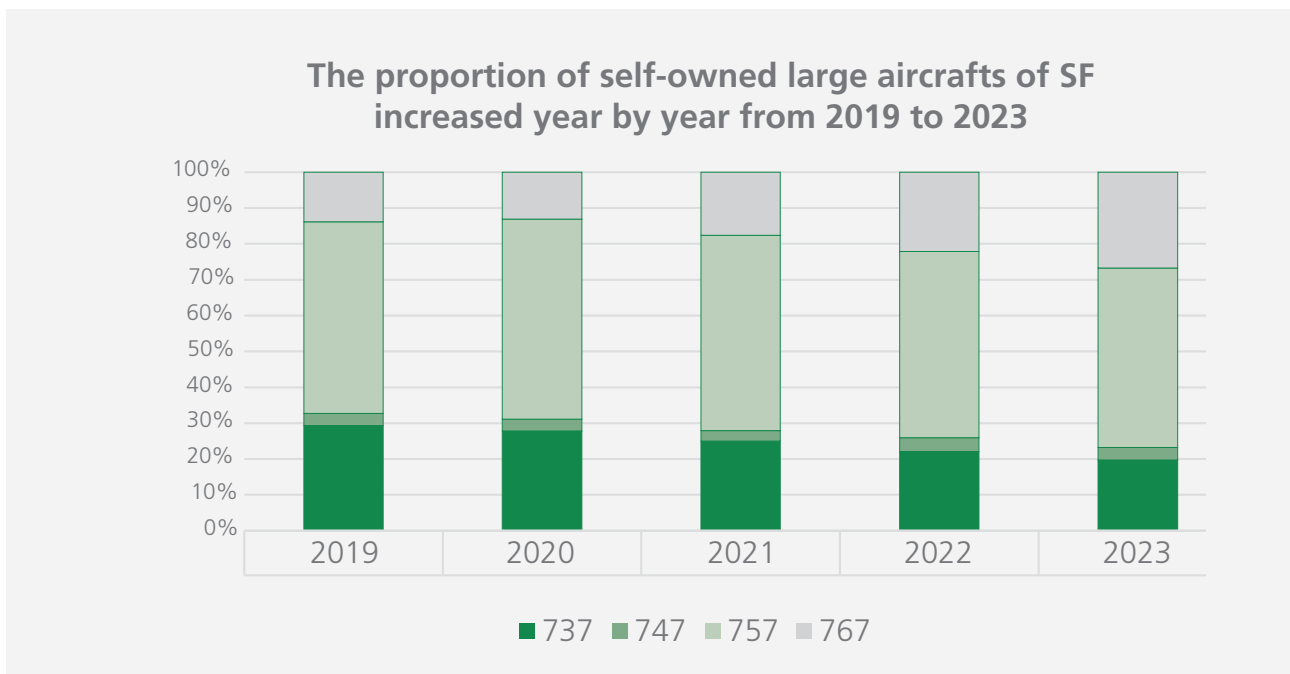
SF’s Airlines Energy Management Structure

Furthermore, in order to ensure the authenticity and reliability of carbon emission data and meet the carbon emission monitoring requirements of regulatory authorities, SF Airlines invites a third-party verification agency to verify GHS emission data annually and issue a verification report accordingly. In 2023, SF Airlines passed the annual carbon emission verification of the Ministry of Ecology and Environment and also completed the annual ISO 50001 Energy Management System certification. Additionally, the Company has actively carried out environmental internal audits and prepared the SF Airlines Energy Conservation Self-Inspection Report, fully showcasing SF's efforts and achievements in energy conservation and emission reduction in aviation transportation.

In 2023, SF Airlines continued to prioritize low energy consumption and sustainable operations as its core objectives. By optimizing the mix of aircraft models, applying fuel-saving technologies, managing aviation fuel, optimizing ground fleets, and other means, the company actively explored and practiced green aviation, improved energy and fuel utilization efficiency, reduced emissions of greenhouse gases and other pollutants, and minimized the environmental impact of its business operations.

Optimizing the aircraft model mix

SF is committed to building a low-energy, high-efficiency "green fleet" and actively introducing large cargo aircraft such as the 747 and 767, while gradually increasing the proportion of wide-body cargo aircraft. Compared to the traditional 737 models, the newly introduced large cargo aircraft exhibit higher carbon emission efficiency and lower fuel consumption per ton of payload under full load conditions. As of the end of 2023, SF had a total of 86 owned cargo aircraft.



Applying fuel-saving technology

SF Airlines continues to explore and optimize fuel-saving technologies in the aviation transportation sector, actively applying a series of innovative fuel-saving measures, including optimizing flight altitude levels, refining payload management, dynamic allocation of aircraft models based on payload forecast, redispach⁷, straight route selection and APU shutdown to reduce fuel consumption.

International Routes Redispach

Under the premise of ensuring flight safety, SF Airlines can precisely reduce the amount of fuel for take-off by implementing a redispach strategy on international routes, thereby increasing the business payload of the flight. In 2023, SF Airlines saved about **3,292** tons of aviation fuel and reduced carbon dioxide emissions by **9,981 tCO₂e** through redispach.

Straight Route Selection

Route optimization allows the reduction of unnecessary detours and turns. This shortens the flight distance and reduces fuel consumption. In 2023, SF Airlines saved about **1,183** tons of aviation fuel and reduced carbon dioxide emissions by approximately **3,587 tCO₂e** through straight route selection.

⁷ Under the premise of ensuring the safe and normal operation of flights, SF Airlines rationally utilizes international route fuel policies and implements redispach strategies for flights to reduce aircraft refueling and lower fuel consumption.

Aviation fuel management monitoring system

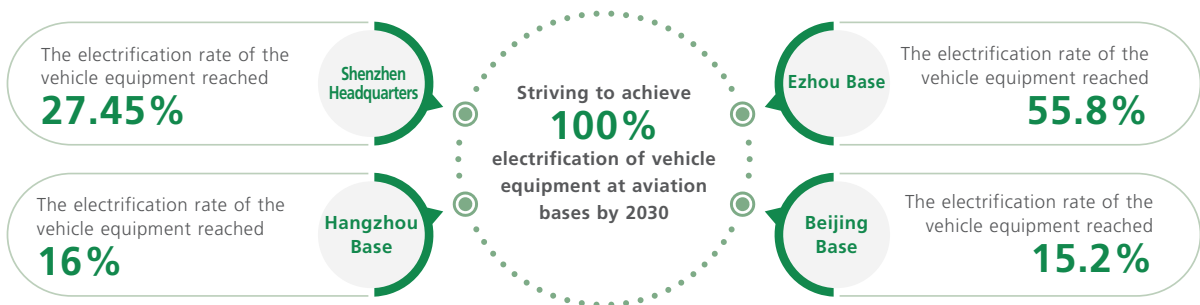
SF Airlines continues to improve its online fuel management system. By setting scientific oil-saving procedures, SF Airlines monitors and manages the fuel consumption of each flight in real time so as to improve fuel efficiency. After four years of development efforts and continuous updates, a variety of fuel-saving indicators including straight route selection, redispach and others have been fully integrated into the fuel management system, realizing the tracking and monitoring of fuel data throughout the whole process.

Upgrading fuel-saving incentives

To encourage pilots and dispatchers to actively adopt energy-saving and emission-reduction measures while ensuring safety, SF Airlines has established a flight landing fuel residual assessment system. SF Airlines has developed an evaluation system for pilots and dispatchers’ landing fuel residual indicators in the fuel management system. Quarterly statistics and analysis are conducted on the fuel savings and ranking data of pilots and dispatchers, and rewards are issued to those who excel in controlling landing fuel residuals. This approach aims to more accurately measure and incentivize energy-saving performance, achieving the desired effects of energy conservation and emission reduction.

Optimizing ground fleet

To fulfill the objective of “striving to achieve 100% electrification of vehicle equipment at aviation bases by 2030”, SF is progressively replacing diesel and gasoline vehicles and equipment at airfield bases with new energy vehicles. This initiative includes the deployment of special-purpose new energy vehicles such as conveyor-belt loaders, lifting platform vehicles, and tractors, thereby advancing the electrification of vehicles at aviation bases. In 2023, SF continued its efforts to acquire new energy vehicles at various aviation bases to further increase the electrification rate of its vehicle equipment.



The progress of vehicle electrification at various aviation bases in 2023

Strict prevention and control of pollution

SF Airlines is committed to implementing strict pollutant emission control in air transportation business scenarios. For waste fuel generated during aircraft maintenance, SF Airlines has formulated and implemented internal operational management standards, clarifying the disposal requirements for various fuels, such as waste fuel, hydraulic oil, and lubricating oil. In terms of noise control, SF Airlines has implemented various noise abatement measures and has optimized departure procedures and cargo aircraft departure strategies. Additionally, SF Airlines actively engages in regular airfield noise monitoring, which further enhances the efforts to mitigate the impact of aircraft noise on the surrounding environment.

Building Green Industrial Parks

SF is actively building green and low-carbon industrial parks, promoting green operations in various aspects such as planning and design, warehouse construction, and operational management, based on green infrastructure construction and carbon reduction technological innovation. Through various measures such as installing rooftop photovoltaics, introducing intelligent water and electricity management, and optimizing warehouse space layout, SF comprehensively improves the efficiency and energy-saving benefits of the transfer process, reducing the environmental impact of the transfer process. that are environment-friendly, energy-efficient, and operate with a green ethos. In 2023, SF's industrial parks in Changsha and Foshan obtained the "Class I Green Warehouse" certification by the China Warehousing and Distribution Association (CWDA), while the Guizhou industrial park received the "Green Logistics Park" certification issued by the Guizhou Federation of Logistics and Purchasing.



Green Warehouse Certification (Changsha)



Green Warehouse Certification (Foshan)



Provincial Green Logistics Park Certification (Guizhou)

By integrating institutional regulations and digital empowerment, the Company is continuously improving its environmental management capabilities, focusing on aspects such as operational efficiency improvement, intelligent energy management, and installation of energy-saving equipment.

Operational efficiency improvement

In order to improve the operation and management efficiency of the park, SF has built a property management system that integrates key property modules such as environmental greening, security and fire management, and maintenance and inspection of facilities and equipment, which has covered all the parks in operation and ensures that the parks operate efficiently and safely as a whole.

Installation of energy-saving equipment

SF continues to carry out the installation of new energy charging piles to meet the green travel needs of customers in the parks. By the end of the reporting period, 30 industrial parks had completed the construction of new energy charging piles, with a total of more than 280 charging devices installed and more than 500 charging spaces provided.

Intelligent energy management

SF has established the *Energy Consumption Management System* for Industrial Parks and installed intelligent water and electricity systems to standardize the management of public energy consumption in various parks, effectively improving the efficiency of resource utilization in the parks. As of the end of 2023, the intelligent water and electricity systems for industrial parks have been installed and operated in five parks. Compared to 2022, the water and electricity consumption in the public areas of the operational parks has decreased by 8.9% and 12%, respectively.

In addition, SF actively promotes the construction of permeable concrete technology and carries out rainwater collection work within the parks. The recovered rainwater is recycled and reused as greening water, effectively improving the utilization rate of water resources and saving water usage, and plays a good demonstration role in protecting the ecological environment.

SF continuously increases the proportion of clean energy usage, actively plans for renewable energy generation projects, and advances the construction progress of photovoltaic projects in industrial parks. In 2023, SF established the *Industrial Park PV Project Management Implementation System*, clarifying the full-process management standards for photovoltaic projects from site selection to operation, including supplier access standards, photovoltaic project investment and construction standards, equipment and material quality standards, management standards during construction, and subsequent operational management requirements.

Progress and Future Plans for PV Projects in Industrial Parks

As of the end of 2023, SF had successfully promoted the construction of 26 industrial park PV projects, of which 14 industrial park PV projects have been put into operation, with a cumulative installed capacity of 64 MW, and an annual clean energy generation of 18.39 million kWh.

SF will continue to promote the investment and construction of PV projects in its industrial parks, with the aim of fully completing the construction and putting them into operation by the end of 2025. By then, the total installed capacity of photovoltaic equipment in the parks will reach 140MW, and the annual power generation is expected to exceed 100 million kWh.



Sustainable Packaging R&D

SF actively responds to the trend of green packaging, firmly implements the guidance of the “9917” Program for green development in the postal industry, and continuously increases investment in the research and development of sustainable packaging materials, striving to make breakthroughs in green packaging technology, models, and application innovation. Guided by sustainability and intelligence, SF comprehensively promotes the reduction, recycling, harmlessness, and standardization of packaging, contributing to green logistics. At the same time, SF is committed to deepening the fine management of sustainable packaging and closely collaborating with upstream and downstream partners in the industry chain to jointly promote the development of green packaging.

Packaging Reduction

To tackle the issue of excessive packaging in express delivery at its root, SF proactively drives innovation in packaging technology and curtails packaging usage from a front-end reduction perspective, aiming to realize green packaging governance. At the management level, SF enhances the implementation of the *Packaging Operation Code of SF*, conducts special campaigns on excessive packaging, and offers detailed operational guidelines for packaging various items to ensure the enforcement of green packaging standards. At the same time, the Company continues to enhance the SF Intelligent Packaging Service Platform, leveraging this platform to continually refine packaging solutions. The platform utilizes multimedia tools like videos and images to offer couriers training in packaging techniques, instructing them on how to pack various items in a rational manner and prevent excessive packaging.

In 2023, SF continued to center its efforts on the “Fengjing Plan”, innovating in R&D for the reduction, standardization, and contextualization of eight major material categories, including plastic bags, tape, stickers, and seals. By employing lightweight and reduction-oriented designs, the Company decreased the consumption of plastics. Through packaging reduction measures, SF has cumulatively reduced the use of base paper by approximately 43,000 tons and plastic by approximately 162,000 tons in 2023, resulting in a total reduction of carbon emissions of approximately 164,000 tons.



Pursuing Packaging Reduction Without Quality Degradation: Lightweight Document Waterproof Bags Replace Traditional Plastic Bags

During the rainy season, to shield documents and tickets from rain damage, couriers frequently place an extra standard plastic bag over the document envelope, this extra usage accounting for about 4.5% of the overall use of document envelopes. In order to reduce the consumption of materials in this scenario, SF has introduced a specialized waterproof bag for documents as an alternative, which reduces the thickness by 40%, simplifies the manufacturing process, optimizes from three-layer co-extruded film to a single-layer co-extruded film, and avoids the need for printing to be more environmentally friendly.

In 2023, SF’s entire network applied for the use of these lightweight document-specific waterproof bags approximately 2.55 million. This move led to a decrease in plastic consumption of around 19 tons and a reduction in carbon emissions of approximately 67 tons.



SF Lightweight Document Waterproof Bag

Recyclable Packaging

Based on different business scenarios, SF continuously explores and develops recyclable packaging containers that are suitable for various scenarios and possess comprehensive functionalities. This enables the standardization of container and carrier applications, successfully reducing product damage rates, shortening operation times, and effectively cutting operational costs. In 2023, SF actively pushed forward the innovative research and development of recyclable packaging containers, developing a series of packaging suitable for 19 different scenarios. This not only enhances the efficiency of the company’s internal operational infrastructure but also provides customers with superior and convenient recycling packaging solutions.

SF has widely used recycled woven bags to replace disposable woven bags in transit. By considering the demand for bags in different regions and allocating the bags based on their existing usage, the Company ensures the effective recycling of woven bags. As of the end of the reporting period, the average number of times each recycled bag has been used has exceeded 24 times. In 2023, the Company invested an additional 23 million recycled bags to further promote the recycling of recycled bags.



SF Recyclable Woven Bag

Additionally, SF has developed and implemented recyclable packaging solutions including medical precision temperature-controlled boxes, cold chain EPP recyclable insulated boxes, and standard recyclable pallet boxes for large items, all tailored to meet the diverse requirements of customers across various industries and scenarios for circular packaging. In 2023, SF's recyclable packaging initiatives contributed to a total carbon emission reduction of approximately 377,000 tons.

Pharmaceutical Transportation Scenarios – Pharmaceutical Temperature-controlled Recyclable Box

This box uses a design for recyclable temperature-controlled packaging, effectively replacing disposable foam boxes. Through ongoing improvements and optimizations of materials, the number of times packaging boxes can be reused has been significantly increased. Compared to traditional foam boxes, each use of a pharmaceutical temperature-controlled recyclable box can reduce carbon emissions by 207g.



Cold Chain Transportation Scenarios – Cold Chain EPP Recyclable Insulated Box

Compared to traditional white foam boxes, the EPP recyclable insulated box is lightweight, pressure-resistant, non-toxic, and environmentally friendly, providing a safer and more eco-friendly solution for cold chain logistics. In 2023, SF piloted about 4,000 recyclable insulated box in cold chain transportation scenarios, accumulating more than 20,000 times of recycling and reducing carbon emissions by about 5 tons.



Bulk Transportation Scenarios

- **Recyclable Pallet Box:** made of PP/PE materials (100% recyclable), they exhibit strong compressive and impact resistance. The absence of nails reduces the risk of workplace injuries and effectively decreases the dependence on traditional wooden frames, wooden boxes, and wooden pallets for large and irregular industrial items. As of the end of the reporting period, over 30,000 recyclable pallet boxes have been deployed, with a cumulative reuse rate exceeding 170,000 times;
- **Recyclable Honeycomb Panels:** primarily made of PP material (about 97% recyclable), they exhibit strong impact resistance and can be used as a substitute for air cushions or honeycomb cardboard in television protection. As of the end of the reporting period, approximately 11,000 reusable honeycomb panels have been deployed, with a cumulative reuse rate exceeding 54,000 times.



“π-Box” Recyclable Box

The π-Box carbon-neutral recyclable box is a reusable outer packaging box independently developed by SF. It is made of environmentally friendly PP material that is harmless to humans and the environment, with 97% of the box being recyclable. It eliminates the need for consumable materials such as adhesive tape and zippers. As of the end of December 2023, over 1.29 million π-Box recyclable packaging boxes have been deployed, covering 119 cities, with a cumulative reuse rate exceeding 20.64 million times.



Bio-degradable Packaging

SF has actively carried out research and development work on biodegradable packaging materials, collaborating with external research institutions and universities in a series of cooperative studies to continuously expand and deepen its knowledge reserve in the field of cutting-edge biodegradable packaging technology. As of the end of 2023, SF has cumulatively deployed hundreds of millions of biodegradable packaging “Feng Bag” in regions including Beijing, Hainan, Guangzhou, and northern Zhejiang.

Meanwhile, SF has also conducted pilot projects for various types of biodegradable packaging materials to further verify the feasibility of biodegradable packaging materials in practical applications. In 2023, SF completed the development and pilot testing of fully biodegradable woven bags.

Green Packaging Standards

Empowering the green transformation of express packaging, setting industry standards for green packaging, and thoroughly refining the green packaging system across the industry chain are of vital importance. As an industry leader, SF actively engages in the development of national and industry standards concerning express packaging. In 2023, SF took the lead in drafting the national standard *Requirements of Restricting Excessive Package in the Express* and played a pivotal role in the creation of several industry standards, including the *Technical and Management Specifications for Green Packaging in E-commerce*.

Setting the Industry Standards: SF's packaging laboratory was honored with the 2022 China Standards Innovation and Contribution Award

In 2023, SF's packaging laboratory, in partnership with several institutions, contributed to the formulation of the national standard GB/T 37422 – 2019 *Method and Criteria for Green Packaging Assessment* which was awarded the Second Prize of 2022 China Standards Innovation Contribution Award. This standard adopts a “whole lifecycle” approach to packaging, encompassing aspects such as design, production, usage, and recycling. It establishes a comprehensive, practical, and broadly applicable green packaging evaluation index system, addressing a void in green evaluation standards within China's packaging industry.

China Standards Innovation and Contribution Award, as the highest honor in the field of standardization in China, aiming to recognize organizations and individuals who have made outstanding contributions to standardization activities. SF's packaging laboratory received this award signifies that its work in green packaging standardization has reached a leading position in China.



SF's packaging laboratory obtained the China Standards Innovation and Contribution Award

SF not only actively supports the development of green packaging standards but also enhances the inspection of packaging materials for logistics, the safety validation and assessment of packaging solutions, and the innovative research into packaging standards by establishing a packaging laboratory testing center. SF's packaging laboratory testing center boasts comprehensive testing capabilities, encompassing 45 packaging categories, more than 140 testing standards, and the capacity to test 400 items. With these efforts, SF has successfully earned the designation of Green Packaging Technology Research and Development Center in the postal industry, it is one of the first to do so within the industry. Additionally, the Company has obtained ISTA certification (International Safe Transit Association) and CNAS (China National Accreditation Service for Conformity Assessment) certification, offering robust support for the green transformation of the industry.

In 2023, SF's packaging laboratory once again passed the review and expansion of CNAS accreditation, and its CNAS-accredited testing capabilities were increased from 22 to 66 items. Additionally, the laboratory conducted a comparison of testing capabilities with nine external third-party testing institutions, with consistent results, fully validating the consistency and reliability of SF packaging laboratory's testing methods compared to external testing institutions.



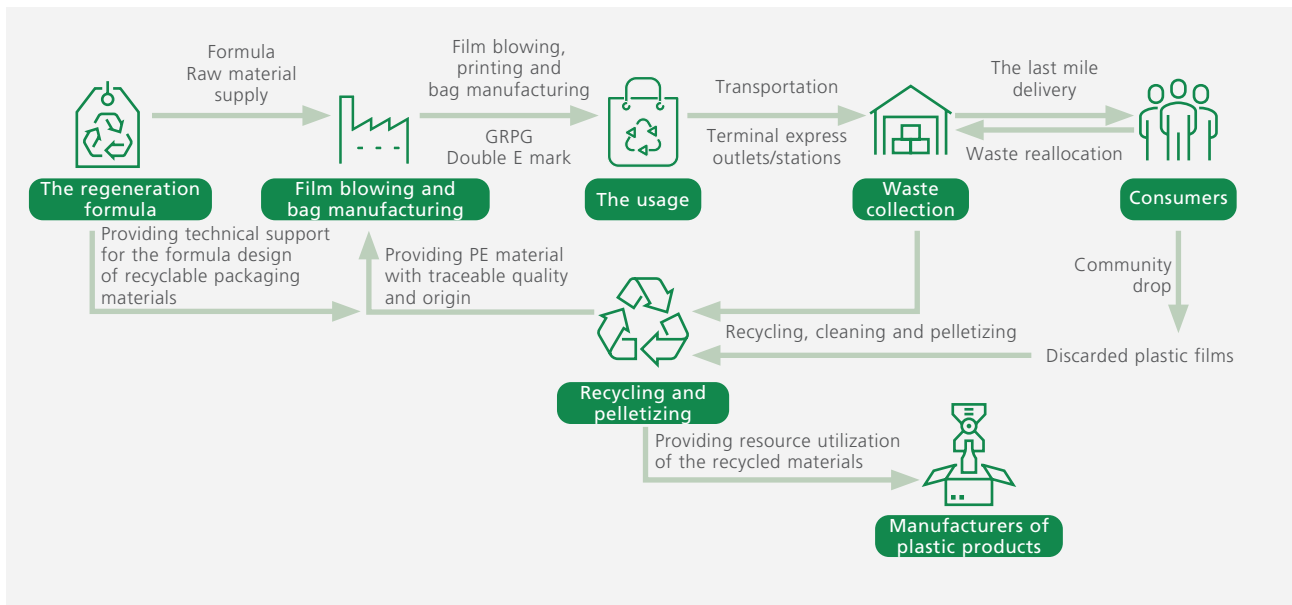
CNAS Certificate

Promoting Circular Economy

SF is committed to collaborating with the upstream and downstream sectors of the industry chain to establish a recycled packaging system, and is committed to raising the public awareness of environmental protection, in order to promote the development of the recycling economy, to build and share a “zero waste city”, and to contribute to the realization of a green and sustainable future.

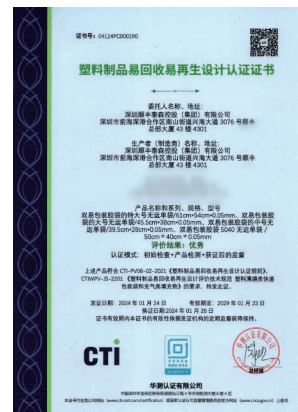
Recycling Express Packages

Promoting the recycling of express packages is one key measures of SF to realize sustainable logistics and the “zero-waste city”. The Group is actively engaged in building a circular ecosystem for express packages, integrating internal and external resources to promote the verification and practice of a closed-loop chain from developing industry standards, conducting technological research, to the realization of express packages recycling We also optimizes the use of plastic recycling approaches, and works with upstream and downstream enterprises to explore a new model of reasonable reuse of recycled plastics, in order to lay a solid foundation for building a complete system of “plastic packaging design – production – consumption – recycling -regeneration – High-value application”.



Express Easy Recycling, Easy Regenerating Recycling System

In 2023, SF continued to improve the closed-loop model of recycling and regeneration of express bags, and completed the technological innovation and implementation of “Double Easy” (easy to recycle, easy to regenerate) bags through close linkage with internal business lines and in-depth cooperation with upstream and downstream enterprises. In the field of front-end technology research, SF has completed the research and development of the regeneration formula and products of “Double Easy” plastic bags, adding up to 30% of regeneration resin (PCR) while maintaining excellent mechanical properties, in line with the requirements of the national standard for courier bags, and realising the value of a single material that is easy to recycle. It has won the certificate of excellent rating of “Plastic Products Easy Recycling Design Certification” issued by a third-party authoritative organisation, which fully demonstrates the company’s leading ability in building an innovative circular economy model.



Plastic Products Easy Recycling Design Certification

The first industry-wide closed-loop recycling pilot project for plastic packaging waste was officially launched in Shanghai in 2023. With efforts from the up and down stream industrial partners, the project aims to collect and pelletize discarded courier wastes and manufactures high-performance products through technological innovation. We facilitated a closed-loop recycling system, breaking away from the traditional linear mode of “production – usage – disposal” to establish a circular business model from courier bags to courier bags, and minimize the environmental impact of express wastes.

User end: over **880,000** Double E bags have been dispensed in Shanghai. In 2024, the Group anticipates expanding the application in seven major regions, reducing carbon emissions by approximately 1,000 tons per year compared to conventional polyethylene (PE) bags. This will reduce carbon emissions by approximately **1,000** tons per year compared to conventional PE bags.



SF's Double E Courier Bags

Recycling end: the terminal recycling points in Shanghai have increased to 35 this year, covering various places such as schools and service stations. SF puts up posters at various recycling points to disseminate the concept of “zero waste”. As of the end of the reporting period, the total amount of recycling reached over **1.1** tons. SF plans to increase the terminal recycling points by **30%**, and strives to amplify the total amount of recycling by more than **40%**.



The Recycling Point



The Recycling Poster

Promoting Public Environmental Awareness

SF is committed to improving the public consciousness and awareness of environmental protection by varied means. By doing so, we aim to inspire the public to actively engage in environmental actions and jointly promote sustainable development and build a Zero Carbon Future.

"Go Green Together" – Exploring a Green and Sustainable Future

SF continues to carry out the "Go Green Together" program, aiming to encourage public participation in the reuse of idle express cartons through DIY transformations.

2023 is the fourth year of this program. SF used express cartons as vases for green plants and called on everyone to do so. We also connect with "plant recycling in the community" organisations to create offline flash activity called "planting garden", attracting people to experience cardboard box planting, and convey the environmental protection concept of the plan.

SF also cooperated with an international maternal and baby brand to launch a themed parent-child activity called "Green 'Box' Companionship for Baby's Growth". The host prepared planting cartons designed by SF and the maternal and baby brand, and encouraged everyone to transform cartons into vases through DIY, which promotes the concept of recycling and transforming waste into treasures to children.



The DIY Planting Carton

Building a green carbon energy platform to promote a new model of sustainable consumption

SF keeps developing a green energy platform to promote carbon reduction among consumers. With this platform, SF encourages sustainable consumption by establishing a holistic closed loop of "promoting low-carbon services – using low-carbon services – rewarding green energy – redeeming points". To motivate more consumers to choose low-carbon services, SF explores various scenarios of low-carbon services, including circular package, SF Rush, electronic proof of delivery, photo uploading, EPP temperature control boxes and the special urgent delivery services. Consumers will be rewarded with "green energy" that can be further redeemed for gifts and vouchers after selecting and adopting these low-carbon services. By doing so, we improve the satisfaction of consumers toward services of SF green logistics, and foster a collaborative effort with users to create a low-carbon lifestyle.



SF Green Carbon Energy Platform for Carbon Reduction

SF Launched the Public Welfare Video – "Zero Carbon Future" to Motivate Individuals to Take Small Steps towards Reducing Their Carbon Footprint

To better disseminate the concept of zero carbon to the public, employees and business partners, SF filmed its public welfare video – "Zero Carbon Future". The advertisement has been released both internally and publicly, with a current total online view counts surpassing 10,000. On December 5, 2023, the International Volunteer Day, SF held the premiere of the SF public welfare advertisement with a theme on forest conservation - "Zero Carbon Future" - in Nanshan district, Shenzhen. Avid tree planters shared their experiences with approximately 100 participants in this event. Consequently, we arose awareness of employees and volunteers about environmental protection, evoked profound reflection on environmental protection and inspired them to take small actions to reduce carbon emissions.



The Premiere of The Public Welfare Video – "Zero Carbon Future"

Protecting the Environment

SF shoulders the responsibility of protecting environment, and exercises various environmental protection initiatives to minimize the influence of its operation on the environment and biodiversity. This commitment aims to conserve natural resources and make the world a better place.

SF Forest

To realize carbon reduction goals and promote sustainable development, SF continues to implement its carbon-neutral program – the SF Forest – Carbon Neutral Project (the SF Forest in short). We fulfil our commitment to protect the environment by real actions. Based on the online app “SF Forest” and the carbon-neutral woods, the program advocates the “zero carbon” concept to the volunteers, employees and clients to encourage active participation through multiple channels including the public welfare advertisement.

The Carbon-Neutral Forest

With scientific planning and meticulous implementation, the SF Forest program effectively offsets the GHG emissions while protecting biodiversity and maintaining the stability of the ecosystem. With these efforts, SF contributes to creating a healthy and resilient ecological environment. Since 2019, the program has been engaged in multiple strategic cooperations with the China Green Carbon Foundation concerning climate change and ecological protection and restoration. During the year, SF actively promoted ecological conservation by implementing the forest plantation programs in Laiyuan, Hebei Province and Seda, Sichuan Province.

As of the end of 2023, SF together with its enterprises and employees, had planted carbon-neutral forest spanning over **823.5** acres with a cumulative total of more than **600,000** trees, which will absorb estimated over **110,000** tons of carbon dioxide in the atmosphere during their future growth. thus making a positive contribution to the mitigation of global warming.

In 2023, the SF Forest was listed in the “China Public Welfare Brand Project List” by Southern Weekend.

SF Forest in Seda, Sichuan

In July 2023, SF launched “SF carbon-neutral forest in Seda, Sichuan”. We ensured the health of plants and the ecological benefits at maximum by selecting plants adaptive for local climate and following scientific planting and maintaining methods. SF planted 514,530 spruce trees in the Dema village of Ranchong town in Seda county, Sichuan Province this year, covering 741 acres. Additionally, SF cares the local community, and ensures residents’ basic living by provide regular provisions of subsistence to the woods rangers, children and the elderly.



SF Carbon-Neutral Forest Planting

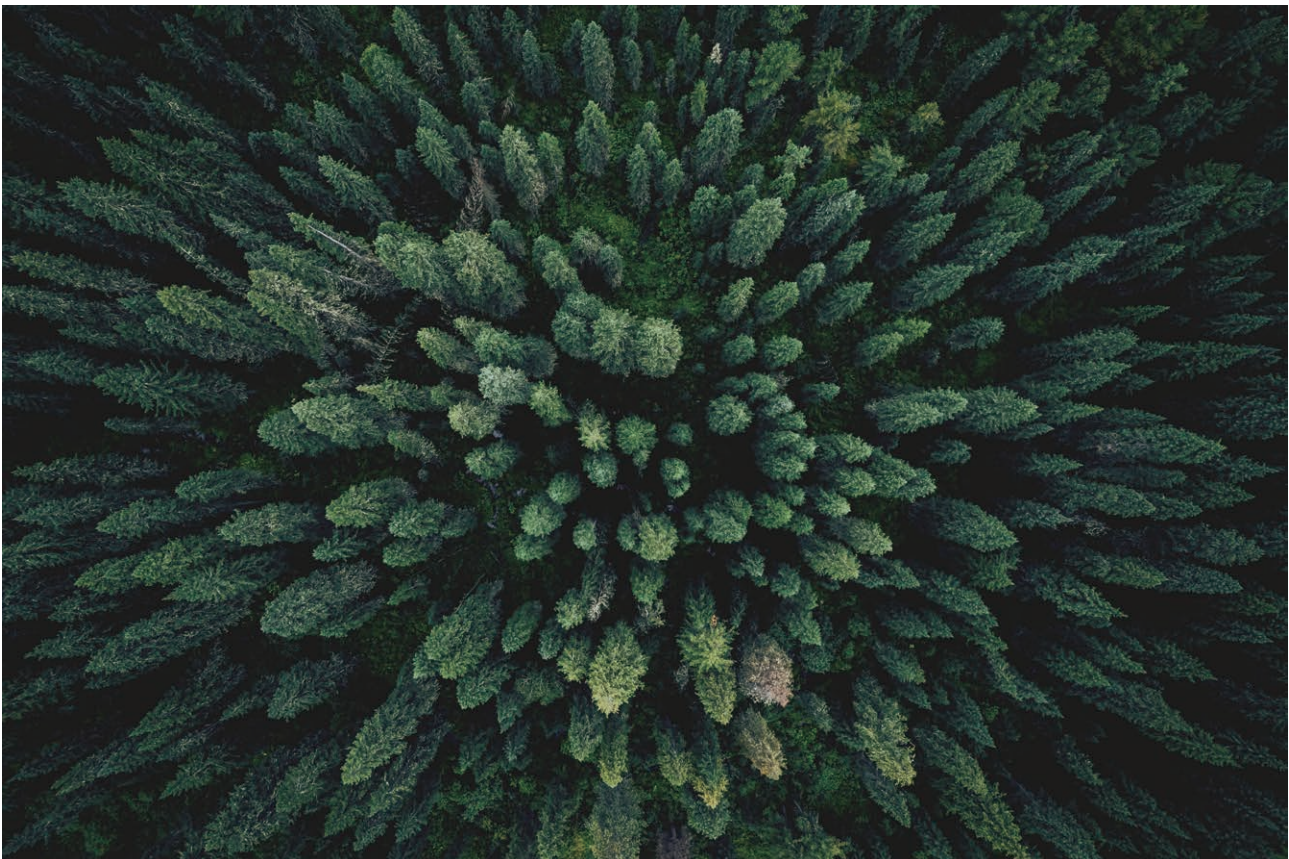
Online App – The SF Forest

As a champion for the green and environmentally friendly concept, SF encourages voluntary in low-carbon activities and provides diversified approaches to public welfare. SF integrates IT with green philosophy by developing an online app called “the SF Forest”, bringing users a brand-new interactive experience. The users can easily acquire information such as the planting and growth of forests and the fruit of the environmental protection through “the online tree planting”. The app also features a variety of interactive functions, such as measuring carbon emissions, adopting and raising saplings, etc., and motivates users to participate through a task reward mechanism.

As of the end of 2023, the app had attracted more than **80,000** individual users. Together, they adopted over **70,000** trees and made over RMB **500,000** of donations. In 2023, a total of **37,837** tree saplings were adopted, an increase of **85%** compared to 2022. Saplings were planted in the field after maturing, contributing to a greener Earth.



The SH Forest Online APP



Green Office

SF has established internal systems such as “Office Space Management Measures” and “Water and Electricity Management Measures” to actively integrate green development into daily operation with an emphasis on the scientific and reasonable use of resources and emissions and at the same time, encouraging its employees to practice low-carbon behaviours, and continuously improving their awareness of environmental protection, so as to jointly create a green and environmentally friendly office environment and build a resource and energy-saving enterprise.

Energy Management

Energy management is an essential issue of the sustainable development of a company. To build a green and low-carbon environment, SF actively pushes forward a series of energy management measures.

Energy-Saving Renovation	<ul style="list-style-type: none"> For energy saving, SF has replaced some of streetlamps into solar-powered ones, and regularly turned off the light while ensuring illumination. SF has replaced some of the porch lights in its structure into discontinuous infrared body sensor activated lights designed with two sets of switches. To manage energy consumption, one switch is remained permanently on and is connected to the infrared body sensor activated light, while the other is under manual control, allowing for flexible selection of switching time. This energy-saving initiative has been proven successful in the first phase of the complex building in Ma'anshan industrial park, where 0.672 kwh were saved for each floor per day. As part of the energy-saving renovation at the headquarters, SF upgraded lights and displays, resulting in electricity saving of over 13,000 kwh per month.
Electricity Consumption of Office Equipment	<ul style="list-style-type: none"> SF reduces energy consumption by introducing energy-saving office equipment such as computers and printers, and reasonably deploying devices to decrease machine standby and idle time. To avoid electricity waste and prevent safety risks, SF requires turning off the power of devices when they are not in use for an extended period, after being charged or during off-work hours.
Energy Monitoring	<ul style="list-style-type: none"> SF has developed a comprehensive energy monitoring and management mechanism. By installing energy meters that enable real-time monitoring and data analysis of electricity and water consumption in offices, SF works out improvement measures after timely identifying waste and its cause.

Waste Management

SF strictly manages wastes in operations. The Group strives to reduce the negative impact on environment by measures such as waste sorting and resources recycling. SF has developed and implemented an internal waste sorting policy. We actively implement relevant measures in offices and manufacturing sites. Distinct marks for waste sorting and specific treatment processes have been set up for various types of waste.

General waste	Recyclable waste	Hazardous waste
<p>General waste such as domestic waste, obsolete office supplies, waste plastic bags, waste folders, paper scraps, rags and waste gloves firstly should be sorted out. Afterwards, they are transported to designated places and handled by the sanitation department. The disposal process should be duly recorded for better management and control.</p>	<p>Recyclable waste such as waste paper, paper products and cardboard should be centrally collected and sent to the designated locations. Then personnel in charge should contact qualified contractors for on-site recycling based on the condition of the waste, thus making the best use of it.</p>	<p>Hazardous waste such as obsolete lamps, batteries, printer ribbons and toner cartridges should be collected by SF in a centralized manner and handed over to a certified third party for recycling.</p>

Additionally, SF continuously conducts trainings on waste sorting for employees, aiming at comprehensively improving their awareness and capability of garbage sorting. The training covers every aspect in waste sorting, such as basic knowledge, practical operation skills, relevant laws and regulations as well as policy requirements.

Exhaust & Noise Management

To comply with the relevant regulations and to minimize the impact on the surrounding environment in the course of operations, SF actively identifies, assesses and manages exhaust and noise.

Regarding noise control, SF employs the soundproof glass and upgrades some devices to further isolate and reduce noise. In terms of exhaust emission management, SF strictly implements vehicle admission standards in accordance with national requirements.

All purchased vehicles must meet environmental emission standards and undergo annual inspections for compliance with exhaust emission standards. This proactive approach effectively minimizes pollutant emissions into the air.

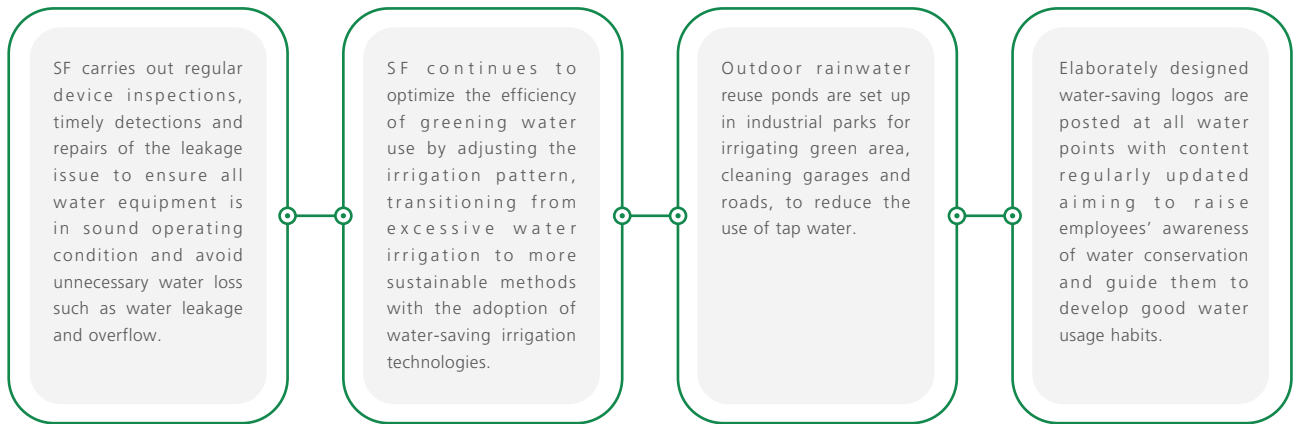


SF's Publicity posters on waste separation

Water Resources Management

SF regulates water consumption by formulating water management systems such as "Water and Electricity Management Measures", controlling the amount of water consumption and improving the efficiency of water resources use. The company strengthens the maintenance of water equipment to reduce the waste of water, and also actively carries out water conservation publicity to enhance employees' awareness of water conservation and achieve water conservation. The Company's sources of water are all municipal water, and it does not involve the use of large quantities of water or the discharge of wastewater in the course of its operations, nor does it engage in products and businesses that are prone to cause pollution to water resources.

Effective water conservation measures implemented by SF include:



U4

SOCIETY

Theme: Building Specialized Agricultural Product Value Chains to Support Rural Revitalization and Development

Empowering the Talent Team

Building the Line of Safety

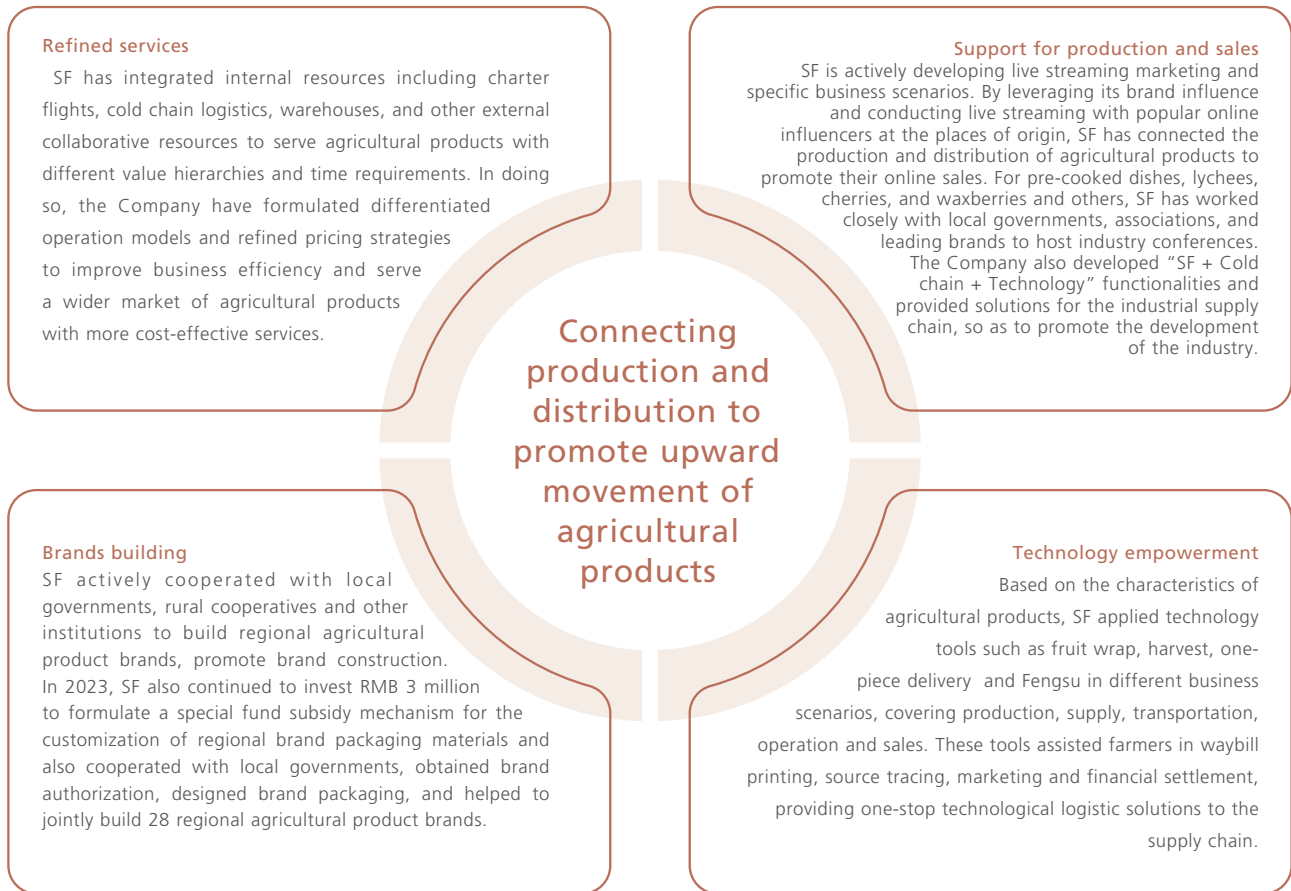
Building Responsible Chain Together

Shouldering Social Responsibility



Building a Sustainable Production-distribution Ecosystem to Promote Rural Industry Development

The Company continues to promote the coordinated development of the upstream and downstream of the agricultural industry chain, focusing on four aspects: refined services, support for production and sales, technology empowerment, and brand building. By building a nationwide service network for the upward movement of agricultural products, SF aims to increase farmers' income, promote high-quality development of rural industries, and contribute to achieving common prosperity.



Map presenting SF's services to support the upward movement of agricultural products

As of the end of reporting period, SF's service network for helping agricultural products production and sales covered more than 2,700 county-level cities nationwide, encompassing 226 types of more than 6,000 specialty agricultural products nationwide. SF fully contributes to the upward movement of agricultural products with practical actions, allowing more local brand specialty agricultural products to be known, tasted, and recognized by the Chinese.

In 2023, SF's service network for helping agricultural products production and sales covered more than **2,700** county-level cities nationwide, and cumulatively serve more than **6,000** specialty agricultural products.

Introducing transportation solutions for the crab industry, facilitating the upgrade of the brand of 'Anhui Crab'

In August 2023, the "2023 SF Crab Industry Solutions Release Conference and 'Dangtu Crabs' Brand Promotion Conference" was grandly held in Ma'anshan City, Anhui Province. SF has been cooperating with crab merchants from various regions in Anhui for many years and has been recognized by local aquatic industry associations, being designated as the "designated logistics supplier for Dangtu crabs."

SF continues to introduce accurate and effective transportation solutions for the crab industry. On the product side, products weighing over 20kg are upgraded with door-to-door delivery. On the packaging side, exclusive packaging for "Anhui crabs" is upgraded to help deliver fresh crabs to homes. On the technology side, traceability systems are employed to ensure the authenticity and freshness of the crabs from the source. Leveraging its own brand advantages, SF drives the development of regional public brands. In terms of sales, blending production and sales together can help production areas expand their sales channels and promote the export of "Anhui crab" beyond Anhui province.



Site of "2023 SF Crab Industry Solutions Release Conference and 'Dangtu Crabs' Brand Promotion Conference"

"Developing a Comprehensive Logistics System for Gastrodia Elata, Facilitating the Rapid Delivery of Fresh Gastrodia Elata from Yunnan"

In recent years, Yiliang County has seized the opportunity of Yunnan Province's initiative to create world-class "three brands" policies, making the Gastrodia Elata industry the leading industry in the county's "one county, one industry" project aimed at strengthening the county and enriching its people. In 2023, SF actively responded to the development and construction requirements of Yiliang County, focusing on multiple dimensions such as cost, timeliness, safety, after-sales service, channels, and technology, to fully ensure the fresh and rapid delivery of Gastrodia Elata from Yunnan. In addition to establishing a three-dimensional transportation network of "air + land + high-speed rail" to ensure efficient and smooth transportation, a Gastrodia Elata project team was also established, setting up multiple collection points in the trading market to provide strong support for the rapid delivery of Gastrodia Elata from Yunnan.



SF's courier picking up fresh Gastrodia Elata

Accelerating "Express Delivery to Villages" to Promote Regional Economic Development

Over the years, SF actively explored the "express delivery into the village" model, through the establishment of a five-level administrative division address library, supported the decision-making of township and village resource investment, accurately identified rural parcels, ensured the timeliness commitment of express delivery into the village, and created "precise entry into the village" high-quality service.

As of December 31, 2023, the Company had more than 100,000 village-level post cooperation points, gradually forming a relatively complete rural express network. The service network's township coverage rate exceeded 93%, and the daily processing volume of township parcels amounted to 2.26 million. Based on the high-quality logistics services, the extension to the front end of the industrial chain to the full-process service allowed farmers to enjoy more convenient and fast express services in the village.

Over the past 15 years, SF has continued to explore and steadily advance, always sticking to the path of rural revitalization, promoting express delivery services to the countryside and villages, building an upward service network for agricultural products, practicing social responsibility with practical actions, and continuously injecting new momentum into rural revitalization.

Empowering the Talent Team

SF remains committed to driving its business through talents. SF continuously builds a “self-sustaining” talent mechanism and an elite workforce, which forms a healthy, sustainable talent supply chain, bolstering the Company’s rapid growth and future competitive advantage. SF consistently increases investment in developing its talent pool to aid both employees’ and company’s growth, prioritizes the protection of employee rights, implements comprehensive employee care and welfare measures, aiming to cultivate a highly skilled, cohesive workforce.

Protection of Employees’ Rights and Interests

SF has formulated a sound labor management system, established diversified communication channels for employees and cultivated a talent pool featuring diversity, equity and inclusion. Through these efforts, the Company strive to build a harmonious labor relationship while demonstrating our respect and protection of the rights and interests of our employees.

Human Rights Protection

SF remains committed to protecting and respecting human rights of all groups of the communities involved throughout its global operations and the communities in which it operates. SF strictly complies with the human rights related laws and regulations of the jurisdictions where it operates, and commits to the core conventions of the International Labor Organization (ILO) and the United Nations Global Compact, including the *Equal Remuneration Convention*, *Minimum Age Convention*, *Convention on the Worst Forms of Child Labour*, *Discrimination (Employment and Occupation) Convention*, *Forced Labour Convention*, *Abolition of Forced Labour Convention*, and *Occupational Safety and Health Convention*.

SF’s commitment on human rights protection

- Ensure equal opportunities: Every employee is treated equally and respected, regardless of their duties or positions. 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.
- No employment of child labor: Explicitly stipulate that persons under 16 years old are not allowed to be employed.
- No human trafficking: Prohibition of slavery or human trafficking in any part of the Company’s business and supply chain.
- Collective bargaining and freedom of association: SF respects employees to freely connect with third-party organizations in accordance with local laws, as well as to join, form or not join labor unions. Employees may join the collective bargaining agreements 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.
- Freedom of expression: SF respects employees’ freedom of speech within the legal boundaries and encourages employees to express their opinions freely and actively communicate with the management level.
- No harassment: Being rude to colleagues, verbal provocation and other disrespectful behaviors and verbal harassment of colleagues, customers or external partners are not allowed.
- No forced labor: SF does not force employees to work against their will, and resolutely prohibits threatening or restricting their actions.
- Rights to rest and leisure: 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 himself/herself.

The above commitments apply to all directors, officers and all workforce of S.F. Holding Co., Ltd. and its subsidiaries.

SF has zero tolerance for any form of forced labor, child labor, discrimination, harassment, or other illegal behaviors. The Company has formulated the *Employee Handbook* and the *SF Recruitment Management System* that clearly prohibit child labor and forced labor, discrimination and unequal treatment. In this way, the Company can ensure equal remuneration for equal work between men and women, limit working hours, protect the rights and interests of female employees, and promote the employment of people with disabilities. In addition, SF has clarified the rules of disciplinary punishment for harassment in the *Rewards and Penalty Management Regulations*. The Company requires all employees to review and sign the *Rewards and Penalty Management Regulations* online, and also fosters the publicity in various regional organizations offline, covering all workforce. In 2023, SF did not have any incidents of discrimination.

In terms of staff recruitment, SF requires all candidates to register their personal information online at the application stage, and automatically identify their age through the system. For those under 18 years old, interviews for them are prohibited. Candidates also need to pass the system for face recognition authentication in the onboarding stage to ensure that the information about the individual and their ID cards are identical. In the selection of third-party partners, SF requires partners to submit documents to prove that their labor management meets SF’s labor standards and that there are no human rights violations such as child labor and forced labor.

SF has stipulated working hours in the *Employee Handbook*, *Attendance Management Regulations* and *Labor Contract* and formulated the *Flexible Working System* to provide convenience for employees with needs for special working hours. During holidays and business peaks, SF increases the number of employees in some temporary and auxiliary positions. This reduces the work intensity of employees on duty and guarantees their rest time. The Company treats all workforce equally and adopts the same management of employees and protection of employees’ rights and interests as for self-employed workers. SF or third-party companies sign legal contracts or agreements with all temporary employees, pay appropriate remuneration according to the regulations, and purchase employer’s liability insurance (including accident insurance) or work-related injury insurance for all temporary employees.

If SF undergoes major restructuring or changes, the Company will explain 30 days in advance to the labor union and all employees. SF will fully consider suggestions from the labor union or employees before terminating the labor contract with the employees properly.

Diversity and Equity

SF adheres to the principles of equal employment in its recruitment of talents, and it will never restrict the recruitment and employment of employees due to factors such as gender, region, ethnicity, religious belief, economic ability and other factors. With continuous expansion of its overseas business, SF is deeply aware that building a diversified talent pool can help the Company better adapt to the complex and changing market environment. Moreover, with the support of diverse talents, the Company can better understand the needs of customers from different countries and regions, and gain new perspectives and solutions to the business challenges.

Diversified recruitment: In 2023, female workforce in SF accounted for 15.8%, an increase of 1.1% compared with 2022. Ethnic minorities accounted for 6.1% of employees, an increase of 3,200 from last year. In addition, SF’s overseas branches (subsidiaries) also actively employ local personnel in the places where they operate, and by the end of 2023, there were 2,510 foreign employees, an increase of nearly 2 times compared with 2022.

Female senior managers: 131 people

27.41%



Senior managers: 478 people

<p>Recruitment</p>	<p>Under the principles of fairness and equality, the Company have formulated a transparent recruitment process that is clearly and formally communicated to all candidates. The Company will never restrict recruitment or employment based on gender, geographical region, ethnicity, religious belief, or financial situation.</p>
<p>Employee promotion</p>	<p>The Company select and promote talents through open and transparent internal competitions or appraisals, providing equal promotion opportunities for all employees.</p>
<p>Remuneration management</p>	<p>The Company implement a fair, just, and transparent remuneration management system, and adhere to the principles of gender equality and equal pay for equal work, to ensure that all employees share in our development fruits.</p>

The principles of equality in SF’s recruitment, promotion and remuneration management

Paying tribute to the power of “she” – the growth story of female employees

SF always upholds the core values of equality and inclusion, and strives to promote the growth and development of female employees in the Company. In the field of logistics, the Company believes that female employees also have excellent skills and great potential. With their keen insight, meticulous work attitude and unwavering perseverance, they have made indispensable contributions to the sustainable development of the Company.



Wang Huanzhen | 13 years of employment

Wang Huanzhen is working as a courier at SF Weifang in Shandong Province. After joining SF, she loads and unloads trucks, distributes expresses every day, rain or shine, and she doesn't leave work until she sees that her customers' express delivery catch up with the fastest schedule. With her hard work, Wang Huanzhen has become an expert in the industry and won multiple honorary titles such as the “2023 Women's Advanced Individuals” award.



Feng Limei | 10 years of employment

Feng Limei is the business manager in SF's northern Xi'an district in Shaanxi Province and the manager of nearly 30,000 couriers in Xi'an. As the president of Xi'an Postal Express Industry Labor Union Federation, Feng Limei visits an average of 200 outlets every year and collects more than 800 demands from employees. With her sincere care for couriers, Feng Limei won the title of “May 1 Women's model” in 2023.



Li Meiyu | 9 years of employment

As a Malaysian, Li Meiyu is currently working as a team leader for cases regarding customer services at SF Singapore. As a “Premium customer server”, Li Meiyu adheres to the concept of “taking the initiative and responding to everything”, carefully listens to and timely responds to every customer's problem, and actively solves problems for them. With her dedicated service to customers, Li Meiyu has won multiple honorary titles such as the “Best Customer Service”, “Star Award” and “2023 Individual Excellence” awards.

Recruitment of vulnerable groups: SF actively provides employment opportunities for the disadvantaged groups in society, and provides positions with lower physical intensity (such as customer service, management, warehouse management, professional, etc.) to promote the employment of vulnerable groups. As of the end of the reporting period, SF had more than 600 employees with disabilities in service.

Rights and Interests Protection for Female Employees

SF respects women's equal rights to development and determination in their own careers, and resolutely eliminates gender bias in the workplace. In the office, the Company sets up 34 baby care rooms to cater for the needs of nurturance and breastfeeding for female employees in any other special occasions. SF also provides the “warm care boxes” to provide female employees with female products including ginger tea with red dates and brown sugar, heating pads, and hand cream. In addition, SF provides female employees with free female health screening checks for cervical cancer and breast cancer, and distributes various caring gifts to all female employees on Women's Day every year.

There are **15,556** female employees who undertook health screening checks for cervical cancer and breast cancer in 2023.

In 2023, SF labor union established the Female Employee Committee to promote the effective protection of female employees' rights and interests. The special rights and interests of female employees during pregnancy, childbirth, and breastfeeding were written into the *Collective Agreement of SF Employees' Rights and Interests*.

Carry out female-themed activities to show the “she-power” of SF female employees

In order to affirm the outstanding contributions made by female employees to the Company’s management and development, and encourage female employees to stand firm on their positions, strive to move forward, and compete for excellence, in March 2023, SF’s labor union organizations held the activity with the theme of Goddess Festival, namely “Finding the beauty in ‘She-Power’ and looking for the goddess in workplace”. Through the selection of the “most beautiful employee”, makeup teaching live broadcast and other activities, to help female employees unwind while showcasing the “she-power”.

Communication and Exchange with Employees

SF greatly values the voice of employees. The Company has established a variety of open, transparent and responsive channels to encourage employees to be efficient and speak out. SF offers greater incentives and opportunities to grow for employees who put forward voices and suggestions that are beneficial to business. Meanwhile, SF recognizes and praises organizations that actively listen to voices and suggestions as well as those who promote the improvement and solution of problems.

Apart from traditional telephone channel (labor union hotline 4006883783), network channel (“Echo platform” and “I want to report”), mailboxes, etc., SF builds diverse channels that can quickly solve employees’ problems in accordance with different scenarios. For example, the problem can be quickly solved through platforms such as the “Echo Help” through the intelligent reply system, visits paid by representatives of labor union and “Cloud Master” that can connect the whole network, which can swiftly address employees’ problems and appeals.

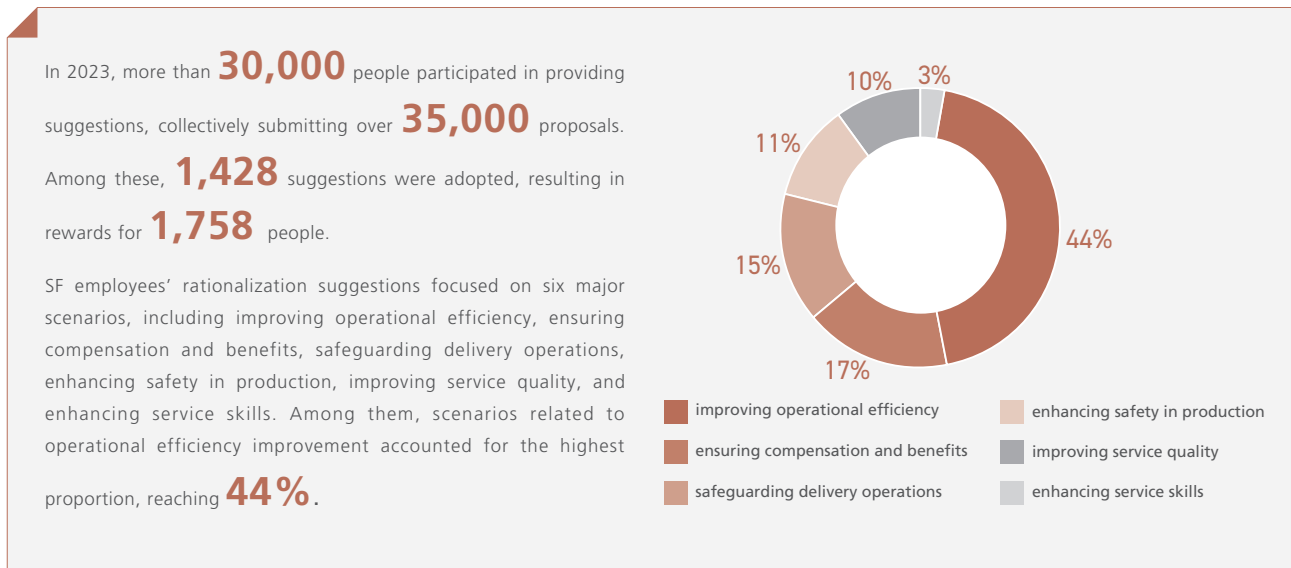
Communication Channel for SF Primary Employees

 <p>One-stop appeal service</p>	<p>The one-stop appeal service collects effective appeals from employees monthly to distribute to the relevant regional organizations for further solutions.</p>	<p>In 2023</p> <p>13,834 appeals collected</p> <p>98.4% resolution rate</p>
 <p>Appeal service for the frontline workers</p>	<p>The Company’s policies will be delivered to the frontline workers in the form of live broadcast at the first time, including institutional process, system tools, business development, quality improvement and logistics support and employee welfare.</p>	<p>In 2023</p> <p>13 broadcasts</p> <p>Over 1.37 million live broadcast views</p>
 <p>Employee care hotline</p>	<p>SF opens an employee care hotline to ensure smooth procedure in channels to cater for employees’ needs on weekdays and holidays and provide timely psychological support and problem-solving solutions for them.</p>	<p>In 2023</p> <p>14,946 phone calls received by the Employee Care hotline Centre</p> <p>96.1% hotline connection rate</p>
 <p>Representative from the labor union</p>	<p>SF listens to the voice of employees through visits paid by labor union’s representatives and other similar forms, communicates with employees face-to-face, learns about their working conditions, welfare benefits and career development, and timely reports feedback about their opinions and suggestions to relevant departments.</p>	<p>In 2023</p> <p>3,863 collection of employee needs through union representative channels</p> <p>95.8% resolution rate</p>
 <p>Smart tools</p>	<p>SF applies industry-leading Large Language Model (LLM) technology to build a smart service centre for couriers in combination with the internalization of actual scenes of SF, which can carry out real-time human-machine dialogue with couriers, respond to their questions, and quickly address their problems. The whole network will be promoted by 2023.</p>	<p>In 2023</p> <p>40,563 of solved problems on the “Echo Help” through the intelligent reply system</p> <p>98.9% resolution rate on the Echo platform</p>

Advice and Suggestions

SF continued to scale up the publicity and promotion of the system that collects advice and suggestions, encouraging employees to put forward reasonable suggestions around the “five little matters” (little inventions, little creations, little innovations, little designs, little suggestions), promoting the optimization of system and process, and reducing costs and increasing income.

In 2023, based on the *Productivity and Reasonable Suggestion Management Mechanism*, the Company has set up a supporting implementation guidelines and reward mechanism, and established 61 review panels for the reasonable proposals to identify their rationality and feasibility from a professional perspective, evaluating the value points and contributions of values, and giving different degrees of rewards to the recommendations that are determined to be adopted. In addition, the Company has also launched a rationalization proposal platform to provide employees with a more flexible, fast and democratic way to offer suggestions.



Democratic Management

SF respects employees’ freedom of association and collective bargaining. Meanwhile, SF continues to improve its democratic management level, optimizing and facilitating communication channels to make sure the voice of frontline workers’ voices are heard. All these efforts are made to effectively improve the happiness index of SF frontline employees. The Company actively promotes the establishment of labor unions in regional SF companies to highlight the practical needs of primary employees.

As of the end of the reporting period, SF had established **130** labor unions in its whole network with **21,000** representatives.

Every year, SF elects employee representatives through democratic elections, and it discusses and communicates with the representatives on employee rights and interests such as salary subsidies, insurance benefits, and vocational training in SF staff representatives’ congresses.

In 2023, there were **161** elected staff representatives, and **5** staff representatives’ congresses were held.

In 2023, SF holds the collective bargaining conference of “Fostering SF’s high-quality development and accomplishing happy laborers” (namely staff representatives’ congress), signing the *Collective Agreement of SF Employees’ Rights and Interests*.

SF's Collective Agreement of SF Employees' Rights and Interests Signing Ceremony Successfully Held

In order to ensure the effective protection of the rights and interests of all workforce, in July 2023, SF held the "Fostering SF's high-quality development and accomplishing happy laborers" collective negotiation meeting and the signing ceremony of *Collective Agreement of SF Employees' Rights and Interests*. With the remote witness of 761 staff representatives, 12 negotiation representatives from the Group side and the employee side communicated, negotiated, and explained around the demands and concerns of express industry workers. They proposed a draft collective contract, which was unanimously passed through a democratic vote by 161 staff representatives, and successfully completed the signing of the collective contract.

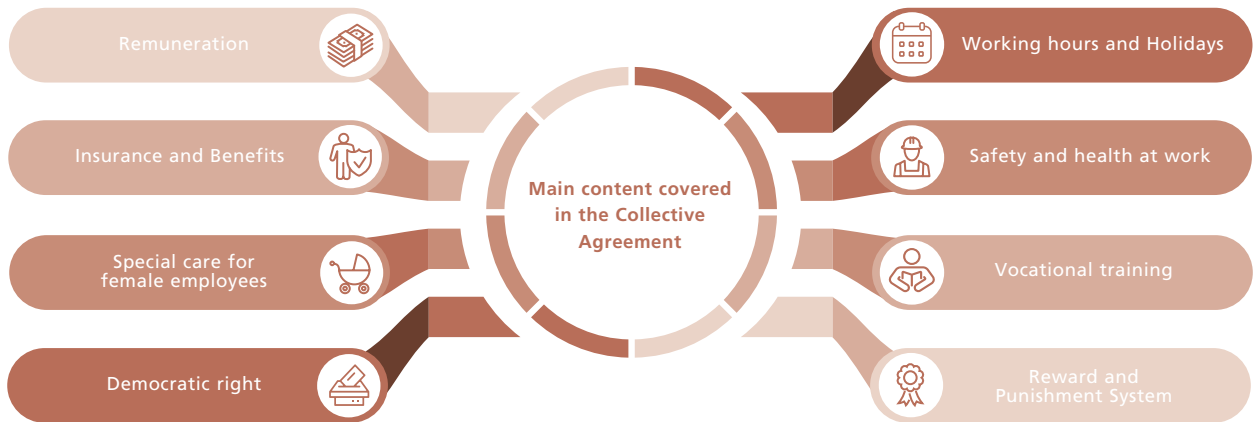
100%
coverage rate of employees in the SF
Collective Agreement



Signing of Collective Contract by Company and Employee Representatives



On-site of SF Collective Negotiation Meeting



Employee Satisfaction

SF quarterly conducts satisfaction surveys for all employees, and continuously tracks the changes in employee satisfaction and employee engagement. It also analyzes and develops improvement plans according to the research results, and accepts the supervision of the all employees towards the implementation of measures, and periodically reviews the improvement effect. In 2023, the employee satisfaction is 87.8%, an increase of 1.4% compared with 2022. In 2023, due to the Company's deepening changes in its business model, the employee engagement shows a slight decline. The Company has focused and analyzed key issues, responded quickly and formulated improvement measures. In 2023, the rectification loop of 115 points for optimization has been completed.

Results of the 2021-2023 Employee Satisfaction Survey

	2023	2022	2021
Employee satisfaction	87.8%	86.4%	86.9%
Employee engagement	84.7%	86.2%	87.5%

Construction of Talent Team

SF takes human capital as its core competitiveness, pays attention to the introduction and incentive of talents, and creates an environment to attract skilled workers. It builds a comprehensive talent training and development platform, and supports employees' career development, aiming for building a stable and efficient talents team.

Talent Attraction and Retention

Through diversified talent strategies and training plans, SF extensively attracts talents, establishes a scientific and effective performance management system, standardizes the whole process of employee performance management, and fully guarantees the stability and vitality of talent team.

Talent Recruitment

SF facilitates online and offline recruitment channels such as campus recruitment, internal recommendation and online recruitment, and promotes intern programs and school-enterprise cooperation, absorbing outstanding workers and strengthening the Company's talent pool.

Deepening School-Enterprise Cooperation and Building a Solid Applied Talents Training Chain in Logistics

In December 2023, SF held a discussion and exchange conference with the School of Logistics Management and Engineering of Zhuhai College of Science and Technology to further deepen school-enterprise cooperation and build a more efficient and practical logistics applied talent training model. In the conference, reviews and summaries were made to the development of "SF Class". Looking ahead, the plan to establish "2024 SF Class" and relevant curriculum to be conducted were also discussed by both parties.



Site of School-enterprise Cooperation Conference

SF-X University Elite Challenge of Smarter Supply Chain

SF-X University Elite Challenge of Smarter Supply Chain is a large-scale logistics competition for college students across China. It requires participating teams to provide innovative solutions for smart supply chain and is committed to cultivating innovative talents with practical spirit. In 2023, the competition covered 603 universities with 4,649 participants, rewarding 163 outstanding students with PASS cards (chances of interview in campus recruitment).



Site of SF-X University Elite Challenge of Smarter Supply Chain

Performance Evaluation and Feedback

SF adheres to the performance management principle of “high quality, high yield and high return”, cultivates the employee performance management culture of “Common purpose with practical actions”, and effectively leads employees to make progress together. In 2023, SF updated employee performance management mechanism, built a diversified evaluation system, and deepened the operation system of first accountability system to further standardize the whole process.

Diversified Value Creation System

In order to take the lead in value creation of SF employees, the Company established a diversified evaluation system in line with cultural values, taking “on-job delivery value” “cross-organizational collaboration value” and “service support value” as its core. Supported by the “difficulty-overcoming value” “talent retention value” and “knowledge empowerment value”, the system firmly defined the value creation direction for SF employees, measuring employee value creation objectively and effectively identifying and motivating outstanding talents.



Establishment of “SF diversified evaluation system”

First Asking Responsibility System

In order to lead functional employees to better implement the concept of first question service, SF has incorporated the first asking responsibility system into the employee diversified evaluation system to achieve a more objective and three-dimensional evaluation of personal value contribution. In 2023, the overall positive rate of employees increased from 84.6% to 98.4%, and the average demand resolution time decreased from 40 hours to 28 hours.



Promotion of the “First Asking Responsibility system”

SF Regular Performance Evaluation and Communication Mechanism



- SF carries out an annual performance evaluation for all employees every year, as well as a monthly or quarterly performance evaluation for employees in different positions based on the needs of operation and management. In 2023, 100% of the Company’s employees have received regular performance reviews.



- SF establishes an employee performance interview mechanism to provide employees with the results of their performance through the interview, and at the same time SF ensures the fairness and objectivity of the performance appraisal.
- The Company pays attention to the quality of performance interviews. It carried out the “Excellent Case Sharing in Performance Interview and Improvement Plan Signing” and compiled the *Performance Interview Guidelines* to strengthen managers’ performance coaching awareness and performance interview ability.

Talents Incentives

Under the principle of high performance and high salaries, SF establishes a compensation management system oriented to value creation and based on performance appraisal. Specifically, for employees with high value contribution, the Company provides competitive compensation systems in order to ensure its internal dynamics for sustainable development. Furthermore, the Company sets salaries based on the position and employee bonuses are related to the Company’s performance. Meanwhile, the Company attracts and retains core talents through differentiated and diversified short-and long-term incentive mechanisms. As such, the core personnel will be more closely aligned with the interests of shareholders and the Company, ensuring the continuous growth of the Company’s long-term business performance.

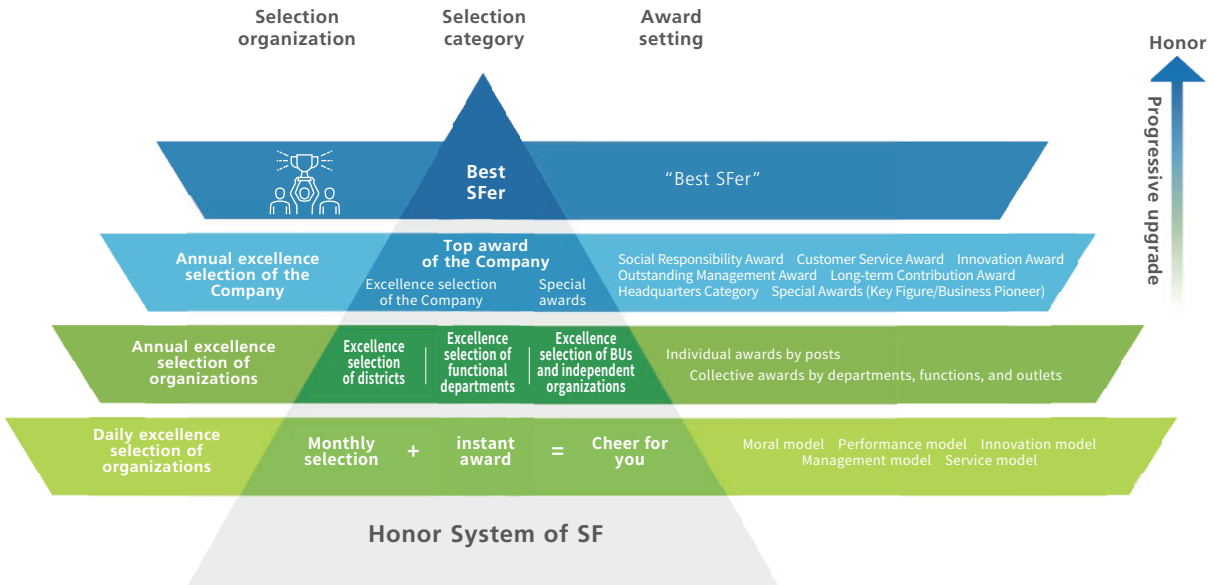
SF has established a comprehensive salary communication channel, providing employees with a full understanding of the salary structure through a combination of online salary query tools and offline face-to-face communications. Furthermore, SF regularly conducts reviews of its salary incentive mechanisms, analyses salary competitiveness, monitors salary equality, and ensures that the salary level is fair, reasonable, and competitive.

Equity Incentives

SF grants stock options to its directors, senior executives, core management personnel, and key staff members. In 2023, the first exercise conditions for the stock option incentive plan for 2022 have been met, and a total of 1,252 incentive recipients have exercised their stock options.

Honours System

SF combines honours and awards with an honours system to set benchmarks and motivate outstanding employees.



SF's talent retention measures

For the outstanding employees in the performance evaluation, SF gives incentives from the aspects of care and reward, career management, retention and return visit to strengthen the retention of outstanding talents.

<p>Care and reward</p> <ul style="list-style-type: none"> – Stock option incentive – Offer extra two-day paid leave – Display the list of outstanding achievements and award exclusive gifts and activity funds 	<p>Career management</p> <ul style="list-style-type: none"> – Rely on the "Career Development Assistant" to encourage employees' self-driven development, and pay bonuses to outstanding employees – Provide well-performing employee cultivation fund 	<p>Retention and return visit</p> <ul style="list-style-type: none"> – Conduct resignation interviews to retain employees – Visit resigned employees regularly and send them gifts on special holidays
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Employee Training and Development

SF highly values the growth and development of its employees by establishing a scientific and comprehensive talent training system and continuously enhancing employees' professional quality and comprehensive ability. In this case, we aim to provide a smooth career development path for SF employees and help them achieve long-term career development.

Talent Training System

SF has established a talent training system covering all workforce, including leadership training, professional ability training and other training. In 2023, the Company promoted the optimization of its overall training system by iterating the course and lecturer management mechanism, encouraging the creation of high-quality content, and boosting lecturers' teaching enthusiasm; by establishing a demand map around the actual business needs of key talent teams and matching course resources, the Company created a full-process training mechanism; at the same time, through digital platform transformation, the Company supported a closed-loop management of talent training work. Thus, the Company achieved "accuracy" of training needs, "supply" of training content, "discovery" of training resources, and "foundation" of talent team training. In addition, with the direction of "contextualized", "stratified", and "specialized", the Company continued to iterate the training of the talent team.

SF Training Plan	
Training of Basic-Level Employees	For employee groups such as couriers, warehouse managers, customer service and sales staff, the Company will focus on the cultivation of their service awareness, safety awareness, and communication skills. While paying attention to personnel performance improvement, the Company will emphasize the sustainable development of personnel, help basic-level employees to improve their education, and pays attention to personal long-term development.
Echelon Building-Up of Middle and Basic-Level Employees	<p>In terms of college graduates training, the Company will consider college graduates as an important source of the group's talent echelon, thus it will independently operate special talent projects for college graduates and refine the operation of the "New Eagle Internship Plan, Excellent Talent Plan, Management Trainee Project". By adhering to the three principles of "bold use of freshly joined, talent mobility, self-growth", the Company will spot high-potential college graduates through rotation practice, systematic course learning, dual mentor coaching and other training measures and match them with rapid development mechanisms, promoting college graduates to grow into core professional positions/key management positions.</p> <p>For junior managers (such as network heads), the Company will accurately identify actual business needs in various scenarios, carry out "network heads onsite special training camp" and "demands in scenarios live room" activities in multiple sessions and multiple regions, and provide junior managers with more effective training resources through both online and offline.</p> <p>For middle-level managers (such as regional functional department heads), the Company will carry out layered training from reserve to incumbent workers, iterate the "Fengyun Plan – Reserve Functional Department Head Training Plan" with scenario leadership training, actual job training, scenario task simulation as the core focus to train reserve personnel, improve reserve quality and achieve sustainable, high-quality talent supply.</p>
Professional Team Building	The Company will focus on professional fields, sort out the ability situation of each functional organization, and improve ability through targeted training measures. The Company continues to carry out customized professional ability training projects, such as reserve expert training, expert lectures, expert forums, and provides learning resources on workplace general force and professional ability boutique, continuously improving employees in the professional field and benefiting employees' long-term development.
Senior Management Training	<p>Adhering to the guidance and principles of differentiated empowerment, refined management, and normalized operation, covering three major groups of business managers, functional department executives, and reserve executives, the Company will carry out high-level cadre training projects such as beacon training camps, Fengxing plans, and reserve executive training camps:</p> <p>For senior operational managers, focusing on "setting direction, making decisions, leading teams", through communication with moguls in the industry, visits to benchmarks, cross-industry exchanges, overseas study tours and other learning methods, the Company will help managers improve the ability of high-quality decision-making and leadership skills when confronting uncertainties, thus promoting and implementing the Company's operation mode reform, and achieving sustainable and robust development of business;</p> <p>For senior functional managers, based on the Company's strategic orientation and business needs, the Company will help each unit of functional executives with "chain operation, horizon expansion, capabilities improvement, and overcome insufficiencies, improving the effectiveness of supporting business services and providing potential executives with differentiated learning resources and practice in various scenarios;</p> <p>For high-level back-up echelon personnel, through the combination of training and practice, the Company will focus on core dimensions such as role transformation in a target position, leadership improvement, strategic business integration to customize the development of courses and learning content for the reserve echelon, provide multiple scenarios of actual practice positions and tasks, and effectively improve reserve cadres' matching degree for target positions.</p>

Lecturer Team Building

SF has introduced internal market-based incentives for lecturers to increase their training willingness and quality:

2

Intensive creative class activities

More than 2,000

Participants in course development activities

More than 700

Certified courses

Average monthly effective hours of instruction increased by **813** hours, a **31.9%** increase from last year. **575** new lecturers have been added during the year, with an instructor activity rate of **55.7%**, up **10%** from last year.

Developing high-quality courses to create key teams via “Jizhi Fengke” activity

In 2023, in order to provide key teams with more training resources which meet the actual needs, SF has organized the “Jizhi Fengke” activity. It brings together the excellent experience of all parties, collects the strengths, and creates high-quality demand scenario classes that are practical and easy to replicate. These can effectively expand excellent course learning resources for the key teams and develop the quality of skilled personnel. A total of 9,376 people participated in the development and evaluation of the courses, and more than 500 high-quality course resources were generated.

Implementing the concept of “standardization+” and rebuilding the system of outlet reserve management talents training

SF has focused on the outlet reserve management talents, and has optimized the end-to-end program from the process of selection to training. The Company has implemented the concept of “standardization +” to create an efficient and powerful outlet talent group.

In 2023, SF has specified the standardized selection process to accurately identify talents. While performing “the first step” of the talent selection, SF has carried out a number of offline training activities, including 6 training camps to improve the capabilities of station managers, and 10 “Ruifeng Plan” training sessions for reserve managers. In addition, each region has established a secondary academy with personalized training needs, continuously enriched the online learning resources for regional talents, and carried out a number of intensive training and empowerment activities in the region for reserve and on-the-job personnel.



Special Training Camp for Station Heads

Focusing on “benchmarking model enterprise and broadening horizons” to deepen digital transformation learning

The training system of SF transit team focuses on “benchmarking model enterprise and broadening horizons”, and the SF transit team actively learns from enterprises with successful digital transformation and are the industry benchmarks.

In 2023, SF transit team has organized and implemented three “external benchmarking enterprise visits”, with “on-site visits + thematic exchanges” as the core, to learn from their secrets of efficient operation. The Team combined the accurate diagnosis of internal situations with the highlights of the external benchmarking enterprise visits to match the value points, effectively triggering the thinking of the transit talents, deepening the learning of digital transformation, and providing a talent guarantee for the continuous excellence of the SF transit site.



External Benchmarking Enterprise Visits

Career Development Channels

SF pays great attention to the career development of employees. To provide employees with diversified and open career development opportunities, SF continues to build a smooth promotion channel, and provides all-round career development support.



Promotion Management

SF continued to improve the mechanism of development programs in two channels, i.e., management competence and technical competence development, offering employees a sound development platform. Through the management competence development channel, employees with certain management ability can participate in corporate operation and management. While through the technical capacity development channel, technical staff can become experts in various fields through continuous improvement in technical skills and accumulation of technical experience.

Educational Promotion

SF supports all workforce for degree programs and certifications, providing reimbursement of learning expenses to help them realize self-development. At the same time, SF actively carries out the program “SF Sends You to University” to build a platform for employees to improve their academic qualifications, skills and overall quality.

In 2023:

<p>SF supports exterior training for employees Total inputs exceed RMB4.6 million</p>		<p>“SF Sends You to Universities” Total number of employees obtained academic credentials or certificates 21,445</p>		<p>Total amount of subsidies granted exceeds RMB1.8 million</p>
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Educational background	Junior college	Undergraduate
Standard for the financial aid	RMB5,000	RMB10,000



“SF Sends You to Universities” Project

 The 2nd “SF Cup” National Job Skills Competition Was Held

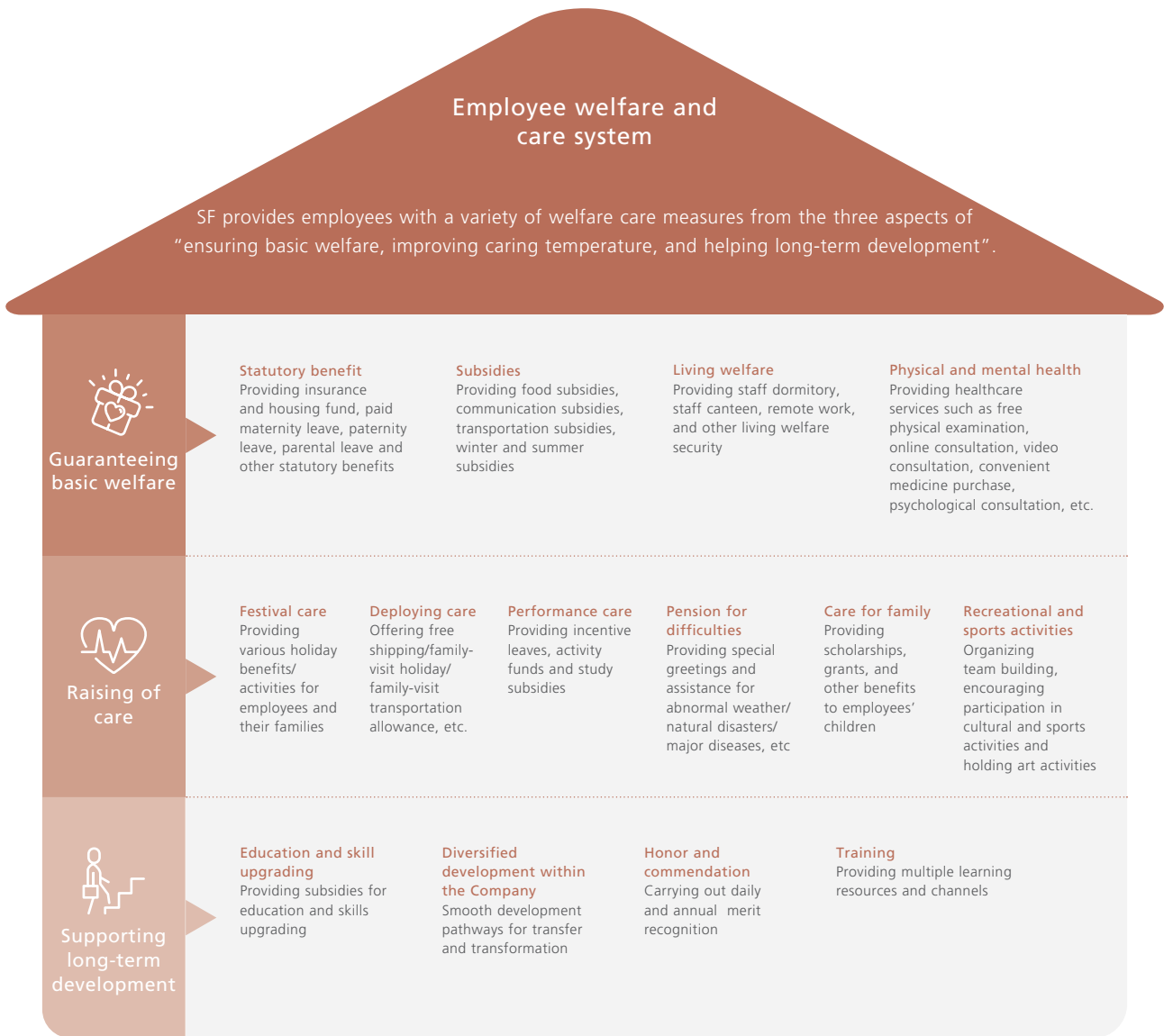
In 2023, The Company held the 2nd “SF Cup” National Job Skills Competition to stimulate the enthusiasm of front-line employees to study professional skills, further “strengthening skills, improving quality and providing excellent services” for colleagues in different positions to show their personal value. The competition mainly focuses on the four major positions of pickup and delivery, warehouse management, drivers, and transit. After fierce competition in the regional qualifiers and semi-finals, a total of 225 players were selected for the finals and went to Shenzhen to compete in the summit.



“SF Cup” National Job Skills Competition

Employee Care and Welfare

SF has established a comprehensive and multifaceted employee care and welfare system that positively influences the life of employees and their family members from various aspects. The Company takes employees' job security, medicals, food, housing and transportation, important festivals, important moments and other scenes as the entry point to establish a multi-dimensional, sinking security and care mechanism, understands the real needs of employees, helps employees solve practical problems, enhances the sense of belonging and happiness of employees towards the Company, fostering the cohesion and sense of identity of employees.



Employee welfare care system

Guarantee basic welfare

In addition to statutory benefits, SF also provides employees with comprehensive and diverse welfare security, including providing living welfare facilities such as canteens and dormitories, allowing employees to choose remote working and flexible working hours to meet the personalized office needs of employees. In addition, the company will honor a number of care measures such as food subsidies, communication subsidies, transportation subsidies, winter and summer subsidies according to the positions of employees, so as to implement the action of caring for employees to improve the quality of life and happiness of employees.



Staff dormitories cover **43** business areas, with **12,677** beds provided

Care for the Physical and Mental Health of Employees

SF always puts the health and safety of employees in the first place, adheres to the “people-oriented” development principle, provides employees with a full range of physical and mental health support, and strives to protect the physical and mental health of employees.




Safeguarding physical health

SF cares about the health of its employees, provides annual physical examination for all employees, and provides different physical examination packages according to the age and job classification of employees, to help employees identify health risks and get timely medical reminders.

 Health check-up	Health check-ups for employees were organized, benefiting 192,000 people, including cancer screening, treatment and recuperation for female employees, and free medical treatment for traditional Chinese medicine, dentistry, and ophthalmology.
 Medical Housekeeper Service	Forespace (Fengsheng) platform has introduced the Medical Housekeeper service and provided online consultation and drug purchase preferential services, with a total of 2,657 online consultations and 5,468 drug purchase services.

Safeguarding couriers' health

SF always puts the protection of couriers' rights and interests in the first place, and takes multiple measures to protect their health and safety

 Couriers' safety	SF operates online medical consultation platform with couriers providing convenient service, and the annual cumulative consultation reaches about 19,000 people Equipped with first aid medicine box, the network configuration of SF is more than 25,000
 Extreme weather	Summer cooling activities were held in hot summer areas, covering more than 10,000 outlets and benefiting more than 630,000 people In extremely cold weather, the whole network is equipped with scarves, gloves, knee pads and other cold materials, and employees in high-cold areas are provided with heating neckerchief
 Purchase of insurance	Purchase of commercial insurance for all couriers at an investment cost of about RMB55 million Outstanding couriers reward serious illness insurance, the cumulative benefit of 57,000 people, the investment cost of about RMB8.6 million

Care for Mental Health

SF attaches great importance to the mental health of employees, and helps employees grasp positive mental health concepts, master mental health knowledge, and relieve emotions and pressure by setting up a mental care service hotline, building a psychological counseling platform, providing psychological counseling services, holding mental health lectures and other activities.

Care about Mental Health



Platform publicity

Mental health articles were pushed via Forespace (Fengsheng) platform, service account and other channels, with more than **530,000** views
The “Shun Xin Ru Yi” self-psychological relaxation experience platform has been viewed more than **180,000** times



Psychological care

One-to-one psychological counseling service from the online and offline has served for more than **1,000** people
Setting up a 24-hour hotline



Psychological lectures

SF has organized **134** psychological care lectures with more than **220,000** participants
SF has arranged Shun Xin Ru Yi Lecture for **56** times, covering more than **22,000** people



Psychological activity

800 Shunxin service centers have been set at outlets across the network
631 psychological activities were conducted, covering more than **35,000** people
District happiness tour of psychology has been set for **51** events with over **2,000** participants



Mental Health Activities

Promotion of the warmth of care

SF deeply understands the needs of employees, cares about the life and work status of employees and their families, helps solve practical difficult problems, and carries out a variety of employee activities to promote work-life balance and enhancement of employee care.

Care about Employees' Families

SF actively carries out activities for the care of employees' families, and provides corporate welfare for employees' families to enhance their happiness and sense of belonging.

Offering Student Subsidies/ Scholarship

Golden Autumn Subsidies: the Company offered student subsidies of **RMB1.624 million** to the families of **446** employees with serious diseases and major difficulties

Scholarships for college entrance exams: **RMB362,000** scholarships were given to **158** children of employees who were admitted to universities

Carrying out greetings and assistance activities

The Company visited more than **20,000** employees and their families with difficulties, and the amount of assistance was about **RMB11.61 million**



Patrol vehicle for the Company Annual Celebration



Numerous of family members Stepping into SF

Cultural and sports activities,

SF carries out healthy and diversified employee activities to enrich their leisure life, stimulate their vitality and cohesion, increase their happiness and sense of belonging, and balance their work and life. In 2023, SF held 14,164 various activities such as birthday parties, symposiums and fun games, covering 484,000 people.

Carried out "Fengba" Cultural and Sports Activities

11 interest clubs were established with about **8,700** members, and over **20** major sports events were organized



"Fengba" Cultural and Sports Activities

 Holding the first "Happy Employee Festival" and "Fourth Culture and Arts Festival"

In 2023, SF has held the first "Happy Employee Festival" and "Fourth Culture and Arts Festival". The Festival brought together more than 60 organizations and attracted more than 300 employees to participate in the festival's entries. During the Festival, more than 800 employees in Guangdong Province gathered together, and the traffic of the online live broadcasting room reached more than 560,000, which conveyed this atmosphere of joy and art to others. The Festival not only provides a platform for employees to display their talents and exchange art, but also further enhances the cohesion and centripetal force of the enterprise.



First "Happy Employee Festival" and "Fourth Culture and Arts Festival"

Building the Line of Safety

To adapt to the changes in the external policy environment and to support the stable expansion of the Company's diversified business, SF has paid great attention to and continuously strengthens the construction of the safety risk management system. We are committed to creating a safe and healthy working environment for all workforce.

Safety Management System

SF has built a comprehensive work safety framework and established a group-wide work safety compliance database according to pertinent national laws, regulations and standards in the field of production safety, such as the standard of occupational health and safety management system (ISO 45001), the *Guideline of China Occupational Safety and Health Management System* (GB/T33000) and NOSA five-star system standard (health, safety and environment). The comprehensive work safety framework consists of 66 elements of production safety in 11 modules.



Comprehensive Work Safety Framework

Principles and Commitments

Safety Management Principles

Safety first, focus on prevention, legal compliance, full performance of duties, continuous improvement and sound development.

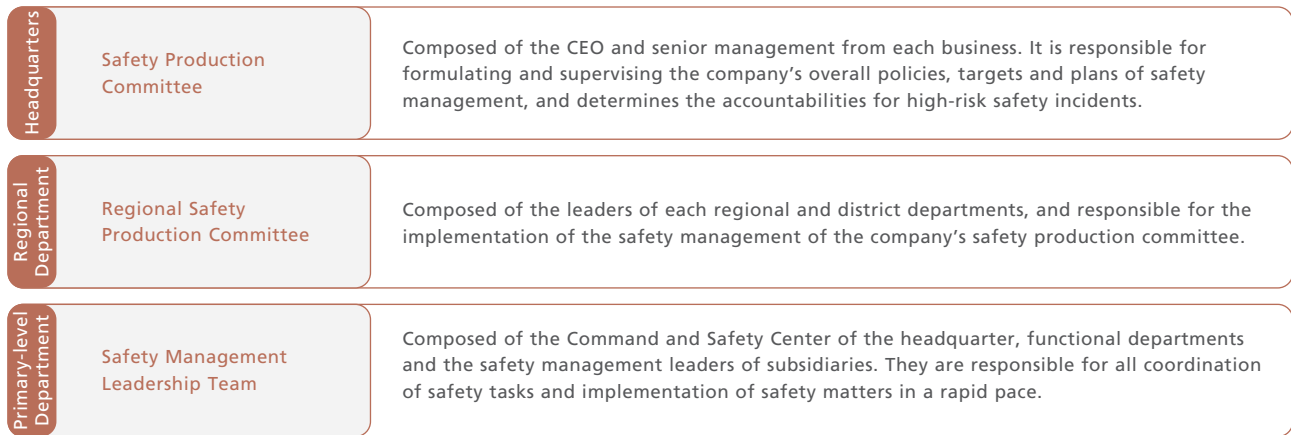
Safety Management Commitments

1. Abide by national laws and regulations, standards and management requirements;
2. Company's top executive is the first responsible person for safety of SF, and the chief leaders of each organization are the first responsible person for safety of their own organizations In daily work, they implement the code of conduct and play the leading role in safety;
3. Adhere to the principle of people first and focus on prevention and achieve the target of "zero accidents";
4. Provide necessary support, including manpower, resources and funds;
5. Establish communication channels on safety management for all employees and stakeholders;
6. Control production safety risks effectively and take actions to minimize the risks;
7. Optimize the allocation of safety management resources and continuously improve the safety management;

All of our stakeholders, including employees and contractors, are obligated to keep the Company's commitment to production safety management.

Safety Management Structure and Responsibilities

SF has established the three-tier management organizations consisting of the headquarters, regional Department and Primary-level Department and improved safety systems to effectively supervise and manage the safety management of all regions and guarantee the safe production and operation of the whole Company. The Risk Management Committee of the Board of Directors is accountable for overseeing the comprehensive risk management of the company (including safety risks), assessing the completeness and effectiveness of the safety risk management system and providing suggestions. The Chairman and Chief Executive Officer (CEO) has the primary responsibility for our production safety, and our Safety Committee is directed by the CEO and consists of senior management from each business. The Safety Committee supervises and manages the implementation of our overall strategies, targets and performance in production safety, and regularly reports the progress in safety risk management to the Risk Management Committee of the Board of Directors.



SF Safety Management Structure

Safety Production Management System

SF regularly reviews and updates our documents of the safety management system every year to give rational, appropriate and effective instructions on safety production management to all functional departments. The Company optimized the safety management system in 2023 in accordance with the requirements of the *Guidance on the Safety Management System (SMS) Construction for Enterprises and Express Enterprises (Trial)* issued by the State Post Bureau of the People's Republic of China as well as the safety management working plan of SF. The company improved the safety production management system in accordance with the key elements of ISO 45001 for occupational health and safety management system, and supplemented and updated 42 management system documents.

SF requires all employees to sign the *Letter of responsibility for safety production* to further strengthen the targets and responsibilities of personnel in charge of safety management at all levels. Which can further implement the primary responsibility for production safety, prevent and reduce production safety accidents, and protect the safety of people and property. The chairman of the Board of Directors and CEO is fully responsible for safety management objectives, assuming the highest level of responsibility for work safety and undertaking the commitment to ensure the safety and healthy working conditions of all company personnel. At the same time, each level's primary leader is fully responsible for production safety within their jurisdiction.

Safety Management Targets

SF regularly reviews the safety management and its effectiveness over the past years. The Company quantifies health and safety requirements and sets annual safety management targets every year, and link the target to the performance of safety management personnel. SF continuously tracks quantitative indicators related to the health and safety of our employees and contractors. In 2023, there was no major fire accident or major casualty accident occurred in the Company, and the accident rate of casualties in millions of express deliveries decreased by 15.1% compared with 2022, which successfully achieved the annual health and safety target. In 2024, we will strive to achieve a 5% year-on-year decrease in the casualty accident rate per million express deliveries.

Achievements of 2023 Safety Management Targets	
0 major fire accidents	Achieved
0 major casualty accidents	Achieved
Accident rate of casualties of one million express deliveries ⁸ decreased by 10% year-on-year	Achieved

⁸ The casualty accident rate covers all workforce in SF.

Safety Management System Certification

SF has obtained the ISO 45001 (the occupational health and safety management system) certification for all business operations.

100% Percentage of business operations covered by ISO 45001.

ISO 45001 Certification	Shenzhen S.F. Taisen Holding (Group) Co., Ltd.	Jiangxi Fengyu Shuntu Technology Co., Ltd.
	SF Co., Ltd.	Shenzhen SF Comprehensive Logistics Service Co., Ltd.
	SF Group (Shanghai) Co., Ltd	SF Multimodal Transportation Co., Ltd.
	Guizhou SF Co., Ltd.	Shenzhen SF International Supply Chain Management Co., Ltd.
	Shenzhen SF Freight Co., Ltd.	Zhejiang Shuangjie Supply Chain Technology Co., Ltd.
	Shenzhen Fenglang Supply Chain Co., Ltd.	Shanghai Shunxiaofeng Distribution Co. Ltd.
	GZ SF Pharmaceutical Supply Chain Co., Ltd.	Wuhan Shunfeng Zhida Logistics Co., Ltd.
	Phoenix-Wings (Shenzhen) Co.,Ltd.	Shenzhen Xingshun Intelligent Supply Chain Co., Ltd.

SF Airlines Passed the Third-Party Audit on Safety Management System (SMS)

In November 2023, SF Airlines successfully passed the third party audit on the safety management system (SMS) conducted by the Civil Aviation Management Institute of China. This further testifies the Company’s integrity, conformity and effectiveness in safety management system.

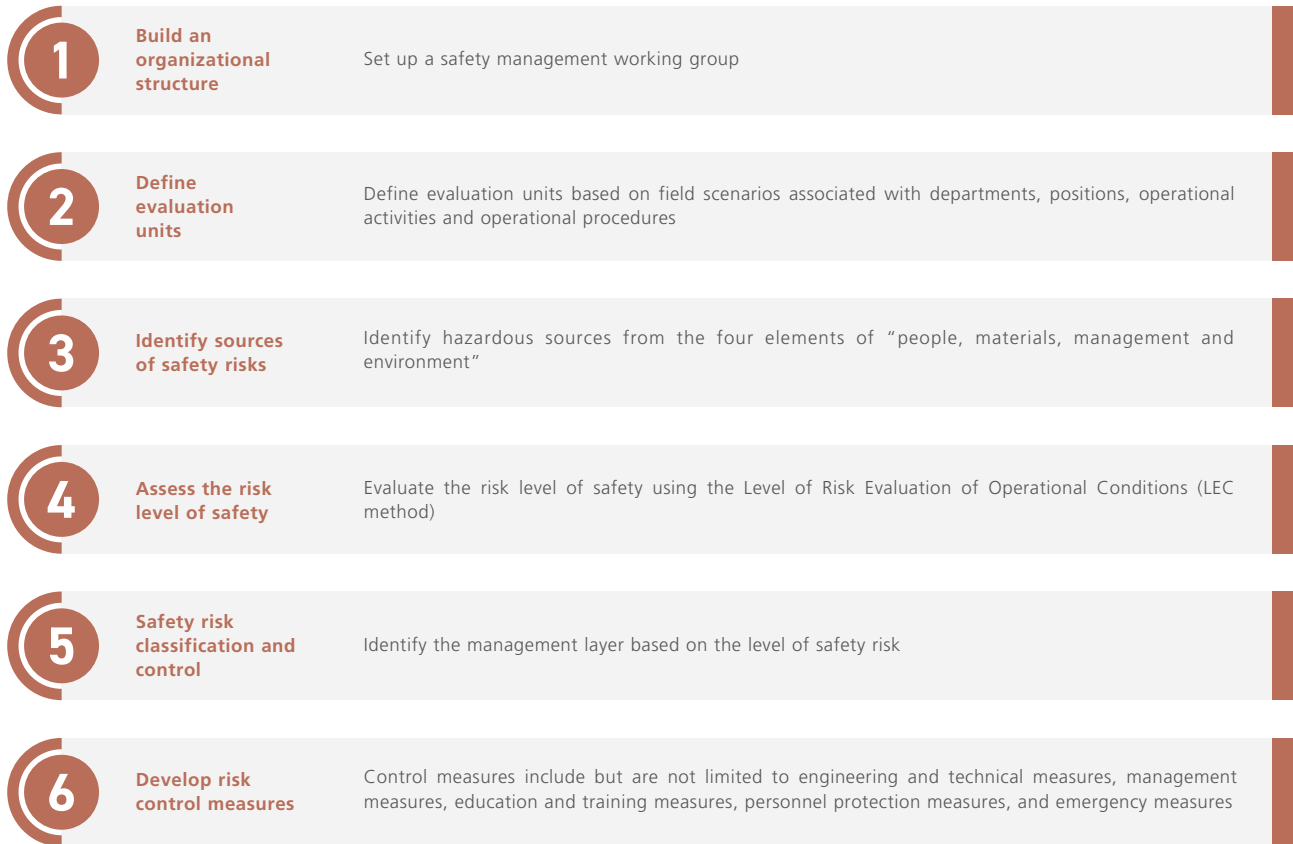


The Third-Party Audit of SF Airlines Safety Management System (SMS)

Safety Management Measures

SF is improving the “dual prevention mechanism” of risk classification and control as well as potential hazard inspection and elimination. The Company have established a scientific and systematic management process in safety risk prevention, control and hazard elimination, which has formed a double firewall to prevent production and safety accidents. This enables SF to continuously improve its safety management capability and guarantee the safety of its production and operation in all aspects.

SF Safety Risk Identification, Evaluation and Control Framework

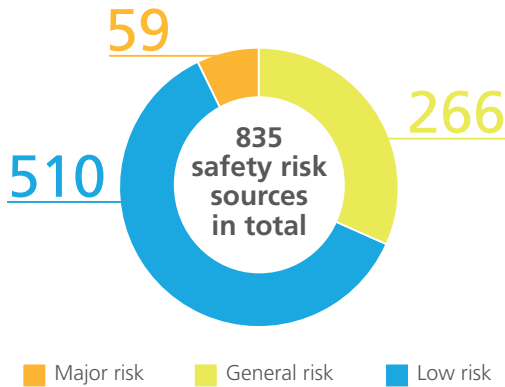


Safety Risk Classification and Control

SF has changed the safety risk assessment method from MES to LEC. It determines the magnitude of the risk value by multiplying the frequency of exposure to the hazardous factor, the severity of the consequences and the likelihood of occurrence of the event. All regions are required to identify and assess safety risks at least once a year according to the requirements of the *Hazard Source Identification, Risk Assessment and Control Management Regulations*, and then categorize the risks into four levels in accordance with SF’s risk classification control principles and determine the risk control levels.

Risk Level	Risk Value Assessed by LEC Method	Risk Control Level
Level I: Material risk	$D \geq 320$	Company level (functional departments of the headquarters)
Level II: Major risk	$160 \leq D < 320$	Department level (business/allocation area)
Level III: General risk	$70 \leq D < 160$	Workshop level (transit center, service outlets/supply station)
Level IV: Low risk	$D < 70$	Team/position level

In 2023, the Company organized a comprehensive safety risk identification and evaluation regarding to the workflow of all positions in 55 regions across the network. A total of 835 safety risk sources were identified and appropriate risk control measures were implemented. These measures include but are not limited to promotion of tools used for identifying safety risk sources, optimization of security risk management process, and training and communication of safety risks.



According to the 2023 inventory of production safety risk, the Company conducted a special training on *Key Risks and Control Measures of Production Safety* for safety management personnel and functional department members across the network. With cases and pictures, this training deepened their understanding of the safety risk list of 2023 and allowed them to learn and discuss the key safety risks and control measures.



SF safety risk training scene

SF Completed Third-Party Safety Risk Assessment

In 2023, SF engaged independent third-party professional evaluation organizations to conduct comprehensive and independent safety assessment and risk source identification in multiple business operations located in South China and Northeast China, including distribution centers, transit depots, collect and dispatch points and service points. In accordance with the result of the third-party safety risk evaluation, SF has optimized and upgraded the current safety risk source identification tool, thus to further enhance the applicability and comprehensiveness of this assessment tool. As the tool has been widely applied and promoted across the network, the Company has significantly improved the work efficiency in the safety risk assessment.



SF safety risk assessment on site

The Company attaches much importance to feedback, suggestions, and inquiries from our employees on safety management. We encourage our employees to provide suggestions and feedback on safety management improvement through various channels to the Safety Production Committee. This proactive approach helps prevent potential safety risks in a timely manner and contributes to the continuous improvement of our safety management.



Safety Hazards Investigation and Management

SF has implemented a work safety assessment mechanism that involves “oversight from the headquarters, cross-inspection between regional organizations, and self-inspection at local levels”. With the mechanism, SF aims to strengthen independent safety management capabilities at regional levels and strives to mitigate or eliminate safety hazard. The headquarters also regularly evaluates safety production systems of transit depots and service points in all regions of the network. In 2023, the headquarters evaluated the safety production systems of 41 transit depots and 61 service points in 31 regions within the whole network. At the same time, we also promoted self-evaluation and self-improvement of safety production systems in all regions across the network.

In addition, SF revised and updated the *Safety Hazards Investigation and Management Measures* during the Reporting Period to add requirements for the investigation, identification, reporting and elimination of major safety hazards. We also formulated accountability and incentive provisions for investigation, to further standardize and strengthen the investigation and management of potential hazards of safety accidents, and unify the Company’s safety hazard management standards.

55%

Percentage of the business operations that has been evaluated by the headquarters in terms of safety production systems

100%

Percentage of distribution centers⁹ that has been evaluated by the headquarters in terms of safety production systems

Remediation of potential hazards

In 2023, the Company carried out more than 36 special risk elimination activities, including:

Comprehensive safety hazard elimination program	Special safety hazard elimination program
<ul style="list-style-type: none"> • Investigation and elimination of major safety production hazards program • Investigation and elimination of safety hazard program • Identification and evaluation of hazard source program • Safety system evaluation program 	<p>Transit depots: special safety hazard elimination program in belt conveyor, equipment padlocking, forklift, cage trolley and building structure on rainy and snowy days</p> <p>Fleet management: vehicle inspection, tailgate trucks, and fixing of vans and caged trucks</p> <p>Property management: summer/winter electricity for firefighting, charging area renovation</p> <p>Terminal management: standardization of safety and appearance management of two- and three-wheeled vehicles</p>



⁹ The distribution center is a specific area used for receiving, storing, loading and dispatching goods in the logistics transportation process.

Operational and electrical safety

Case: Fire Safety Risk Elimination Program in Charging Areas

SF conducts fire safety hazard investigation in the charging areas of its operating sites across the network, and draws up corresponding fire prevention and safety management measures including:

Install hanging powder extinguishing devices

Arrange 24-hour video monitoring patrol



Charging cabinets in the charging areas of operating sites

Operational Safety of Personnel at Transit Depots

Case: Elimination of Operational Violations at the Platform

SF utilizes the Sharp-eyed Pupil (慧眼神瞳) snapping function and intelligent video recognition technology to capture personnel's unsafe behaviors on the platform in real time, and issue timely warnings to on-site personnel and video supervisors, to prevent safety accidents.



Monitor screen of "Sharp-eyed Pupil (慧眼神瞳)" in transit depots

Contractor Safety Management

The safety management policy of SF is also applicable to the safety management of the contractors and their employees. The Company clearly stipulates in the *Work Safety Management Manual* that all contractors shall comply with SF safety management policies and take relevant responsibilities. In order to strengthen contractor safety supervision and management, in 2023, the Company optimized and updated the *Management Measures for Contractor Safety* to further refine the management of the contractor operation process. At the same time, the Company strengthened the contractor safety management through performance evaluation, regular review, accident management, communication mechanism and qualification termination, continuously improving the safety management requirements for contractors.

100%
of contractors have signed the safety management agreement

In addition, SF integrates relevant safety management requirements into the contract terms signed with contractors on the basis of business scenarios, and signs the safety management agreement with contractors to ensure that they strictly comply with SF's safety management standards and eliminate safety hazards. In 2023, the Command and Safety Center of the Company headquarters, jointly with other line-of-business departments, conducted on-site safety inspections of 321 contractors.

Primary Safety Management Qualification Requirements for SF Contractors

Essential qualification requirements for the contractors include:

- 1 Having a business license that matches the business services it provides;
- 2 No major or above level work safety accident within one year;
- 3 Having applicable personnel qualification certificate, special equipment use registration certificate and transport vehicle license;
- 4 Purchasing necessary insurance for employees, such as transportation, warehousing or personal injury (accident) insurances.

Occupational Health and Safety Training

SF has established a comprehensive safety training system that offers targeted safety training content based on different levels and positions. The Company regularly carries out offline training activities such as safety production month, safety knowledge competition, and finding potential safety hazards. We also post online safety training materials related to holiday safety, peak season safety, seasonal safety and emergency safety to all employees to continuously strengthen their safety awareness.

100%
Coverage rate of Health and Safety Training (including employees and contractors) in 2023

- 
Senior Management
 Hold "professional lectures" to facilitate the exchange of excellent management experience, thus empowering senior management by equipping them with safety management skills.
- 
Safety management professionals
 Provide various forms of training for safety management professionals within the network, including internal sharing sessions, external tutoring sessions and special safety training.
- 
All workforce
 Develop their own safety training agenda by each region across the network, and provide standard safety training for all employees (including contractors) in the region.

SF Safety Training System

SF Safety Training Performance Data in 2023

Total safety training sessions launched

96,000



Cumulative number of participants

676,000 people



A total of **27** safety training sessions were provided for safety management professionals, including:

16



Safety management sharing sessions

6



External tutoring sessions

5



Special safety training

SF provides sufficient internal training resources for safety management personnel to obtain professional qualifications. By the end of the Reporting Period, the number of employees with safety qualification certificates across the network reached **940**.

Safety Emergency Drill

In accordance with the requirements of national laws and regulations such as the *Emergency Response Law of the People's Republic of China* and the *Work Safety Law of the People's Republic of China*, SF has formulated a series of emergency response procedures and standards, and established and improved the planning system to provide emergency response guidance. In this way, the Company has effectively improved its emergency response capabilities. In 2023, SF maintained the *Comprehensive Plan for Work Safety* by updating a total of 35 emergency response plans. Apart from fire drills in accordance with national regulations, the Company also regularly organizes diversified emergency drills every year centered on explosion prevention, anti-terrorism, traffic accidents and public health. These initiatives are designed to improve SF's emergency response capabilities.

To improve employees' safety awareness and emergency response capabilities, and to ensure the safety of the Company's property, packages and employees, the Company organized safety knowledge training and emergency drills in 2023, involving 55 regions across the network, and rewarded those regions that actively organized drills and performed well.

2023 SF Fire Drills

A total of **13,000** drills were conducted, with an accumulated participation of **440,000** people



SF Fire Emergency Drill Scene

SF Airlines Conducted the First Large-Scale Nighttime Emergency Rescue Civil Aviation Exercise

In December 2023, SF Airlines in Shenzhen and Ezhou cooperated with the Ezhou Huahu Airport to carry out a large-scale comprehensive emergency rescue exercise named "Mission Accomplished 2023". This exercise was the first large-scale emergency rescue comprehensive exercise carried out by domestic airport hub at night with all-cargo aircraft as the simulated model, and it was also the first time for the Company to carry out practical exercise in the way of "one exercise for two places" (i.e., setting up an emergency command center at the headquarters, combining with Shenzhen and Ezhou for coordinated disposal).

This drill successfully completed the fire fighting, medical rescue, aircraft removal and other practical exercise subjects, which achieved the purpose of strengthening the cooperation between the two places in emergency response and enhancing the synthetic emergency response capability. The valuable practical experience gained from this exercise also played a pivotal role in constantly enhancing capabilities of SF Airlines to handle emergencies.



SF Airlines Nighttime Emergency Rescue Scene

Building Responsible Chain Together

Upholding the core value of integrity and commitment, SF attaches great importance to supplier management, and advocates a sound cooperation environment of equality, mutual respect, transparency, development and mutual benefit. Over the years, SF has been striving to reach long-term, stable and win-win cooperation with suppliers and partners, and to build a responsible supply chain together with them.

Supplier Management System

SF continued to improve its supplier management system, implemented a strict supplier management system, and strengthened ESG risk identification and management in the supply chain. In 2023, the company has updated *Criteria for Supplier Management*, further supplemented, and improved the supplier access process standards, access conditions, performance evaluation standards, on-site evaluation standards, etc., to continuously strengthen the supplier refined management ability and reduce the risk of supplier cooperation.

Risk Supervision of Procurement Management Structure

In the process of decision-making and execution of procurement activities, SF has a risk supervision organization to carry out independent risk monitoring of the whole process.

At the same time, the company makes purchasing strategies and decisions through the collective decision-making mode of the Strategic Procurement Committee. Under the Committee, a Purchasing Supply Chain Center is set up, responsible for the execution of purchasing decisions, purchasing demand analysis, and supplier management.




Organizational Structure of Procurement Supervision Committee

Life cycle Management for SF Suppliers



Access accreditation

The requirements for supplier admission certification are clarified in terms of admission channels, admission conditions, and certification audit process.




Classification and grading

According to the supplier's cooperation performance, the Company adopts differentiated and dynamic grading and classification management for suppliers.




Performance management

The Company establishes a scientific and rational performance management and evaluation mechanism, develops quantifiable performance evaluation criteria and conducts multi-departmental performance evaluations.




Routine management

Three mechanisms have been established to strengthen the routine management of suppliers: a training and coaching mechanism, a routine audit and inspection mechanism, and an information change approval mechanism.



Penalty management

For suppliers with breach of contract and discipline in the course of business cooperation, penalties are imposed with reference to the *SF Group Supplier Penalty Management Measures*.



Exit management

There are two forms of supplier exit management: penalty exit and non-penalty exit to standardize the supplier exit process.

Digital Management of Suppliers

SF has continued to promote the upgrading of suppliers' digital and intelligent management. The Company has enhanced the efficiency of suppliers' management and strengthened the risk control capability of supplier cooperation through various initiatives such as the construction of supplier Management Dashboard, supplier Digital Archives and supplier Labeling System, and the establishment of supplier risk models.



Supplier Management Dashboard

Establish supplier management dashboard with different levels and categories dimensions, achieving dynamic real-time monitoring of supplier resources, to provide decision-making assistance for management.



Supplier Digital Archives

Gradually optimize supplier portrait and strengthen supplier resume management to provide decision makers with better supplier information and reduce procurement risks.



Suppliers Labeling System

Build supplier labeling system and implant the labels into the business system for employees to quickly identify and prevent supplier cooperation risks, thereby improving the efficiency of procurement decisions.



Supplier Risk Models

Build a supplier risk model including trade compliance risk screening, affiliation identification and supplier credit evaluation to realize supplier risk control in the whole process.

Supplier Management and Evaluation

The Company regularly conducts supply chain assessments and identification about environment, health and safety, labor rights and ethical risk. Through regular supplier on-site audits, written audits and other way, SF assess the performance of supplier cooperation and based on the performance to put forward rectification recommendations, urge suppliers with management deficiencies to make rectifications and follow up on their improvement in a timely manner. Besides, SF will recognize outstanding performers and set an excellent example of cooperation.

In 2023, SF conducts a comprehensive evaluation and management of suppliers:

- SF audited over **1,600** suppliers on site, with an audit pass rate of **93.6%**.
- SF carries out excellent supplier evaluation and recognizes more than **60** outstanding suppliers.
- The percentage of new suppliers screened through CSR standard is **99.29%**
- The percentage of targeted suppliers that have gone through a CSR assessment (e.g. questionnaire) is **100%**
- The Percentage of targeted suppliers that have gone through a CSR on-site audit is **96.46%**
- The percentage or number of audited/assessed suppliers engaged in corrective actions or capacity building is **79.03%**


Supplier Environmental and Social Impact Assessment


SF pays attention to suppliers’ environmental and social performance and strictly regulates the behavior of suppliers in the areas of environment, society and labor rights and interests. By doing these, SF promotes suppliers to strengthen their own performance in social responsibilities such as in environmental and safe area.


SF focuses on the following areas in supplier environmental and social risk assessment:


Environmental protection	Health and safety	Labor requirements and protection
<ul style="list-style-type: none"> Environmental permitting and reporting Pollution prevention Exhaust emission 	<ul style="list-style-type: none"> Occupational safety Emergency preparedness 	<ul style="list-style-type: none"> Labor requirements Fairness and equality Employee protection

In 2023, the company continues to build a value chain that has a positive impact on society and the environment through the following initiatives:

- 

SF incorporates CSR clauses, including environmental protection, health and safety, and labor rights, into supplier contracts.
- 

When conducting supplier admission and evaluation, SF pays attention to the certification of related systems involving ISO environment, occupational health and safety, and information security.
- 

SF regularly evaluates suppliers’ environmental and social practices, and includes such performance as one of the indicators in their periodic supplier reviews.
- 

SF conducts on-site audits of suppliers on key environmental and social issues, and provides rectification recommendations and support to suppliers with deficiencies.

In 2023, the percentage of targeted suppliers with contracts that include clauses on environmental, labor, and human rights requirements is **99.29%**.

Build the Sustainable Supply Chain

Following the principles of fairness, impartiality and openness, SF has established standards of transparent admission in the front stage of procurement, a fair process at the middle stage and fair supervision at the backend to ensure a responsible and sustainable procurement environment.

Green Procurement

SF has formulated the *Regulations on Green Procurement Management* to add corresponding environmental protection requirements to the life cycle management of suppliers. At the same time, SF promotes sustainable concepts among procurement staff through initiatives such as online and offline training and daily advocacy. In some extent, SF gives 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.



Green procurement related courses

Procurement Integrity Management

In order to strengthen the procurement integrity management capability, SF has continued to focus on building a comprehensive and profound anti-corruption compliance management system. SF has formulated the *Letter of Notification of Transparent Procurement* to further determine the responsibilities of joint construction of integrity and the rights owned for both parties, building high-standard business ethical practices. Also, the Company signed the *Integrity Agreement* with suppliers, prohibiting any form of soliciting, offering or accepting bribes between the two sides in their transactions.

In 2023, the signing rate of the *Integrity Agreement* has reached **100%**.

- 1

Registration

All suppliers are required to proactively declare the conflict of interest relationship, with 100% of declarations in 2023.
- 2

Bidding

Supplier affiliation is monitored to prevent their collusion with other SF suppliers.
- 3

Contact conclusion

The *Integrity Agreement* shall be signed. Reporting channels should be clearly stated in the framework master agreement, sub-agreement, and bidding documents. If suppliers discover acts such as solicitation of bribes, they can report the complaint.

Supplier Anti-corruption Initiative

The Group continued to optimize its online procurement management platform. In 2023, The Company has deepened the construction of the collusive bidding identification system to realize efficient early warning of compliance and potential integrity risks. For collusive bidding behaviors identified and warned by the system, SF also carries out integrity actions at the first time to investigate and maintain the fairness and impartiality of procurement behaviors. In addition, SF has enhanced its ability to control the risk of corruption in procurement by various initiatives, such as regulating ethical behaviors of procurement staff, providing regular anti-corruption training to procurement staff and requiring procurement staff to undergo regular job rotation.

Procurement integrity-related training

"Integrity Responsibility, Risk Prevention":

In September 2023, SF carried out integrity training on the theme of "Integrity Responsibility, Risk Prevention" for all procurement staff, covering more than **300 people**.

"Transparent Cooperation, Healthy Win-Win":

In 2023, SF will conduct "Transparent Cooperation, Healthy Win-Win" integrity-themed training for external suppliers, covering more than **150 suppliers**.

Supplier Training

SF regularly organizes supplier training. The Company provides trainings on six modules including quality management, integrity cooperation, and green and environmental protection, to convey the cooperation concepts of green and environmental protection, and honesty and integrity to suppliers.

Key partner suppliers

Conducts online training in the form of video and live courses.

Full-volume suppliers

Uploads training materials in the form of training announcement on SRM system (Supplier Relationship Management System), notifies suppliers to download the training course materials and requires them to complete the training by themselves.



Supplier Online Training Exchange

SF Packaging Materials Suppliers' Conference – advocate sustainable development cooperation

In September 2023, the Group carried out the SF Packaging Materials Suppliers' Conference, inviting more than 60 supplier partners to be present. SF carried out in-depth communication on topics such as changes in the procurement business, macro environment change of the market and the management mechanism of packaging materials. Also, SF encouraged suppliers to communicate with each other, share their own experience. The conference passed on the concept of synergy with each other under transparent cooperation and advocated sustainable development cooperation, so as to jointly build up an industry ecosystem for sustainable development.



SF Packaging Materials Suppliers' Conference

Shouldering Social Responsibility

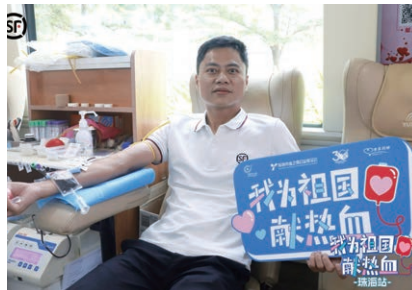
As deeply understands that business and society are intertwined, SF has always been committed to public welfare and social responsibility without forgetting why it started. In 2012, SF has established SF Foundation and carried out a rich variety of public welfare projects and volunteer activities in medical care, education, environmental protection, etc., so as to give back to the society in every small practice.

In 2023, SF Foundation spent a total of **RMB106** million on public charity.

21 volunteer associations organized a total of **155** public service activities, with **8,861** participants and a total of **34,948** volunteer hours.



In 2023, the SF Holdings was listed in the "2023 Top 10 Chinese Corporate Volunteer Service Brands"



In 2023, 26 business region/organizations of SF has launched 59 "SF Blood Donation Day" blood donation events in 37 cities with 2,904 people participated, over 777,430 ml of blood and 25 treatments of platelets successfully donated by 2,236 people.

Education Charity

SF Lotus Education Assistance Programs

Launched in 2012, the SF Lotus Education Assistance Program, through centralized application, family visits, continuous financial support and accompaniment, aims to help students in need to successfully complete their education and grow into wonderful young people with excellent character who can adapt to the development of the society and stand ready to give back to society.

In 2023, the SF Lotus Education Assistance Program sponsored **13,718** students in need, with a total of **RMB31.19 million** scholarships awarded.

By the end of December 2023, the Program sponsored a total of **38,067** students in need with **RMB228.3 million** scholarship awarded.

Financial Support

A total of 11,762 high school students and 1,956 college students were supported throughout the year, with grants totalling RMB25.09 million and RMB6.10 million respectively.

Volunteers made door-to-door home visits one by one and provided financial support to 3,973 new students in need

In 2023, SF Foundation has organized 40 public welfare activities in rural areas, with more than 1,200 participants as SF employees, university students of SF Lotus Program, and social volunteers. Our volunteers visited rural children in Guizhou, Gansu, and Guangxi, and 4,094 student households were visited during the Program, with 3,973 new students identified as eligible for the financial support. The Program sponsored 13,718 students in need, with a total of RMB31.19 million scholarships awarded throughout the year.



Public welfare activity in rural areas

Psychology and Health

SF Lotus Education Assistance Program attaches great importance to the physical and mental health of students. A total of 367 thematic class meetings were held throughout the year. 16,800 high school students and college students took the psychological test.

Dream sharing sessions to dream of a better future

In 2023, the SF Lotus Education Assistance Program provided students 40 dream sharing sessions with various forms. Students engaging in "Giving-Back-to-Society" platform project, SF's managers and volunteers were invited to share their dreams, struggles, transformations, and gratitude in their life. During the sessions, through participating in on-site interactions, singing inspirational song, dancing, and many other interesting activities, students were encouraged to dream of their future and fight for their dreams. In 2023, the SF Lotus Education Assistance Program has convened dream sharing sessions in 35 counties under, involving 3,807 students.



Dream sharing sessions

Empowerment for Growth

32 empowerment courses were provided in 2023, with a total of 3,908 participants. A total of 117 empowerment public activities took place, including the rural summer camp, lesson creation contest, alma mater exchange communication, volunteer consulting about application for College and University Admission, involving a total of 1,142 students engaging in "Giving Back to Society" platform project.

Diversified empowerment to help feed the comprehensive growth of Giving-back-to-Society students

In 2023, SF Foundation has helped college students of the SF Lotus Education Program through feeding the community mutual aid platform such as the Giving-back-to-Society Nesting Association, encouraging participation in public welfare activities (such as teaching in rural summer camps, visits to schools, etc.), organizing empowerment courses (Learning and Career planning, Personal development, Career preparation, etc.), and carrying out the SF on-campus cultivation Internship and part-time jobs to help college students of the SF Lotus Education Program learn together and grow with their peers and continue to enhance their comprehensive abilities, so as to get ready for the workplace life in the future.



Offline empowerment training of Giving-back-to-Society Program

The Giving-back-to-Society rural summer camp, A summer feast for country children

In the summer of 2023, university students engaging in “Giving-Back-to-Society” platform project of the SF Lotus Education Assistance Program organized 15-day rural summer camps in 10 rural elementary schools in 6 provinces: Hunan, Shanxi, Shaanxi, Yunnan, Henan and Gansu, with a total of 141 volunteer students participated. The camp provided “music, sports, and art” lessons, psychological counseling, fun games, and many other activities to give rural children an exclusive summer feast. In addition to enriching the summer activities of rural children, the camp also supports their all-round development in arts, physical health, and mental health to improve themselves.



Rural summer camp

We also apply the digital technology to empower the SF Lotus Education Assistance Program and improve the digital platform to enhance the student experience while increasing the efficiency of public welfare activities.

SF Liangshan Charity Class Program

SF Liangshan Charity Class Program is a welfare public program cooperated by SF foundation and Liangshan Yi Autonomous Prefecture Mawei Development Center (the former Liangshan Yi Women and Children Development Center) to help Liangshan dependent children (children who have lost their fathers or mothers and have nothing to rely on in their lives) and female high school students in poverty. The project is committed to improving the living conditions of dependent children in Liangshan, supporting female high school students in difficult circumstances to complete their education, and providing them with equal access to educational opportunities and resources. The program is committed to improving their living conditions, supporting female high school students in need to complete their education, providing them with equal access to education and enjoying equal educational resources.

In 2023, the program sponsored a total of 451 students in 8 classes (with 2 new classes of 120 students) throughout the year, while 4 classes with 209 students graduated. By the end of December 2023, the program had set up a total of 25 love classes and sponsored 1,407 orphaned children and poor girls.



SF Liangshan Charity Class

Medical Care

SF Warmth and Care – Children Medical Assistance Program (hereinafter “SF Warmth and Care Program”) is committed to promoting early detection, early treatment, and early recovery of children patients aged from 0 to 18 who suffer from relevant diseases. It boosts the physical and mental health of children patients in terms of medical assistance and humanistic care, and contributes to the development of “intra-provincial treatment of serious diseases” and the children’s medical industry.

By the end of 2023, SF Warmth and Care Program had invested a total of RMB432 million to assist 21,379 orphans and children with serious diseases, and had provided humanistic care services to 35,803 people including children patients and their family members, as well as medical staff.

- In 2023, we newly helped an additional number of **3,424** orphans and children with serious diseases.
- 15 self-run designated hospitals of the SF Warmth and Care Program received additional **2,134** children with congenital heart disease, blood diseases and malignant tumours in 2023, up **13%** year on year.
- In 2023, the SF Warmth and Care - Children Medical Assistance Program won the **12th China Charity Awards**.

Congenital heart diseases screening in children to care for the health of children patients

In 2023, the SF Warmth and Care Program cooperated with the Children Cardiology Department of the University of Hong Kong Shenzhen Hospital to carry out screening and assistance activities in Longchuan of Guangdong, Chasum of Tibet and Lundu of Guangdong. The professional medical examination is conducted to diagnose congenital heart diseases in time, contributing to early detection, early treatment, and early recovery of the children patients.

- In 2023, the SF Warmth and Care Program carried out the fourth diseases screening activity in Tsawang County, Linzhi City, Tibet. Following the comprehensive school screening in two elementary school last year, this year, it also went deep into the most remote Tsawanglung Township and Gula Township to carry out school screening, with a cumulative total of 1,233 children being screened, and 7 newly diagnosed with positive congenital heart disease and in need of surgery.
- 2023, the SF Warmth and Care Program carried out universal screening continuously in 11 kindergartens through innovative “heart ultrasound into the garden universal screening” way in Lundu, Shantou, Guangdong Province, with timely discovery of 55 children with positive congenital heart disease. The Program also provided guidance to kindergartens and parents for a better follow-up review and follow-up work, guarding young children’s “heart” health with all their heart.



The SF Warmth and Care Program congenital heart diseases in children screening activities in Chasum, Tibet



The SF Warmth and Care Program congenital heart diseases in children screening activities in Shantou, Guangdong

Humanistic care

In 2023, provided humanistic care services such as growth accompany to **10,765** people including children patients, parents, as well as medical staff.

Organized **20** volunteer activities with a total of **1,010** volunteer hours, involving **1,232** people including children patients and their parents, as well as medical staff.

1,151 warmth and care energy packs were given out.

Public service activity on humanistic care to accompany the growth of children patients

In August 2023, the SF Warmth and Care Program staff organized public service activity on humanistic care with the theme of "Accompanying Children's Growth" in Zhengzhou, Henan Province. During the activity, the staff made online and offline return visits to 108 children patients diagnosed with blood diseases and malignant tumors, to learn about their current conditions and dreams for the future. The activity laid a solid foundation for future activities and accompanied the healthy growth of the children patients.



Public service activity on humanistic care of the SF Warmth and Care Program in Zhengzhou

Meanwhile, SF Foundation pays special attention to medical capacity building in rural areas and contributes to the development of township hospitals, so as to improve the medical experience of rural residents.

Concentrating on the capacity building of rural medical and healthcare system to facilitate the development of Qinghe Town Health Clinic

In 2023, SF Foundation supported the medical service capability establishment of the Qinghe Town Health Clinic in Pingquan City, Hebei Province. New pre-screening and triage clinics, fever clinics and enteral clinics have been built in the health clinic to optimize the process of patient care and improve the health-care environment for rural residents.



The Qinghe Town Health Clinic in Pingquan City, Hebei Province

SF donation has continued to promote the digital upgrading of the SF Warmth and Care Program, upgrading the medical assistance management system and completing the R&D of humanistic care management system, and thereby providing children patients and their families with a better all-process experience from the early treatment to the later humanistic care service.

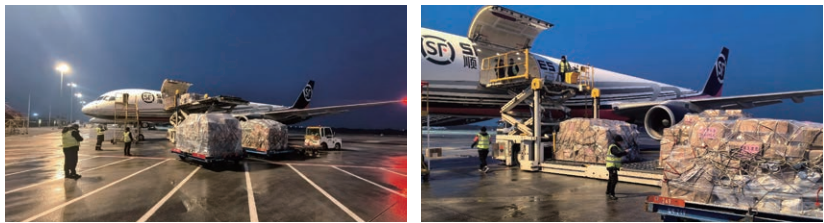
Disaster Relief

Disaster is merciless, while SF stand with love. In the face of all kinds of natural disasters, SF has always regarded serving the society and safeguarding people's livelihood as its own responsibility, paid close attention to the situation in the disaster area, and mobilized the emergency resources of its whole network to support the disaster relief in the first time. Relying on its own resource advantages and efficient deployment capabilities, it has continued to contribute its effort to help the people in the disaster areas and tide over the difficulties together.

In 2023, SF actively participated in the earthquake relief in Baoshan, Yunnan Province, flood prevention and relief in the Beijing-Tianjin-Hebei region, and earthquake relief in Jishishan County, Gansu Province by leveraging our capacity to transport relief materials to the disaster areas in time and donating materials and funds for the reconstruction of the disaster areas. SF continues to pay attention to the disaster situation and dynamically schedules relief forces to provide assistance and support for post-disaster reconstruction.



In December 2023, when an earthquake hit the Jishishan County, Gansu Province, SF put the B757 cargo aircraft into service and opened up the "Wuxi-Lanzhou" air route to quickly transport 20 tonnes of relief materials to the disaster area, providing logistics support for the relief efforts.



SF Airlines guarantees the transportation of earthquake relief materials

In August 2023, when a flood struck the Beijing-Tianjin-Hebei region, SF immediately dispatched 20 relief vehicles loaded with food and other urgently needed materials to the disaster area, and distributed them to the people affected by the flood. In addition, SF Foundation announced a donation of RMB10 million to prioritize the emergency needs of the disaster areas and provide assistance to the post-disaster reconstruction.

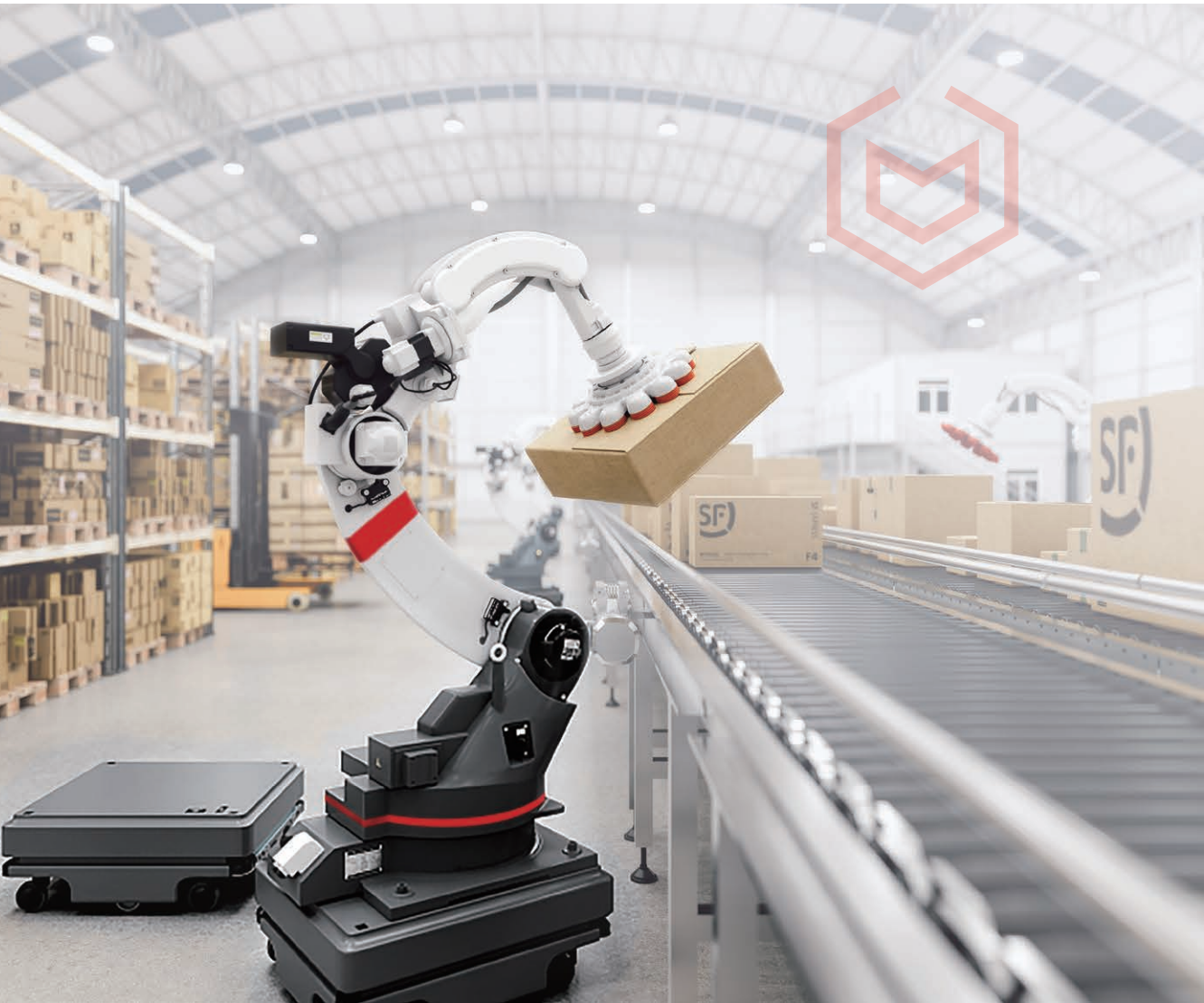


SF participates in the flood relief in the Beijing-Tianjin-Hebei region

In May 2023, an earthquake occurred in Longyang District, Baoshan City, Yunnan Province. SF urgently procured relief materials through various channels and deployed personnel and vehicles to load, unload and transport them to the disaster area to ensure the supply of relief materials.



SF participates in the earthquake relief in Longyang District, Baoshan City, Yunnan Province



05

SERVICES

Theme: Application of smart supply chain technologies to boost the transformation and upgrade of clients' supply chain

Creating Smart Logistics

Innovation-Driven Development

Securing Safety Delivery

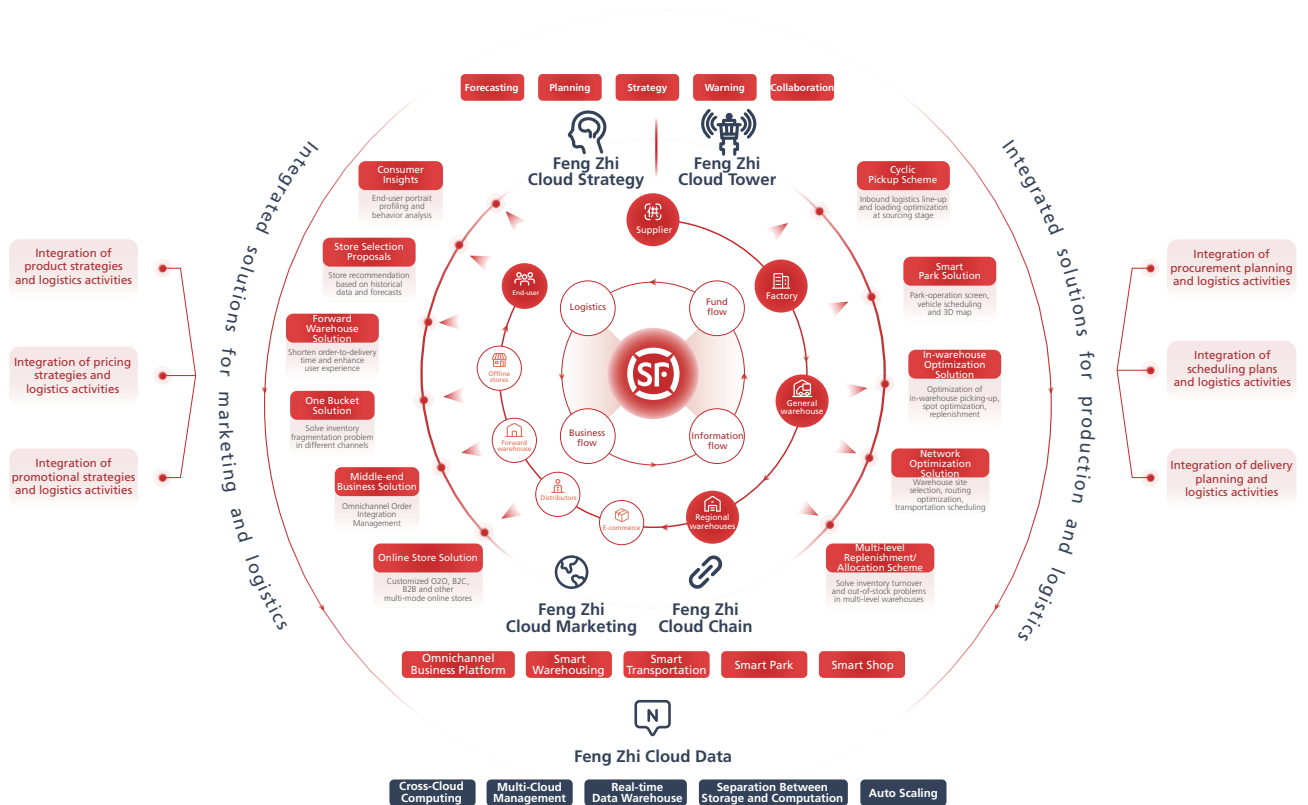
Delivering Premium Services

Theme Application of smart supply chain technologies to boost the transformation and upgrade of clients' supply chain






In the era of digital intelligence, SF has always been committed to empowering logistics and supply chain services with scientific and technological innovation, and realizing “data support decision-making”, “data-driven business” and “data-enabled customers” through the transformation of business digital intelligence. Through technologies including operations planning, blockchain, integrating the leading technology capabilities and industry experience, the Company embedded digital capabilities into the customer value chain, providing customers with production and sales full-scenario, fully visible, one-stop, traceable smart supply chain services. Through the integration of production and logistics, and the integration of marketing and logistics, the Company helps various industries create a responsive, flexible and smart, sustainable supply chain system that responds efficiently to facilitate industrial upgrading, cost reduction and efficiency enhancement.

Establish smart supply chain integration products benchmark

The Company integrates the whole set of technological capabilities to form intelligent supply chain products – Feng Zhi Cloud Chain *(丰智云链), Feng Zhi Cloud Strategy *(丰智云策), Feng Zhi Cloud Tower *(丰智云塔), Feng Zhi Cloud Data *(丰智云数) and Feng Zhi Cloud Marketing *(丰智云商) – for different levels of customer demands.



SF Smart Supply Chain Products and Services

 <p>Feng Zhi Cloud Chain</p>	<p>A supply chain operation execution system. Through modules such as ordering, warehousing, transportation and settlement, it assists enterprises to achieve the interrogation of warehousing and distribution and provide a full-spectrum supply chain solution, including intelligent storage and intelligent transportation.</p>
 <p>Feng Zhi Cloud Strategy</p>	<p>An intelligent planning/decision-making system for supply chain. It meets the intelligent decision-making needs of enterprise supply chain in different stages of preparing, planning and execution through the capabilities of warehouse network planning, intelligent site selection, commodity layout, demand forecast, sales planning, plan coordination, inventory strategy optimization/simulation, intelligent replenishment, route optimization, capacity optimization, execution monitoring, indicator system, root cause analysis, etc.</p>
 <p>Feng Zhi Cloud Tower</p>	<p>A supply chain intelligent control system. It achieves visualized the entire process from order placement, warehousing, transportation, settlement and other data indicators; it achieves risk early warning, efficiency optimization based on the core node data exploring and analysis; it helps business decision-making, and generates work order tasks, drives business collaboration through the macro perspective insight into the whole business.</p>
 <p>Feng Zhi Cloud Data</p>	<p>A cloud native-hybrid data management platform. On cloud-native real-time scenarios, it realizes a centralized storage repository with a single storage of all data. The product is divided into four parts, including the elastic storage layer, the integrated computing layer, the data insight layer, and the data application layer. In addition, it is equipped with member data platforms, member management, and marketing capabilities.</p>
 <p>Feng Zhi Cloud Marketing</p>	<p>A cloud native-hybrid data management platform. On cloud-native real-time scenarios, it realizes a centralized storage repository with a single storage of all data. The product is divided into four parts, including the elastic storage layer, the integrated computing layer, the data insight layer, and the data application layer. In addition, it is equipped with member data platforms, member management, and marketing capabilities.</p>




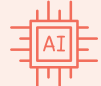


Providing Solutions for Smart Supply Chain

The Company leverages its comprehensive smart supply chain products and customer demand on business sub-segments, deeply reached dozens of industries including cosmetics, 3C and fast-fashion consumer goods with in-depth empowerment on over 4,000 enterprises.

Smart Supply Chain Project for a Coffee & Beverage Giant

To solve problems in store replenishment, operation and supply chain management, SF and the customer jointly developed a smart store management system and an intelligent replenishment forecast system, which use algorithms that mimic real business scenarios to empower the customer’s supply chain.

	<p>Automatic Inventory</p> <ul style="list-style-type: none"> Introduction of RFID, gravity and visual IoT devices and platforms for automatic inventory 		<p>Intelligent Replenishment</p> <ul style="list-style-type: none"> Automated store replenishment based on demand forecasts, supported by operation research optimization algorithms and a rules engine
	<p>Supply Chain Control Tower</p> <ul style="list-style-type: none"> Visualization of order fulfillment and inventory management Multi-source heterogeneous data integration Automatic statement generation, business analysis, and BI for decision support 		<p>Supply Network Optimization</p> <ul style="list-style-type: none"> Network planning and implementation of forward warehouse Order fulfillment and inventory sharing in multiple scenarios



Help the customer to:

Reduce store inventory by

30%

Reduce warehouse delivery costs by

15%

Decrease scrap rate per store by




1.4%

Increase the forecasting accuracy by

5-20%

Full-Link Supply Chain of Lighting Brand

By applying analysis and algorithm strategy, SF provided smart supply chain services to a lighting brand, including intelligent replenishment strategy, and optimization of warehouse network coverage, order strategy and packing and shipping, to improve the brand’s express fulfillment efficiency, reduce cross-bin rates and slow-moving inventory, thereby enhancing supply chain operational efficiency.

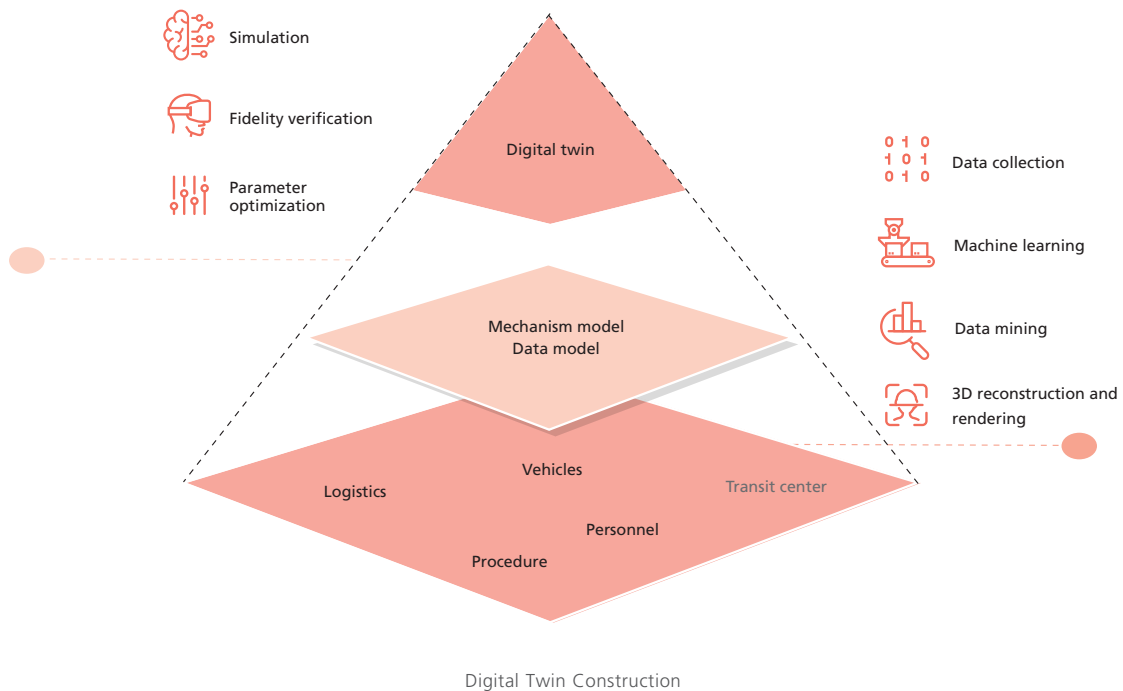
	<p>Integrating algorithm strategies according to business conditions, output scientific and reasonable daily replenishment and allocation plans.</p>
	<p>Developed visual and automated replenishment monitoring dashboards to allocate daily output and inspection results, improving the brand’s express fulfillment timeliness with reduced warehouse cross rate.</p>
	<p>Provided promotion strategies and packaging transportation optimization services, at the same time controlled the allocation execution rate and followed up on abnormal problems, helping the brand reduce unsalable inventory with improved packaging utilization rate.</p>

Creating Smart Logistics

The Company is committed to establishing a smart supply chain ecosystem in the digital era and becoming a leader in the smart supply chain market. The Company combines the massive data and industry solution experience gained in its comprehensive service offerings with leading digitalized, visualized, and intelligent logistics technologies to promote full-link supply chain technology innovation and help clients in various industries create a modern supply chain system with efficient and prompt response.

Logistics Digital Twin Technology: Replace Experience with Data and Let Algorithms Verify the Future

Digital twin technology refers to building a twin body in the virtual digital world that is highly similar to the real world from appearance, internal mechanism, and behavior. Through this simulation technology, it is possible to verify and optimize various strategies in the real world in the virtual world at a low error cost. SF deeply integrates digital intelligence with its business to create a logistics digital twin system with high realism and fast algorithm verification efficiency, to promote an innovative revolution for the logistic industry.



Over the years, SF has been striving to create a logistics digital twin system with high fidelity and efficient algorithm validation. The system is used to simulate and calculate actual business scenarios based on data from warehouse sorting and logistics route planning scenarios, so as to find the best solutions for various scenarios and explore ways to improve the efficiency of logistics operations at each process in the real world. Through digital twin technology, SF can efficiently simulate, validate and optimize the strategies in the real world with extremely low simulation costs and trial and error costs virtually, helping the logistics industry to achieve efficient intelligent transformation in warehouse design and operation, logistics network design and other aspects.

Warehouse Sorting

SF quickly verifies the feasibility and effectiveness of the sorting plan by adjusting simulation parameters using the digital twin system. This enables warehouse sorting plans to be switched at almost no cost and with high quality in the real world, significantly improving warehouse sorting efficiency.

For the same number of parcels, the new digital twin sorting plan reduces sorting time by more than	Within a fixed sorting period, the new digital twin sorting plan can improve actual average capacity by more than
10%	8%

Logistics Route Planning

By connecting its own business system with the digital twin system, SF simulates physical entities, such as outlets and vehicles, in the virtual world, and imitates all kinds of parameters involved in logistics routes to find out the best plan for parcels after evaluating all strategies. In this way, it can effectively improve logistics efficiency and optimize resource allocation in the real world.

On average, more than 500 transport routes per city per month can be avoided via the digital twin-based operation research optimization technology. over **500** routes

While the digital twin technology continues to iterate, SF has primarily achieved:

Adoption rate of strategies recommended by the digital twin reaches	Digital twin optimization improves logistics route verification efficiency by 600 times, greatly reducing manpower and resource consumption
Above 95%	600 times

In September 2023, SF held the “SF Digital Twin Press Conference” during the 15th International Exhibition on Transport Technology & Equipment, and released the *Logistics Digital Twin White Paper* in December 2023, which introduced its breakthroughs and achievements in digital twin technologies to the public.

Upgrading the digital intelligence of the logistics network

SF has continued to improve its overall digitalization and intelligent level of the logistics network. Through the whole-chain digitalization throughout its end-to-end operations from first-mile pickup to last-mile delivery, together with visualized monitoring and early warning, the Company has achieved the universal intelligent planning and dispatching, dynamic resources matching and mapping, and flat and efficient management. Leveraging the IoT technologies, automation and investments in unmanned technologies, the Company has improved network operation efficiency, with secure delivery guaranteed at the same time, thus enabling the Company to reduce costs with increased efficiency.

Digital intelligence of forecast & scheduling

Utilizing data, operation and intelligence, the Company created a universal intelligent decision-making system covering “forecast → early warning → scheduling → feedback”.

Forecast in advance: In order to ensure optimal and accurate resource scheduling and dispatching, the Company’s cargo volume flow forecast has achieved multi-dimensional extension, from the overall cargo volume to province-to-province, city-to-city and other flow dimensions, enabling various forecasts, regardless of long-term, short-term, or dynamic as the case may be. Synchronized with these forecast results, the Company’s system can then adjust the pre-planning and on-going planning of various resources, thus ensure service quality and enhance resource utilization and allocation efficiency.

Network planning: The Company has been continuously improving the aviation and ground transportation network planning capabilities by establishing and consolidating its intelligent network planning system tools. By utilizing the digitalization capabilities, the Company has visualized the data of customer demand and market dynamics to guide the utilization and adjustment of various types of sites under multi-network integration. With various product standards bearing in mind, the Company also accurately match aviation transportation resources according to the dynamic changes in volume demand of seasonal fresh food and other types of goods. Leveraging algorithm-backed dynamically adjusted strategies and programs, the Company built an integrated multi-network ground transportation system to support various service scenarios, such as new modes of ground transportation, ground-air resource coordination, and flexible routing and loading of oversized goods for air transportation, to maximize the efficiency of resources allocation and enhance the timeliness and competitiveness of the air and ground transportation products.

Real-time scheduling: Utilizing the universal operation monitoring system, the Company has achieved real-time monitoring, automated data capture and intelligence warnings of abnormal scenarios, such as weather anomalies, flight delays and traffic control, as well as the monitoring of our real-time operation status. Therefore, the Company would further recommend optimal adjustment plans intelligently and notify the frontier staff to intervene for safeguarding the service performance in a timely manner, ensuring consistent delivery of product and proactive customer services.

Digitalized and intelligent sorting

Committed to establishing automated, visualized and intelligent sorting centers, creating an efficient and intelligent.

Automation: In 2023, automation construction or upgrade projects in over 100 sites have been completed, thus further improved the transit and sorting capacity and efficiency of the whole network.

Intelligence: Build up digitalized production management capability for major processes on-site. Site managers can use the system to capture the potential risks of each process in advance and take measures to avoid them, make more refined deployment of equipment, personnel, vehicles and other resources, improve the timeliness of express delivery, and ensure the smooth and orderly operation of the site during peak hours.

The system can provide cargo forecast information and site capacity estimation about **every 10-minute**, and provide early warning of overcapacity on-site.

Visualization: Leveraging image recognition and video recognition technology, the combination of technical defense and human defense guarantees the transportation safety of express in the production process as well as the personal safety of personnel in the business process, provides a safe production and working environment for parcels and personnel, thus solving problems of quality management and safety risk control in sorting centers.



Case: Building a Digital International Air Cargo Hub – The Ezhou Cargo Hub

The Ezhou cargo hub comprehensively uses technologies such as building information modelling to consolidate the hub database, and adopts operations optimization, computer vision, and other algorithms to refine hub operation management and effectively ensure the time-definite parcels.

Dispatch collaboration

- To ensure the time-definite transit of parcels at the hub, from take-off to landing, the full-link has been perceived and deducted and the operation process and resource efficiency will be collaborative optimized.
- The self-developed parking position allocation algorithm takes timeliness, transit efficiency, aircraft taxiing efficiency, and dozens of business operations into consideration to automatically form a pre-allocation plan, and adjusts in real-time according to flight dynamics, effectively reducing the complexity of the work of air traffic control personnel and improving operational efficiency.
- Automatically collect aircraft stand guarantee nodes, monitor in real-time through cameras, efficiently identify with intelligent algorithms, and accurately collect real-time node data information such as aircraft positioning and aircraft push-out.



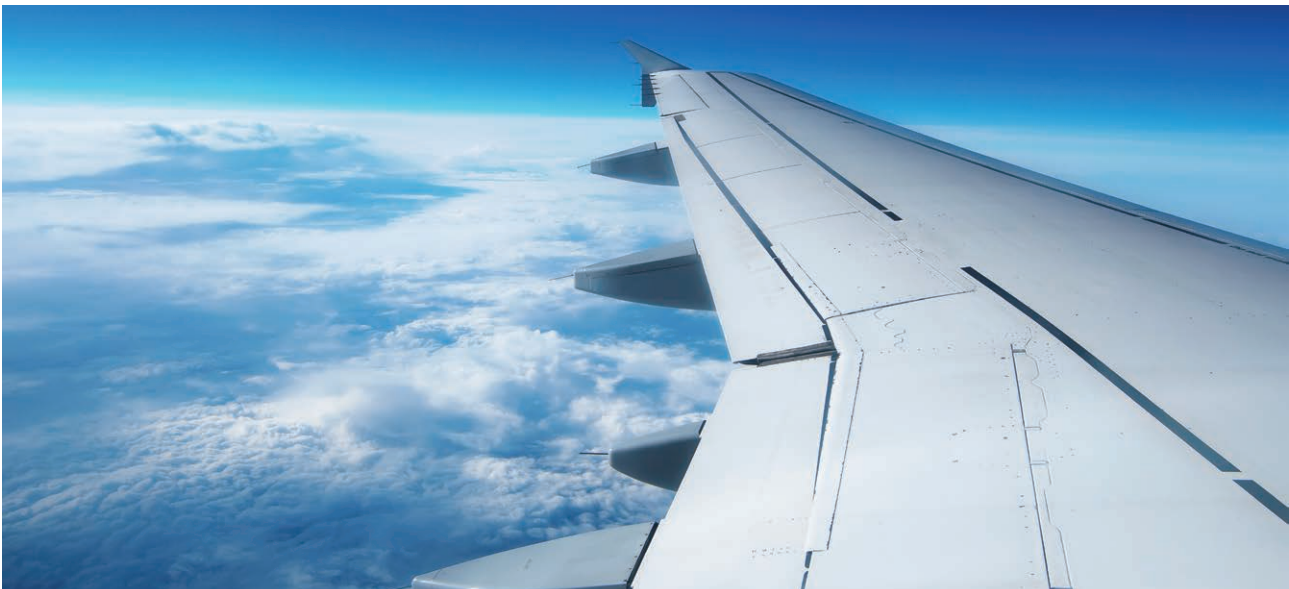
Field Operations in the Ezhou aviation hub

Sorting management

Automated equipment and intelligent algorithms help the transit center increase capacity. The Ezhou cargo hub has an automated sorting equipment line with a total length of 52 kilometers, with a peak sorting volume of 280,000 pieces per hour. The parcel follows the optimal parcel walking path obtained by the algorithm, and smoothly and accurately falls into the boarding or loading mouth. Monitor the status of all automated equipment in the field, warn of sub-health equipment, maintain during idle time, effectively reduce equipment failure rate and failure recovery time.

Computer room network

Multiple computer rooms back up each other, 5G WIFI signal covers the whole area, and the signal is strengthened in key operation areas such as loading and unloading vehicle areas, and dismantling and boarding areas, improving the reliability of the transit center, and ensuring the stable operation of basic IT infrastructure and intelligent mobile terminals.



Digitalized and intelligent transportation

Continuously improved the full-stack end-to-end digitalized and intelligent management across various transportation modes such as air, ground and rail transportation.

Air transportation: In terms of all-cargo aircraft, based on the Ezhou cargo hub, the Company built up the capability related to abnormal scheduling and timeliness guarantee in hub scenarios; in terms of bulk flights, the Company improved the efficiency of procurement and the matching of resources and demand through the refinement of numerical and intellectual management tools to segregate procurement of demand and use, so as to guarantee the consistent availability of resources and meet the demand for timeliness.

Ground transportation: Through intelligent route combination and resource structure design, the Company schedules resource reserves for a more optimal cost structure.

In terms of transportation resource matching

Based machine learning and other technologies, the Company predicts data in terms of dimension including cost, task, and volume of each route flow, and outputs the expected structure of different transport resources (controllability and elasticity); at the same time, through intelligent algorithms, routes are packaged in combination according to various strategies and matched with the most suitable transport resources to effectively control costs.

During transportation

Through the digital system, the Company swifts from manual dispatch to automatic dispatch. If there is a temporary increase in transportation demand, the system will prioritize the assignment of idle controllable transport resources to undertake, maximizing the reduction of temporary resource dependence.

In terms of transport resource outsourcing and pricing

SF has built basic price for routes to calculate the corresponding route's price according to the market average price, mileage, and other factors in the industry through intelligent algorithms; on this basis, it further builds a digital transportation resource outsourcing system, and a series of processes such as bidding, contract signing, and settlement are completed in one-stop through the online platform. At the same time, this system can output procurement strategies based on the intelligent route price base and pre-planning data of transport resources, and intelligently judge the rationality of contracts or transactions, ensuring the rationality, transparency, and health of transportation resource outsourcing.

Rail transportation: Through digital upgrading, the standardization of end-to-end railway operations has been improved, supporting the application of diversified resources based on high-speed rail freight, high-speed rail scheduled trains, express trains, and ordinary trains, providing customers with differentiated transportation services, improving transportation performance timeliness and customer satisfaction.

Digitalized and intelligent service outlet management

The company further refined comprehensive digital operation and online management of collection and delivery at service outlets.

Collection and dispatching service capacity

- Provide intelligent resource planning and dynamic scheduling suggestions at service outlets by combining factors such as forecasted parcel volume, operational difficulty, courier professional ability, and couriers' willingness to rest, so as to reasonably allocate collection and dispatch tasks and improve courier service ability, thus guaranteeing customer experience.
- Provide differentiated subsidies based on the difficulty of collection and delivery tasks, mode of operation, and scenario specificity, so that the couriers can get more reasonable compensation. The Company optimized the online delivery SOP, so that the system will quickly formulate personalized operational requirements and operational guidelines based on customer preferences, consignment characteristics, etc., and dynamically push them to the cell phones or handheld terminal devices of the couriers to enhance their operational standardization.
- Meanwhile, the "Courier Service Center" has been launched to support couriers' questions at any time, providing couriers with intelligent, accurate, and easy-to-understand comprehensive information Q&A services quickly, with the accuracy rate reaching 90%. The Company has built packaging recommendation tools to accurately recommend corresponding eco-friendly packaging solutions and materials according to different consignments, to improve packaging quality, to protect the safety of customers' shipments, and to avoid over-packaging and waste.

Last-mile network construction

- Integrated and upgraded the last-mile capacity scheduling system and operational tools to achieve the integration of large and small parcel collectors and dispatchers, effectively strengthening the flexibility of the last-mile collection and delivery capacity.
- At the same time, The Company upgraded its system capacity to further enhance the synergistic capability of various end channels, such as service outlets, HIVE Boxes and post stations, to meet the differentiated needs of customers for receiving and delivering parcels and to improve the customer experience while optimizing the resource utilization of the entire last-mile network.

End transportation application

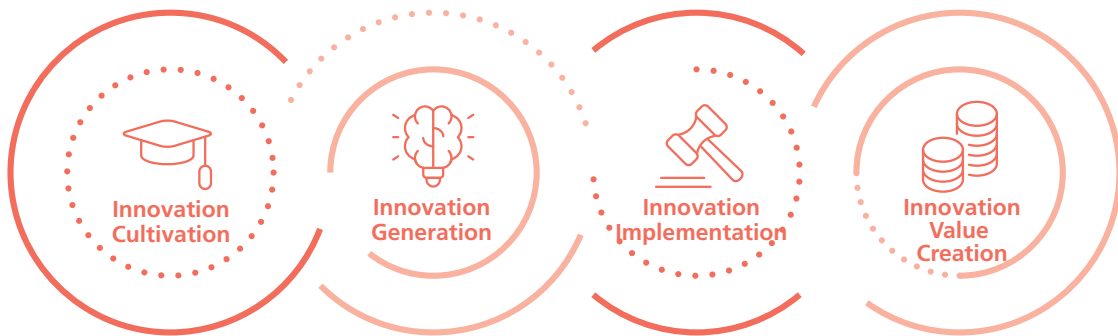
- The end collection and delivery operation has been combined with automated transportation to enhance delivery efficiency. In office scenarios such as industrial parks, transportation through automated collection and delivery vehicle and door-to-door transportation and delivery through robots improved transportation efficiency and reduced the pressure for couriers. Terminal transportation applications have been promoted in various places including Beijing, Shanghai, Shenzhen, Suzhou, Wuxi, and Hefei, etc.

Innovation-Driven Development

Management of Technological Innovation

Innovation is the soul of enterprise progress and development. Highly concerned with innovation R&D, SF is committed to driving business productivity through innovation, and encourages employees to create value in new and disruptive ways. SF has also established a sound innovation management mechanism to inject impetus for sustainable technology-enabled innovation.

SF implements mechanism-driven innovation to promote innovation from idea to practical application. Since 2016, SF has set up the Innovation Workshop and continued to upgrade it. Up to now, it has realized a closed loop covering innovation cultivation, generation, implementation and value creation.



In 2023, SF continued to optimize its innovation mechanism and carried out diversified innovation activities to improve its innovation efficiency. As shown below:

<p>Conducted: 4 live courses by the Innovation Workshop</p> <p>4 Innovation Pioneer Award reviews</p>	<p>12 selective micro innovation reviews</p>
<p>Output: Over 2,500 innovation achievements</p>	<p>80% of employee participation rate</p>

Promoting Industry-University-Research Collaboration

With an open and win-win attitude, SF continues to team up with research institutes, universities, and other partners to promote the technological innovations development, such as digital twins, blockchain and operations, jointly creating a new era of intelligent logistics.



Partnering with Universities to Facilitate Industrial Innovation

Innovation Competition: In 2023, SF cooperated with Zhejiang University National Science Park to hold the “Creation π-The Third Innovation Competition on Intelligent Logistics Application”. The competition attracted top universities and research institutes from around the world and gathered various innovative projects, which, combined with regional development and the requirements of logistics business scenarios, promoted innovation and development in intelligent logistics and contributed to the construction of the industrial ecosystem.



Creation π-The Third Innovation Competition on Intelligent Logistics Application

Collaborative R&D: SF collaborates with Xidian University and Zhuhai Fudan Innovation Research Institute to co-develop a “Supply Chain Collaborative Management and Financial Service Platform based on National Cryptography and Blockchain”. The platform has completed system establishment and the design of the blockchain solution, and will greatly enhance the data credibility of internal supply chain system, and the industry trust penetration level.

Industrial Base: SF collaborates with The Chinese University of Hong Kong, Shenzhen to establish an “Industrialization Base for the Digital Twin Results of Logistics Transit Centers”. The collaboration aims to promote the construction of digital twins and intelligent operation and maintenance for logistics transit centers, providing an industry-typical demonstration for enhancing deployment efficiency and optimizing operation plans.

Scientific Research Station: In 2023, SF Technology’s Postdoctoral Research Station began recruiting and cultivating high-caliber and cutting-edge talents worldwide. Besides cultivating talents for logistic industry, the station established joint training and cooperation relationships with top universities at home and abroad to promote the integrated development of industry, university, and research in fields such as digital twins, operation research optimization, and supply chain optimization.



SF Technology Postdoctoral Research Station

Securing Safety Delivery

SF strictly complies with laws and regulations such as the *Postal Law of the People's Republic of China*, *Measures for Supervision and Management of Posting and Delivery Safety in the Postal Industry*, *Management Measures for Real-Name Receiving and Sending of Mail and Express* and the *Regulations on the Management of Prohibited Items for Posting and Delivery*. By doing so, SF can improve its safety management of delivery service.

In 2023, the Company formulated and launched the *Regulations on the Management of "Three Systems" for Safety Delivery*, in which the principles for the internal management and control of the "Three Systems" are clearly defined and implemented, namely the systems of real-name pickup and delivery, the inspection of parcels in delivery and the security inspection of the express mail. Through optimizing the internal management regulations, performing real-name authentication and strengthen the management and control of illegal and prohibited articles, the Company can ensure the safety of mail delivery.

Real-Name Authentication Management

SF strictly enforces real-name authentication management to ensure the safety and compliance of the delivery process. This is achieved via the dimensions of process implantation, system enforcement, and assessment and monitoring.

In 2023, the real-name online registration rate of SF was

99.84%, with an increase of 0.31% from 2022.



Process
implantation

- SF collaborates with the Ministry of Public Security, and utilizes its authoritative "National Network Identity Authentication Platform," to verify user information.
- The prompt of "Online Real-name Registration" and the link for real-name registration are displayed on the order placement pages of WeChat Mini Programs and Apps to guide customers to complete the real-name authentication before placing orders.
- SF regularly verifies the real-name information of credit account customers (enterprise customers), provides system prompts for modifying incorrect data, and enhances the accuracy of real-name information.



System
compulsion

- Customer ID cards are automatically identified through the OCR/NFC methods. The combination of original ID card and two-factor verification is adopted to ensure the validity of real-name authentication.
- SF has introduced the "Scan Me" function for real-name authentication, which allows users to automatically jump to the mini program for real-name authentication after scanning with WeChat.
- Real-name authentication prompts are optimized by adding reminders before, during, and after the ordering process. Users are informed in advance to prepare valid identification documents.



Assessment
and
monitoring

- Cause analysis is carried out on the data of abnormal real-name notifications of enterprises monitored by the State Post Bureau. The problems are simultaneously exported to the relevant region in the form of daily reports for improvement and related departments are urged to rectify the problems found.

Management of Illegal and Prohibited Articles

SF, in strict accordance with the *Regulations on the Management of Prohibited Items for Posting and Delivery*, formulates the *Standards for Receiving and Sending Common Articles* and updates and releases them monthly. SF regularly carries out special rectification work on delivery safety. SF takes measures such as strengthening investigation and management, conducting employee training, and establishing incentive mechanisms to prevent prohibited items from entering the delivery channels. The Company properly disposes the prohibited articles that entered the delivery channels, maintains the safety and smooth of delivery channels and creates a safe and stable delivery service environment for the public.

Inspection and Management of Prohibited Articles

SF has strengthened its cooperation with relevant national sectors to jointly crack down on the transportation of prohibited articles and perform comprehensive and strict security inspections on each parcels to ensure the safety. This year, SF took a series of actions to comprehensively reduce the transportation of prohibited articles, which further enhanced the risk prevention for delivery safety. SF investigated and disposed 38,500 illegal prohibited articles in total.



Pickup and
delivery
inspection

The *Standards for Receiving and Sending Common Articles* is implemented into the system. Warnings and interceptions are delivered when it comes to items that do not meet the standards in the process of customer ordering and collection.

On the basis of inspection of goods in receiving and sending, mandatory photo inspection of high-risk express items is taken and uploaded to the system.



Security check
implementation

SF increases the investment in high-speed security machine to improve the quality of security inspection. By the end of the reporting period, more than 1,100 high-speed security machines had been put into operation.

SF develops its own intelligent security check platform, which checks parcels for security while they are being automatically sorted, replacing with 99% parcels that undergo manual inspection. Additionally, security inspectors can remotely assess suspected prohibited articles at multiple locations simultaneously through the smart security check system.



Government-
enterprise
collaboration

SF enhances the government-enterprise collaboration by partnering with the Ministry of Public Security and the Ministry of National Security. Specifically, SF precisely tracks the parcels of suspicious individuals, intercepts them during the pickup and transit sections, actively communicates with relevant departments regarding the suspicious articles, and cooperates them in the subsequent processes.



Positive
incentives

SF formulates the Reward Management Measures for Self-Inspection of Illegal and Prohibited Articles. SF sets positive incentives for security inspectors to encourage them to actively discover and report suspected prohibited articles. More than 800 safety inspectors have been rewarded in 2023.

In 2023, SF launched special rectification actions such as the “Management of control of battery express parcels” and the “Control on the delivery of inflammable and explosive articles such as fireworks and firecrackers” to effectively prevent inflammable and explosive goods, drug-related goods, dangerous chemicals, illegal publications and other illegal articles from entering the delivery channel.

SF Supported the Safety Delivery in the 31st FISU World University Games in Chengdu

In August 2023, the 31st FISU World University Games held in Chengdu, Sichuan Province was successfully concluded. During the event, SF provided perfect service to guarantee the safe delivery of sports-related items and documents.

During the preparation stage of the competition, SF participated in several meetings with local government departments to coordinate and deploy real-time operations. SF proactively coordinated with relevant departments in the pre-event stage to develop a full-process plan, identified and resolved issues on-site in a timely manner, ensuring the smooth operation of centralized security checks. During the competitions, SF achieved zero occurrences of express delivery safety incidents and its delivery service was highly appreciated by society. As a result, SF was also honoured with the “Sichuan Province Outstanding Enterprise in Express Delivery Security Work of the 31st World University Games” award.



“Sichuan Province Outstanding Enterprise in Express Delivery Security Work of the 31st World University Games” award for SF

Training on Identification of Prohibited Articles

To improve employees' ability to identify illegal and prohibited articles, SF regularly carries out illegal and prohibited articles identification training activities for grassroots employees. In 2023, SF carried out professional ability improvement training for safety inspection personnel. This training was conducted through various forms, including sending safety-related training materials through internal online platforms and conducting offline training, self-training, morning meetings and other forms of training for new employees in different regions.

As of the end of the reporting period, SF has conducted more than **500** offline trainings.

In 2023, the coverage rate of safety delivery training for the couriers is **100%**, and the qualification rate of the trainings is **99.9%**.

Additionally, by putting up posters to crack down on drug, prostitution and pornography, knives and other illegal and prohibited articles, SF reminds employees to remain vigilant at all times and jointly maintain the safety of delivery services.

Dangerous Goods Transportation

SF strictly abides by the relevant laws and regulations on the transport of dangerous goods. The company has established a comprehensive management system for the transport of dangerous goods, such as the *Dangerous Goods Transportation Manual* and the *Emergency Response Guidance for Aircraft Incidents Involving Dangerous Goods*. Meanwhile, SF formulated detailed safety standards, standardized the classification, identification, packaging, collection and transportation, inspection and delivery of dangerous goods, strengthening the monitoring and management of the transport of dangerous goods. In terms of the qualification of the transport of dangerous goods, SF Airlines has obtained the Category 1~9 dangerous goods qualification for self-use aviation materials and commercial transport, and it has become the first airline in China to obtain the approval under the A99 International Air Transport Certification.

SF Airlines Assisted in the Completion of A99 International Air Transport Certification and the First Air Transportation of Large-Power Lithium Batteries

On November 23, 2023, SF Airlines successfully transported large-power lithium batteries of a leading new energy vehicle manufacturer from Ezhou to Germany. This was the first time that its large-power lithium battery products were exported via the domestic airline, demonstrating the enhancement of SF's ability to provide cross-border air transportation services for dangerous goods.

SF formulated a transportation support plan, prepared A99 materials with special approval, strictly adhered to transportation operational requirements, and successfully completed the safety testing of lithium batteries and their packagings in accordance with international standards. Besides, SF Airlines and Ezhou Airport evaluated the airport's emergency response plan and SF Airlines' emergency response capabilities based on the pre-set scenarios such as "emergency response to fires involving dangerous goods within the cargo warehouse" to ensure transportation safety.



SF Airlines Supported First Transportation of Large-Power Lithium Batteries

SF actively invested in the research and development of dangerous goods transportation technology. In November 2023, SF participated in the demonstration of application of the national key project "Safety Protection Technology and Equipment for Power Lithium Battery Transportation" for the first time as a benchmark logistics enterprise in the lithium battery industry. SF developed the key technology of power lithium battery transportation safety protection equipment, and improved China's transportation safety risk warning and accident prevention and control system. In this case, SF supports the high-quality development of China's new-energy automobile industry.

Delivering Premium Services

SF continuously improves service quality, differentiates service competitiveness and continuously provides customers with high-efficiency and high-quality services. SF's services have penetrated into industrial manufacturing, commercial circulation, sales of agricultural products, food and medicine cold chain, international trade, local life and other fields, covering all aspects of production and people's livelihood. This establishes a "fast" "punctual" "safe" brand image, which has been widely recognized by customers, industries and society.

Enhancing Customer Experience

SF continues to improve the industry service standards in various segments. It is committed to providing customers with high quality service. SF drives the coordinated delivery of all operational processes based on customer feedback, promotes the optimization of internal service standard processes, provides customers with speedy and warm services, and continuously improves customer satisfaction.

Completed customer complaint service target in 2023 and target of customer complaint service in 2024

	Target of 2023	Target achievement in 2023	Target in 2024
Customer service	The dissatisfaction rate ¹⁰ towards customer complaint service is lower than 5%	The dissatisfaction rate customer complaint service in 2023 was 3.7%	The dissatisfaction rate towards customer complaint service is lower than 5%

In 2023, SF received 32,578 complaints about products and services, a decrease of **12.1%** compared with 2022, and the consumer complaint handling rate reached **100%**.

In 2023, SF continued to promote customer satisfaction by building online customer service centers, improving professional customer service teams, and expanding diversified customer service channels.

Create an online customer service center: SF provides customers with a more convenient and unified digital tool for after-sales service, comprehensively enhancing the customer experience in the after-sales service process. For different claims circumstances, SF constructs the mode of differentiated direct compensation. While helping employees improve their operational efficiency, SF provides rapid services for high-quality customers in the claim scenarios. At the same time, through in-depth analysis of the feedback of customer experience, SF fully explores customer feedback, accurately identifies customer needs, and enhances customer experience.

Improve the professional team for customer service: Through the "Ability diagnosis – Thematic empowerment – Online resource – Effect audit", SF improves the professional ability of customer service in the whole process, strengthens the evaluation by means such as dialing test by mysterious person, business testing, and applies the evaluation results to the optimization of processes and tools.

Expand customer service channels in a diversified manner: SF provides one-to-one exclusive service channels via WeCom for some enterprise customers, and gradually builds up the self-processing capabilities of WeCom to achieve self-service processing in simple scenarios. This year, SF has achieved the self-service processing in 12 scenarios to provide customers with prompt responses and 24/7 uninterrupted service.

Customer Satisfaction Survey

SF conducts quarterly surveys on customer satisfaction and the NPS (Net Promoter Score), adopts online questionnaire survey and random stratified sampling, continuously monitors NPS and customer satisfaction scores of enterprises and individual customers and collects customer opinions. In 2023, the total number of survey samples exceeded 100,000, covering hundreds of cities across China, and the research content incorporated more than 40 subdivision indicators in six dimensions, namely the express timeliness, express security, pickup and delivery service, sales service, after-sales service, and system service.

¹⁰ The dissatisfaction rate with customer complaint service is derived from satisfaction ratings with respect to the handling of customers' complaint issues, which equals to, the number of customers dissatisfied with the handling of their complaint issues / total number of customer complaints.

According to the survey results, SF customer satisfaction and NPS continue to be promoted. According to the public satisfaction score of express delivery services in 2023 released by the State Post Bureau, SF ranked first in the first three quarters of 2023¹¹. According to the China Net Promoter Score (C-NPS) released by Chnbrand in 2023, SF is the most recommended company that provides express delivery services.

Further upgrade of claims service enables more convenient self-service operation

In 2023, SF has launched its online self-service claims product that is based on risk models and intelligent compensation algorithms to effectively solve the needs such as the long-processing cycle, opaque processing progress. Customers can apply for claims online through the SF app or its WeChat mini program, and then upload the relevant claim proof. They can receive quick compensation within 5 minutes, which greatly enhances customers’ experience in their settlement of claims.

Customer Privacy Protection

SF pays attention to the privacy protection of its users and implements a comprehensive customer data security protection strategy covering all aspects of the service process, including “ordering, pickup and delivery, transit, after-sales service, and operations”. It comprehensively safeguards the security of customer data and privacy.

SF’s measures to protect customer privacy in each business

Business Process	Order Placement	Pickup and Delivery	Transit/After-sales	Operation
Protection measures	Customers are encouraged to complete online real-name authentication using State Post Bureau’s An YiDi Real-Name QR Code and the SF Real-Name QR Code before placing an order. Information is also collected by means of a virtual QR code upon picking up parcels.	For sealed documents such as bidding documents and personnel files, it is forbidden to unseal and inspect the envelope. By taking and uploading photographs of the outer packaging, it is ensured that the parcel is sealed and intact before it is sent.	Data desensitization and intelligent outbound calling are implemented to protect customer privacy. When contacting customers, customer phone numbers are protected with masked phone numbers displayed on the call interface. Alternatively, customers are directly called from the backend.	Encrypted storage and transmission are used to encrypt customer information stored in the business systems and data platforms to realize cipher text transmission during data transfer.

Since 2017, SF has taken the lead in launching SF privacy waybill - “Fengmi Waybill”, by hiding the middle 6 digits of the phone numbers of both senders and receivers. The personal information is encrypted on the waybill, and the virtual number is used to contact customers by the delivery personnel and customer service personnel through the information system security technology. In addition, it also supports the differentiated privacy protection needs of customers, protecting the name and address information of customers, and comprehensively guaranteeing the security of customer data and privacy.

In November 2023, SF took the lead in launching the innovative “SF ID” service in the industry to provide users with a more convenient and private and secure way to send parcel. The “SF ID” service allows users to set a customized code (a combination of digits and letters) in place of traditional address information. After the setup, users no longer need to provide details such as phone number and address to the sender, but only need to provide “SF ID” for the pickup and delivering. The rest of the information will be encrypted and hidden, to realize the information encryption in the whole process, greatly safeguarding personal privacy and security.



SF ID Interface

¹¹ As of the disclosure date of this report, the annual public satisfaction score of express delivery services in 2023 has not been released.



06

CLIMATE-RELATED DISCLOSURES

Preface

Climate change concerns the well-being and future of all humankind, and a global consensus has been formed to actively cope with climate change. As the *United Nations Framework Convention on Climate Change* (UNFCCC) and the *Paris Agreement* set the course for global climate governance, stakeholders from all walks of life should work together to explore and establish a new mechanism for a comprehensive and efficient climate governance, so as to address the challenges brought by extreme weathers, to move towards a green and low-carbon future, and to safeguard our planet Earth.

In 2023, the 28th Conference of the Parties (COP28) to the *United Nations Framework Convention on Climate Change* conducted the first global stocktaking since the entry into force of Paris Agreement. The Conference summarized the achievements and gaps in countries' progress towards achieving the target to limit the temperature rise, and reaffirmed the key concerns of independent contributions and energy system transition made by each country, as well as the target to limit the temperature rise to 1.5°C. China, as a major participant, contributor and leader in the global climate governance process, has further refined the national goal of "Carbon Peaking and Carbon Neutrality" and actively participated in global climate governance by adhering to the concept of green and low-carbon development, thereby contributing to the building of a community of human destiny.

Under the context of China's "Carbon Peaking and Carbon Neutrality" goals, the logistics industry, as one of the important pillar industries of national economic development, shoulders the critical mission of energy saving and carbon reduction. As a key player of green and low-carbon transformation in the logistics industry, SF always upholds the original intention of sustainable development, and is committed to leveraging science and technology to take the lead in changing the green supply chain. SF has deeply integrated the sustainability concept with its development strategy by extending the green value to the industrial chain, thus providing upstream and downstream partners and customers with green and low-carbon solutions supported by digital intelligence technology. SF firmly believes that it can provide upstream and downstream partners and customers with more efficient and low-carbon solutions in all aspects of supply chain logistics, such as packaging, transportation and transit by means of digital intelligence technology. In this way, SF has also built a green supply chain ecosystem jointly with its partners, contributing to achieving global climate goals.

To actively respond to the concerns of stakeholders on sustainability issues, SF has published sustainability reports since 2019. In 2021, SF released a white paper on carbon targets, setting out the climate commitment to "achieve a 55% improvement in carbon efficiency by 2030 compared to 2021, and a 70% reduction in the carbon footprint of each parcel compared to 2021". This year, by joining the Science Based Carbon Targets Initiative (SBTi), SF took a crucial step in committing to achieve "net-zero" greenhouse gas (GHG) emissions across its value chain by 2050.

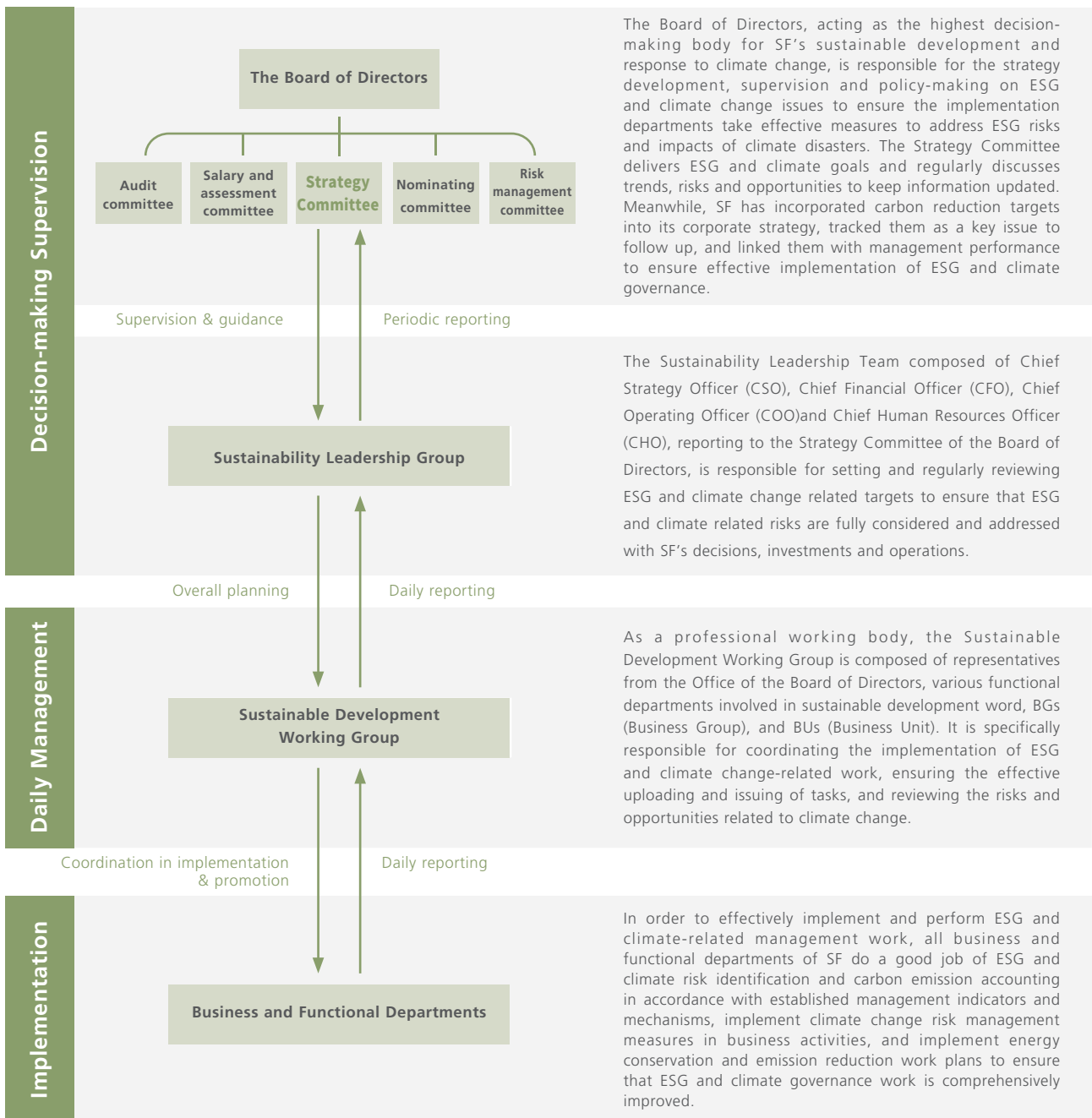
To better understand the risks and opportunities posted by climate change, SF has fully adopted the management suggestions and disclosure framework of the Task Force on Climate-related Financial Disclosure (TCFD) and has increased its climate information disclosure efforts. In addition, through policy research, industry benchmarking and other means, SF comprehensively assesses and analyses climate-related risks and opportunities for an accurate identification of the key ones, and formulates corresponding response strategies. Meanwhile, SF keeps on optimizing and refining relevant metrics and target management to ensure effective strategic response to the challenges brought by climate change.

The task of addressing climate change must be conducted with ambitions and pragmatism. Based on the present circumstances and looking towards the future, SF will continue to improve its understanding of climate change risks and opportunities, actively explore paths of green innovation, continuously promote the low-carbon transformation of operations, and work with various stakeholders to jointly push our industry towards technology, efficiency, cleanliness and greenness.



Governance

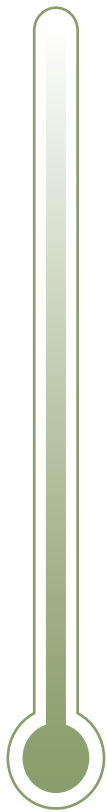
SF is keenly aware of the significant impact of climate change on its own strategic planning and business operations. Thus, SF has integrated climate change governance as an important part into its Environmental, Social and Governance (ESG) system. To effectively respond to climate risks and continuously improve its governance level in ESG, SF has established a sustainable development governance structure since 2019 and continuously improves its ESG governance system. In 2022, SF also elevated ESG professional management work to the corporate governance level, and added responsibilities regarding the supervision of sustainable development to the Strategy Committee of the Board of Directors that is responsible for monitoring and managing sustainable development issues, including the task of addressing climate change. In this case, SF integrates climate risks and opportunities into its strategic planning.



Strategy

To identify and assess the impacts of climate-related risks and opportunities in a more effective way, based on the recommendations of the TCFD framework and extensive industry research, SF adopts the two Shared Socioeconomic Pathways (SSPs) of the United Nations Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, i.e., SSP1-2.6 (Low-Emission Scenario) and SSP5-8.5 (High-Emission Scenario), to analyze the risks and opportunities of SF under different climate scenarios. In terms of physical risks, SF focuses on the impacts of acute and chronic physical risks under high-emission scenarios. For transition risks, the main consideration is the impacts of changes in various external policies, markets, technologies and other factors on SF under low-emission scenarios.

The climate scenarios adopted for the current year are shown below:



Type	Scenario	Source	Application Notes
High-emission scenario	SSP5-8.5	AR6 of IPCC	<ul style="list-style-type: none"> Under this scenario assumption, GHG emissions are projected to be at a high level by 2100 due to the continuous exploitation of fossil fuels as the primary energy to drive global economic growth, which may exacerbate the occurrence of extreme weather events; Under such a scenario, the lack of robust climate response interventions leads to a significant increase in GHG emissions and a rise in physical risks faced by enterprises.
Low-emission scenario	SSP1-2.6	AR6 of IPCC	<ul style="list-style-type: none"> Under this scenario assumption, the economy shifts rapidly from fossil fuel-dependent to the renewable energy-driven one, and many countries begin to implement strong climate mitigation measures to control the magnitude of global warming in this century to not exceed 2.0°C higher than the temperature before the Industrial Revolution (1850). Under such a scenario, enterprises face a higher transition risk as policy regulation becomes more stringent in an effort to reach a lower-carbon economic environment.

In the meantime, SF identifies and assesses short-, medium- and long-term climate risks and opportunities, and maps risk management to SF’s short-, medium- and long-term strategic targets and action plans. During the year, SF defined the time frame of its climate-related risks and opportunities as short-term (0 to 2 years), medium-term (2 to 5 years) and long-term (5 to 10 years), so as to assess the impacts and trends of the risks and opportunities under various climate scenarios in different time frames, thus formulating a more forward-looking and flexible risk management strategy.

Physical Risk

Physical risk refers to the impact of changes in climatic conditions on SF’s operations and development, including acute physical risks (e.g., typhoons, floods) and chronic physical risks (e.g., rise in average temperature). This year, SF conducted a comprehensive risk screening of acute and chronic physical risks, identifying and analyzing the financial impact of key physical risks on SF. The physical risks identified by SF are shown in the table below:

Risk Type	Risk Factor	Time frame of Influence	Level of Impact
Acute risk	Typhoons	Short-, medium- and long-term	Low to medium
Risk Analysis			
<ul style="list-style-type: none"> At the stage of transit, SF has a large number of domestic and overseas self-operated and agency outlets, transit centers, logistics industrial parks and warehouses. Strong winds and heavy rains brought by frequent typhoons may cause damage to the facilities in transit centers, such as damage to the roofs of warehouses and breakage of the transit equipment, etc., which may result in the malfunction of the transit centers, as well as a possible increase in maintenance expenses and operating cost. During the transportation, SF provides domestic and cross-border multi-modal transport services to customers using various modes of transportation such as air, land and railway. Severe typhoon events may have impacts on the overall logistics transportation, resulting in goods being stranded in transit centers or warehouses and the inability to deliver goods to their destinations in a timely manner, thereby affecting logistics performance risk and causing loss of revenue. 			
Countermeasures			
<ul style="list-style-type: none"> In the design and construction of transit centers (e.g., industrial parks), due consideration shall be given to the effects of strong winds and heavy rainfalls brought by typhoons. And in compliance with local building requirements, the design of multi-sloped pavement shall be avoided to prevent the formation of inward gullies produced by heavy rainfalls. In terms of air transportation, SF Airlines has set up a meteorological seat in the Aviation Operation Command Center to give warnings and forecasts about the weather situation in a timely manner, assess the specific intensity, scope and period of influence of inclement weather in a refined way, and be ready to convey such information to the operational guarantee units such as the units responsible for dispatching and releasing goods, so as to provide meteorological support for the decision-making adjustments on flights. 			

Risk Type	Risk Factor	Time frame of Influence	Level of Impact
Acute risk	Floods	Short-, medium- and long-term	Low to medium
Risk Analysis			
<ul style="list-style-type: none"> In transit, especially in regions prone to flooding, SF’s transit centers, warehouses and industrial parks may suffer from warehouse flooding or waterlogging, which may result in damage to goods in stock. At the same time, the logistics infrastructure, such as transportation equipment, piping systems and warehouse facilities may be destroyed, causing loss of asset and an increase in repair cost. Flooding may lead to serious damage to roads, bridges and other transport infrastructure, resulting in obstruction of routes and delays in logistics transportation, thereby affecting SF’s transportation efficiency and causing a revenue decline. 			
Countermeasures			
<ul style="list-style-type: none"> For industrial parks located in low-lying terrain, drainage facilities are checked in advance, and flood prevention and drainage modifications are carried out in accordance with local requirements to cope with flood risks. On the basis of the news released by the China Meteorological Administration and the Ministry of Water Resources, SF’s command and security center issued emergency plans such as the <i>Emergency Response Plan for Flood Control</i> and <i>Abnormal Weather Response Plan</i> to the whole network through emails and other forms of communication, so as to prevent the safety risks brought by the flood season by making work arrangements in advance, including organizing activities for safeguards, daily precautions (personnel safety, parcel safety, driving safety, site safety and materials reserve) and responses during different processes. 			

Risk Type	Risk Factor	Time frame of Influence	Level of Impact
Chronic risk	Rise in average temperature	Long-term	Low to medium
Risk Analysis			
<ul style="list-style-type: none"> As the temperature continues to rise, the work efficiency of outdoor workers (such as couriers, sorters) is significantly affected. High temperature may make them fatigued, suffer from heat stroke or physical discomfort, which in turn reduces their work efficiency. Meanwhile, the expenses incurred for high temperature subsidy and environmental improvement may increase the operating costs. High temperatures may increase the refrigerant requirements for SF's cold chain logistics (such as cold warehouses, cold transport vehicles), which may lead to the rise in refrigeration costs. High summer temperatures and temperature differences within the business area due to geographical location may adversely affect the storage and transportation of consignments or result in loss of revenue. 			
Countermeasures			
<ul style="list-style-type: none"> Based on external weather forecasts, we established and improved the weather monitoring system, which can give early warnings of high temperature. By doing so, our staff can respond to the risk of extreme high temperatures in advance. Implementing safety and health measures for high-temperature work, including the provision of cooling materials such as portable fans, special renovation projects for ventilation and cooling, and the reasonable allocation of working hours and time for rest, to avoid injuries to personnel caused by extreme heat. Based on the national urban temperature data and routing data collection, we developed an environmental temperature model and divided the country into different temperature zones. Through the use of different temperature control materials and composite temperature control technology, temperature control packaging solutions and refrigerant configuration requirements based on temperature zone and flow direction are formed to deal with the potential adverse effects brought by extreme temperatures on consignments. 			

Transition Risk

Transition risk refers to the risks brought to enterprises by a series of changes in policies, laws, technologies, and markets in the process of responding to climate change and shifting to a sustainable economy. By analyzing the macro environment, industry characteristics and internal research, as well as the characteristics of its own business mode, SF has conducted in-depth analysis of four types of transition risks, namely the policy and regulatory risks, technical risks, market risks and reputation risks.

The key transition risks identified during the year are shown in the table below:

Risk Type	Risk Factor	Time frame of Influence	Level of Impact
Policy and regulatory risks	Pressure from the GHG reduction policy	Short-term, medium-term and long-term	Medium to high
Risk Analysis			
<ul style="list-style-type: none"> Since the announcement of the "Carbon Peaking and Carbon Neutrality" goal, China has successively issued a series of relevant policies for the fields of energy, transportation and logistics, such as the <i>Plan for Modern Logistics Development during the "14th Five-Year Plan" Period and the Outline for the Development of Green Aviation Manufacturing Industry (2023-2035)</i>, to promote the green and low-carbon transformation of the economy. These pressures from the relevant macro policy adjustments will influence SF's core business activities such as express transportation and warehousing services, which may have an impact on SF's business model, and may also lead to an increase in SF's expenses on environmental protection, energy conservation and emission reduction and other related activities. In terms of offshore compliance, the EU-ETS has included the air transport sector, aiming to reduce the carbon emissions of aviation through market mechanisms. With the rapid expansion of SF Airlines freighter fleet and the increased demand for intercontinental routes, SF Airlines may be included within the scope of carbon emission trading control in the future, which may lead to an increase in additional operating costs. 			

Countermeasures	
<ul style="list-style-type: none"> Continuously tracking the progress of laws and regulations at home and abroad and incorporating them into the risk assessment process, SF has set up a national and local policy research team to deeply analyze the relevant policies that have been issued and make strategic layouts in advance in light of the changes in the internal and external environments. 	
<ul style="list-style-type: none"> For international routes, SF continuously monitors the volume of flights and closely follows the policy changes of the EU ETS. Accordingly, SF has set up the working group on EU route carbon emissions and formulated the <i>Guidelines of EU Route Carbon Emission</i>. By strengthening carbon business management capabilities in an all-round way, opening up relevant channels, and cultivating professional talents, SF can cope with risks in advance. 	
<ul style="list-style-type: none"> SF invites the professional third-party institution to carry out carbon emission verification every year to gain a deeper understanding of its own carbon emission status, and implements refined management of energy saving and carbon reduction in order to promote scientific and standardized emission reduction work. 	

Risk Type	Risk Factor	Time frame of Influence	Level of Impact
Technical risk	R&D and investment in low-carbon transition technology	Short-term, medium-term and long-term	Medium to high

Risk Analysis	
<ul style="list-style-type: none"> Under the joint promotion of policy and external market environment, the investment of R&D in new energy and carbon reduction technology in various application scenarios of logistics and transportation field has gradually received wide attention, such as the application of hydrogen fuel cell electric vehicles, sustainable aviation fuel (SAF) and other innovative technologies in various transportation links. SF is increasing its investment in electric vehicles in vehicle transportation, while continuing to expand its own freighter fleet in air transportation. The R&D and application of new energy innovative technologies in transportation scenarios require substantial capital investment, which may increase short-term costs. 	

Countermeasures	
<ul style="list-style-type: none"> SF has actively participated in seminars on the development of SAF to gain an in-depth understanding of the relevant cutting-edge technologies and market dynamics. Based on this, SF explores the feasibility of deploying SAF projects to promote the green and low-carbon transformation of air transport. 	
<ul style="list-style-type: none"> Considering the maturity of new energy vehicle technology and the conditions of replenishment facility, the pilot operation of new fuel vehicles such as LNG, CNG, methanol and hydrogen is planned to be carried out in some specific areas or routes in the future. 	

Climate-related Opportunity

On the road to a low-carbon economy, with the transformation of energy structure, changes in market demand, and the emergence of technological innovation, SF actively takes forward-looking climate adaptation measures and actions, which also brings new development opportunities for SF itself. The measures and actions include the development of new products and services, and the optimization of supply chain resilience.

Type of Opportunity	Opportunity Factor	Time frame of Influence	Level of Impact
Products and services	Development and/or expansion of low-emission products and services	Short-term, medium-term and long-term	Medium to high

Opportunity Analysis

- From the policy perspective, China has successively issued a number of policies in recent years, such as the *14th Five-Year Plan for Circular Economy Development* and the *Instruction on Accelerating the Construction of a Waste Recycling System*, which clearly points out the comprehensive implementation of the recycling mode of production, and provides strong guidance and support for various industries to vigorously promote the development mode of circular economy.
- From the market perspective, as climate change becomes more and more a focus of attention, downstream customers and consumers shift their preference to greener and low-carbon services and seek sustainable supply chain solutions. Meanwhile, by actively responding to customer demand for green and low-carbon services, SF can win the favor of customer and its competitive advantage, and it can also promote the green and low-carbon transformation of the upstream and downstream supply chain.

Countermeasures

- In line with the development trend of circular economy, SF has deeply created a circular ecosystem of express packaging, cooperated with the industrial chain to the downstream, and actively participated in the development of a new model of green, low-carbon plastic recycling and the formulation of green packaging standards such as "double easy" (easy to recycle, easy to regenerate). At the same time, we continue to implement the "Fengjing Plan", and actively practice packaging reduction, reuse, recycling, and degradation, promoting the enthusiasm of customers to participate in recycling as well as the development of circular economy.
- SF has cooperated with a number of brand customers. Through the carbon emission calculation model of SF's self-developed "Fenghe Sustainability Platform" with digital intelligence, it helps customers to learn about the volume of GHG emissions during transportation, which enhances the transparency of carbon emission data and provides customers with greener and low-carbon logistics solutions.

Type of Opportunity	Opportunity Factor	Period of Influence	Level of Impact
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Resource efficiency	Usage of more efficient transport modes	Short-term, medium-term and long-term	Medium to high
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Opportunity Analysis

- As green logistics continues to be popularized and promoted, multimodal transport has received widespread attention as one of the key strategies for advancing green logistics. In order to ensure the accelerated implementation of policies supporting multimodal transportation, China continues to promote the *Work Plan for Optimizing the Development of Multimodal Transport and Adjusting the Transport Structure (2021-2025)*. In this way, it helps establish a unified, open, orderly competitive transport service market where various modes of transport are deeply integrated and comprehensive transport efficiency is improved, reducing the logistics costs and promoting energy saving and carbon reduction in transport links.

Countermeasures






- SF makes full use of its own resources such as air transportation, land transportation and delivery hubs to develop multimodal transport combining highway, railway, waterway and air transportation. In terms of bulk transport business, SF has participated in the national multimodal transport demonstration project, continuously optimized the transport organization model, and provided rail transport services from pick-up and delivery to settlement, further enhancing its competitive edge of business in the industry. At the same time, SF is actively exploring a new logistics model of air-rail combined transport, which has carried out demonstration projects in Wuxi and Shenzhen. Working with partners to promote the integrated development of rail transportation and modern logistics industry, we make full use of capacity resources of urban rail transportation, reduce traffic congestion, and foster the green and low-carbon development of logistics.

Risk Management

SF has established a risk management framework at the company level based on the risk management framework of enterprise and fully integrated climate change risks into the its risk management system. SF also conducts regular identification and assessment in accordance with the its overall process of risk management to identify, manage and disclose significant climate-related risks.

The Risk Management Committee of the Board of Directors, as the highest decision-making body of SF risk management, is responsible for the effectiveness of the SF's risk management system, such as identifying, preventing and monitoring climate risks and ESG-related risks, and the Committee is also in charge of formulating strategies to cope with the related risks. The Risk Committee, as a body under the Risk Management Committee of the Board of Directors, is responsible for considering and making decisions on the risk management system, systems, major risk prevention and crisis response that incorporate climate change risks. In addition, the risk control and compliance department regularly conducts discussions and analyses on climate change-related issues, and prepares SF's overall risk report taking climate change risks into consideration, and submits it to the Risk Management Committee of the Board of Directors for further consideration. SF ensures timely transmission and effective handling of risk information including climate risk through regular reporting and communication mechanisms, thus forming a risk management mechanism of efficient collaboration and close communication.

In order to effectively manage climate risks, SF effectively combines climate risk assessment and risk management, establishes a sound management mechanism and process for climate risk identification, assessment, control and supervision, and forms a risk management process of "risk environment analysis – goal setting and risk identification of risk control – risk assessment – risk response – supervision and improvement".

 <p>Risk environment analysis</p>	<p>SF continues to pay attention to and analyse changes in the internal and external environment brought about by climate-related risks, including pressures exerted by external policies, market trends, SF's risk tolerance, and business operation models. If environmental changes have a significant impact on risk management strategies or measures, SF's risk management and control department will make timely adjustments to the risk control strategy planning.</p>
 <p>Goal setting and risk identification of risk control</p>	<p>Based on SF's goals of risk control, it conducts in-depth research and analysis on the internal and external conditions and key matters affecting the realization of the objectives, covering multiple aspects such as internal management, external economic environment, natural environment and laws, regulations and policies. In this case, we can identify and sort out the list of risks related to climate change.</p>
 <p>Risk assessment</p>	<p>SF adopts a combination of quantitative and qualitative methods to conduct climate risk analysis and assessment. Based on the probability of risk occurrence and the degree of impact on SF's objectives, the identified risks are prioritized and the risks that are confirmed to be given the extensive focus and the priority to control. As a result, the risks can provide information for the reference of formulation and adjustment of SF's development strategy.</p>
 <p>Risk responses</p>	<p>Taking into account the causes and tolerance of risks, SF weighs risks and benefits, brand reputation, social responsibility and other factors, and based on the results of risk analysis, the Board of Directors will review and determine appropriate and effective risk response plans to ensure SF's stable development.</p>
 <p>Supervision and improvement</p>	<p>SF continues to follow up, monitor and manage the handling of climate-related risks. In daily work, SF improves its ability to cope with climate risks by continuously optimizing its risk control mechanism and management capabilities.</p>

Metrics and Targets

As the largest integrated logistics service provider in China and Asia and the fourth largest in the world, SF always adhere to the concept of sustainable and healthy development. We understand the importance of participating in global climate action, and we actively respond to the global carbon reduction initiative in an attempt to practice the national dual carbon strategy, and achieve the long-term goal of the *Paris Agreement* to limit the rise in global temperatures to 1.5°C that is lower than that of the pre-industrial level. Based on carbon reduction achievements in the past, SF released the industry's first *Carbon Target White Paper*, committing to improve carbon efficiency by 55%, and reduce the carbon footprint of each parcel by 70% in 2030 compared to 2021. On 23 November 2023, SF has formally signed and submitted to the Science Based Targets initiative (SBTi) the *Business Ambition for 1.5°C Commitment Letter* to demonstrate our commitment to achieving the scientific target of GHG emissions reduction and striving to achieve a net-zero emission of the value chain by 2050.

Long-term goals

Carbon efficiency will be improved by 55% in 2030 compared to 2021

55%

Carbon footprint of each parcel will be reduced by 70% in 2030 compared to 2021

70%

		Indicators	Progress on Climate Action	Future Plans for Short- and Medium-Term/Goal Setting
Scope 1 and scope 2	Clean energy	<ul style="list-style-type: none"> By the end of 2023, SF has 26 photovoltaic projects in operation and construction in its industrial parks, with a total installed capacity of 116 megawatts. 14 photovoltaic projects that have been put into operation have generated a total of 18.39 million kWh of photovoltaic power generation. 	<p>SF plans to continue to invest in the construction of photovoltaic projects in its industrial park in 2024. By the end of 2025, all photovoltaic projects are expected to be completed and put into operation.</p> <p>By then, it is expected that the total installed capacity of photovoltaic equipment in the industrial park will reach 140 megawatts and the annual power generation will exceed 100 million kWh, realizing a stable supply of green electricity.</p>	
	Green transportation	<ul style="list-style-type: none"> In 2023, SF actively adjusted the structure of transport vehicles, continued to optimize the selection and replacement of traditional fuel vehicles, and further expanded the proportion of the fleet of energy vehicles. By the end of 2023, SF has cumulatively deployed over 31,000 new energy vehicles, serving a total of 243 cities. 	<p>In 2024, based on the maturity of new energy vehicle battery technology and replenishment conditions, SF plans to select several areas or routes for the pilot and application of LNG, CNG, methanol, hydrogen and other fuel vehicles.</p> <p>By 2030, the Company will strive to achieve 100% electrification of vehicle equipment in the aviation base.</p>	
Scope 3	Green packaging	<ul style="list-style-type: none"> In 2023, we have reduced carbon emissions by about 540,000 tons through green packaging initiatives such as packaging reduction, recyclability and degradability, which reduced the use of packaging base paper by 43,000 tons, and reduced the use of plastic by about 162,000 tons. 	<p>In 2024, SF will continue to carry out the sophisticated R&D of the reduction technology for various types of packaging materials, and complete the formulation of mandatory national standards in the <i>Requirements for Restrict Excessive Packaging</i>. Meanwhile, SF will complete the switch in the scale of using double easy recycled plastic bags in 7 major cities, while applying recycling technology to other packaging materials to improve the amount of recycled plastics.</p> <p>By 2030, we will strive to reach 100% of the switching of standard plastic bags to recycled plastic bags.</p>	

Appendix

About the Report

This is the fifth annual sustainability report issued by S.F. Holding Co., Ltd.. Adhering to the principles of balance, comparability, accuracy, timeliness, clarity and reliability, this report discloses the management measures and effectiveness of S.F. Holding Co., Ltd. in terms of sustainable development.

Report Title

For the convenience of expression and reading, “SF”, “the Company”, “we” and “the Group” in this Report all refer to “S.F. Holding Co., Ltd.”.

Time Range

This report covers the period from 1 January 2023 to 31 December, 2023.

Reporting Scope

The reporting scope of this Report on general disclosure and management of material issues, and social key performance indicators is consistent with 2023 SF Annual Report, including S.F. Holding Co., Ltd. and its major subsidiaries in the People’s Republic of China and other regions including the United States, South Korea, Singapore, and Malaysia. To ensure data reliability and properly and thoroughly reflect the Company’s overall environmental performance, the Company will continue to improve data coverage and calculation processes for environmental performance indicators. If this report includes further explanations on the coverage of specific information, those explanations will take precedence.

Reference and Principles

SF created this Report using systematic procedures including research and interviews, the identification of important stakeholders and material issues related to ESG, and its 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 prepared the Report based on collected relevant information and review and approval by the Board of Directors.

The preparation basis referred to in the Report includes:

- *Environmental, Social and Governance Reporting Guide* in Appendix C2 to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*
- Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies 《深圳证券交易所上市公司社会责任指引》
- *Guidelines for Sustainability Reporting Standards* (GRI Standards) of the Global Sustainability Standards Board (GSSB)
- *Task Force on Climate-Related Financial Disclosure* (TCFD)
- *Sustainability Accounting Standards Board* (SASB) of Sustainability Accounting Standards Board Committee
- United Nations Sustainable Development Goals (SDGs)
- Key indicators of corporate environmental, social, and governance performance by capital market rating agencies.

Reporting principles

This Report responds to and follows the reporting principles of the *Environmental, Social and Governance Reporting Guide*, including materiality, quantitative, consistency and balance. The following table describes the Company's application of the reporting principles:

Principles	Responses of the Company
Materiality	In 2023, SF analyzed and evaluated important issues related to the company's operation through the substantive issues survey questionnaire and submit them to the senior management of SF Express for review and approval. We used the results of the ranking of issues of importance in 2023 as the basis for this report.
Quantitative	The report discloses SF's key quantitative performance indicators and sets quantitative performance targets where applicable. The calculation criteria, methods, assumptions and/or calculation tools for all quantitative indicators have been described in their respective locations.
Consistency	Unless otherwise indicated, the information selection, preparation and presentation of this report remain consistent with previous years. If there are material changes that could affect comparisons with previous years' reports, we have indicated them in the appropriate location.
Balance	This report is based on objective information and facts, and fairly discloses positive and negative information about the company to prevent descriptions or reporting formats that may affect readers' decisions or judgments.

Meanwhile, the Report responds to and follows the reporting principles of the GRI standard. The following table is the Company's explanation of the application of the reporting principles:

Principles	Responses of the Company
Accuracy	The Report has been carefully reviewed to report accurate and detailed information to ensure the accuracy of the disclosed data.
Clarity	The Report is written in a way that is easy for readers to understand, presenting information in an accessible manner.
Completeness	The Report fully discloses all the materiality issues identified by the Company in 2023.
Sustainability Context	The Report discloses information about the Company in the context of broad sustainability.
Timeliness	The Company discloses the ESG Report every year and releases it at the same time as the annual Report to provide readers with timely reference for decision-making.
Verifiability	The data collected, recorded, compiled and analyzed in the Report may be reviewed to ensure quality.

Information Explanation

In 2023, SF conducted ESG management for Kerry Logistics Network Limited. During the Reporting Period, SF completed the integration of environmental indicator data of Kerry Logistics Network Limited (see Appendix “Key Performance – Environment” for details).

In March 2024, SF successfully passed the audit by SGS-CSTC Standards Technical Services CO., LTD., an international independent third-party audit organization. The Company completed the third-party verification of greenhouse gas emissions of 2023 and obtained the certificate of greenhouse gas accounting.



For the monetary amounts stated in the Report, unless otherwise stated, the currency in the Report is denominated in RMB.

This Report is published in both Chinese and English. If there is any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

Release of this Report

This Report was approved and released by the Board on 27 March 2023 after confirmation by the management. The sustainability report of SF is released annually at the same time as the annual financial report.

Accessibility of this Report

You can obtain the electronic version of this Report from the following website: SF’s 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.

Assurance statement



ASSURANCE STATEMENT

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE 2023 S.F. Holding Co., Ltd SUSTAINABILITY REPORT FOR 2023

NATURE OF THE ASSURANCE/VERIFICATION

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by S.F. Holding Co., Ltd (hereinafter referred to as SF Holding) to conduct an independent assurance of the 2023 S.F. Holding Co., Ltd Sustainability Report (hereinafter referred to as the Report).

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all SF Holding's Stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of board of directors and relevant functional departments of SF Holding. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all SF Holding's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards and ISAE3000.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	Moderate

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options
GRI Standards 2021 (Reference)

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees onsite at Block B, TK Chuangzhi Tiandi Building, Keji South 1st Road, Nanshan District, Shenzhen, Guangdong Province, China.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process. The carbon emission data in the report has been verified by third-party, and this assurance only be conducted based on sampling review.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in multiple countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from SF Holding, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, the specified performance information included in the scope of assurance is accurate, reliable, and has been fairly stated.

QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

- No specific performance information within the verification scope was found to be untrue.
- For selected topics, 2023 annual report has better completeness to the 2022 annual report.
- It is recommended that more attention be paid to comparability and balance for future sustainability report.

CONCLUSION, FINDINGS, AND RECOMMENDATIONS OF THE SUSTAINABLE DEVELOPMENT REPORTING STANDARDS ORGANIZED BY THE GLOBAL REPORTING INITIATIVE**Principles****Accuracy**

The information of SF Holding's report was accurate and enable to publicly disclose qualitative and quantitative information on multiple performance indicators to stakeholders.

Balance

Sf Holdings has been realistic in its disclosure of sustainability tops based on the expectations of its stakeholders

Clarity

The Report was presented different ways with words, charts, graphics and pictures, also described with actual cases to ensure the stakeholders understanding easily.

Comparability

The Report disclosed various relevant performance indicators for the year 2023, and some of the performance indicators disclosed historical data that allows stakeholders to visually compare and understand its CSR performance

Completeness

The Report included coverage of material aspects and boundaries, to reflect significant economic, environmental and social impacts and enable stakeholders to assess the SF Holding's performance in the reporting period.

Sustainability Context

SF Holding had demonstrated the efforts on sustainability development related to governance, environmental, social and service aspects and integrated the performance with the context of sustainable development as well.

Timeliness

The assurance process found that data and information reported was timely and effective throughout the reporting cycle.

SF Holding disclosed its first ESG report in Jul 2020 and has disclosed it annually since then, which indicates good timeliness.

Verifiability

The data and information could be traced and verified.

Management Approach

The Report had disclosed the management approach of identified material topics.

General Disclosures

The general disclosures were partly presented in accordance with GRI 2: general disclosures 2021.

Topic-Specific Disclosures

SF Holding's topic-specific disclosures related to the material topics in economic, environmental, and social areas were in accordance with GRI Standards.

Findings and recommendations

Good practices and recommendations for sustainability report and management process were described in the internal management report which has been submitted to the management of SF Holding for continuous improvement.

Signed:



For and on behalf of SGS-CSTC

David Xin

Sr. Director – Business Assurance

16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Mar. 21st, 2024

WWW.SGS.COM

Policy List

Chapter	Chapter name	Compliance with the main laws and regulations	Main internal system of SF
Governance	Standardizing Corporate Governance	<p>"Code of Corporate Governance for Listed Companies"</p> <p>"Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange"</p> <p>"Company Law of the People's Republic of China"</p> <p>"Criminal Law of the People's Republic of China"</p> <p>"Securities Law of the People's Republic of China"</p>	<p>"Rules of Procedure for Risk Management Committee of the Board of Directors"</p> <p>"Rules of Procedure for Audit Committee of the Board of Directors"</p> <p>"Rules of Procedure for Nomination Committee of the Board of Directors"</p> <p>"Rules of Procedure for Remuneration and Appraisal Committee of the Board of Directors"</p> <p>"Rules of Procedure for Board of Directors"</p> <p>"Rules of Procedure for Strategy committee of the Board of Directors"</p> <p>"Work System for Independent Directors"</p> <p>"Rules of Procedure for General Meeting"</p> <p>"Rules of Procedure for Supervisory Committee"</p> <p>"Articles of Association of SF Holdings Co., Ltd."</p> <p>"Investor Relations Management System"</p> <p>"Information Disclosure Management System"</p>
	Strengthening Risk Control Management	<p>"Law of PRC on Countering Unfair Competition"</p> <p>"Anti-monopoly Law of the People's Republic of China"</p> <p>"Basic Standards for Enterprise Internal Control"</p>	<p>"Management System of Company Risk Control"</p> <p>"Operation Rules of the Risk Committee"</p> <p>"Risk Control Compliance Management System of the Group"</p> <p>"Risk Event Management System of the Group"</p> <p>"Crisis Management System of the Group"</p>
	Abiding by Business Ethics	<p>"Anti-Money-Laundering Law"</p> <p>"Trademark Law of the People's Republic of China"</p> <p>"Audit Law of the People's Republic of China"</p> <p>"Patent Law of the People's Republic of China"</p> <p>"Interim Provisions on Banning Commercial Bribery"</p> <p>"Accounting Standards for Business Enterprises – Application Guide"</p> <p>"Provisions of the Audit Commission on internal audit work"</p>	<p>"Integrity Handbook"</p> <p>"Anti-corruption Management System"</p> <p>"Rewards and Penalty Management Regulations"</p> <p>"Reporting Management Measures"</p> <p>"Operation Guidelines for Handling Infringement Incidents"</p> <p>"Administrative Measures for Relatives and Bidding Avoidance"</p> <p>"Trademark (Trade Name) Management System"</p> <p>"Employee Communication Management Regulations"</p> <p>"Patent (Software Copyright) Management System"</p>
	Ensuring Information Security	<p>"Personal Information Protection Law of the People's Republic of China"</p> <p>"Data Security Law of the People's Republic of China"</p> <p>"Cyber Security Law of the People's Republic of China"</p>	<p>"Information Security Incident Management Provisions"</p> <p>"Privacy Data Security Compliance Management Standards"</p> <p>"Employee Information Security Manual"</p>

Chapter	Chapter name	Compliance with the main laws and regulations	Main internal system of SF
Environment	Creating Green Logistics	<p>"Method and Criteria for Green Packaging Assessment"</p> <p>"Limitation of Excessive Packaging for Express Delivery"</p>	<p>"SF Aviation Energy Management System (Provisional)"</p> <p>"Administrative Measures for Updating and Disposing of Operational Vehicles"</p> <p>"Regulations on the Administration of Operational Vehicles Put into Use"</p> <p>"Lump-sum Oil Consumption Plan for Commercial Vehicles"</p> <p>"Regulations on the Administration of Water and Electricity in the Parks"</p> <p>"Management Guide for Maintenance of Industrial Park Facilities and Equipment"</p> <p>"Industrial Park Property Service Standards"</p> <p>"SF Packaging Code of Practice"</p>
	Promoting Circular Economy	"Circular Economy Promotion Law of the People's Republic of China"	No relevant internal management system
	Protecting the Environment	<p>"Forestry Law of the People's Republic of China"</p> <p>"Regulations for the Implementation of Forestry Law of the People's Republic of China"</p> <p>"Regulations of the People's Republic of China on Wild Plants Protection"</p>	No relevant internal management system
	Green Office	<p>"Air Pollution Prevention and Control Law of the People's Republic of China"</p> <p>"Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste"</p> <p>"Law of the People's Republic of China on the Prevention and Control of Ambient Noise Pollution"</p> <p>"Energy Conservation Law of the People's Republic of China"</p> <p>"Water Law of the People's Republic of China"</p> <p>"Water Pollution Control Act of People's Republic of China"</p> <p>"Soil Pollution Prevention and Control Law of the People's Republic of China"</p> <p>"Integrated Emission Standard of Air Pollutants"</p> <p>"Emission Standards for Odor Pollutants"</p> <p>"Emission Standard for Industrial Enterprises Noise at Boundary"</p> <p>"Standard for Noise Limits at the Boundary of Construction Plants"</p> <p>"Self-monitoring technology guidelines for pollution sources – General rule"</p> <p>"Regulation on the Administration of Permitting of Pollutant Discharges"</p> <p>"Comprehensive Wastewater Discharge Standard"</p> <p>"Standard for pollution control on the non-hazardous industrial solid waste storage and landfill"(GB 18599-2001)</p> <p>"Guidelines for the Investigation of Soil Pollution Hazards in Key Regulatory Units (Trial)"</p>	<p>"Measures for Office Space Management"</p> <p>"Energy Metering Management System"</p> <p>"Dangerous Goods Management Procedure"</p> <p>"Measures for the Administration of Water and Electricity of Property Sites"</p>

Chapter	Chapter name	Compliance with the main laws and regulations	Main internal system of SF
	Empowering the Talent Team	<p>"Labor Law of the People's Republic of China"</p> <p>"Labor Contract Law of the People's Republic of China"</p> <p>"Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China"</p> <p>"Law of the People's Republic of China on Trade Unions"</p> <p>"Employment Promotion Law of the People's Republic of China"</p> <p>"Law of the People's Republic of China on the Protection of Women's Rights and Interests"</p> <p>"Social Insurance Law of the People's Republic of China"</p> <p>"Regulation on Work-Related Injury Insurance"</p> <p>"Provisions on the Prohibition of Using Child Labor"</p> <p>"Special Rules on the Labor Protection of Female Employees"</p> <p>"Regulations on Paid Leave for Employees"</p>	<p>"Contractor regulations"</p> <p>"Work Guideline on Handling of Employees' Demands through Labor Union"</p> <p>"Labor Union Hotline Service Quality Improvement Mechanism"</p> <p>"Reasonable Suggestion Management Mechanism"</p> <p>"Rewards and Penalty Management Regulations"</p> <p>"Administrative Measures for Relatives and Bidding Avoidance"</p> <p>"Talent Management System"</p> <p>"Talent Promotion Management System"</p> <p>"Sf send you to University Project Management Methods"</p> <p>"Complete-Process Management Mechanism for Demands"</p> <p>"Plan for Whole-Process Quality Improvement of Demand"</p> <p>"Retirement and reemployment management methods"</p> <p>"Management measures for the transfer of first- and second-line employees"</p> <p>"First- and second-line employees diversified development of key positions within the employment issued standard requirements"</p> <p>Employee "Welfare Management System"</p> <p>"Operation Instruction Manual for Employee Care"</p> <p>"Work Guidelines for Conversing Employee Voice into Productivity"</p> <p>"Employee Handbook"</p> <p>"Information disclosure guidelines for employees"</p> <p>"Recruitment Management System"</p>
Society	Building the Line of Safety	<p>"Work Safety Law of the People's Republic of China"</p> <p>"Special Equipment Safety Law of the People's Republic of China"</p> <p>"Fire Protection Law of the People's Republic of China"</p> <p>"the Law of People's Republic of China on Prevention and Control of Occupational Diseases"</p> <p>"Requirement and Guidelines for Occupational Health and Safety Management Systems"</p> <p>"Regulations on emergency response to production safety accidents"</p> <p>"Regulations on the administration of safe production of construction projects"</p>	<p>"Safety education and training management provisions"</p> <p>"Safety assessment and incentive management provisions"</p> <p>"Safety production target responsibility statement"</p> <p>"Comprehensive emergency plan for work safety"</p> <p>"Regulations on safety management of vehicle operation in yard"</p> <p>"Safety Management Protocol for road Cargo Transport services"</p> <p>"Regional risk control list"</p> <p>"Standard for safe operation of post"</p> <p>"Notice on Regularly Carrying out Hazard Source Identification and Evaluation and Improving the Construction of Dual Prevention System"</p> <p>"Express fire emergency handling operation guide"</p> <p>"the Competence Evaluation and Training Management Procedure"</p> <p>"Production safety risk assessment standards"</p> <p>"Production Safety Risk Assessment Standards and Quantitative Suggestions"</p> <p>"Safety Production Management Manual"</p> <p>"Production Safety System Evaluation Standards and Framework"</p> <p>"Production Safety System Evaluation Guide"</p> <p>"Production Safety Hazard Identification Control List"</p> <p>"SF Safety Production Management Manual"</p> <p>"Procedures on Hazard Source Identification, Risk Assessment, and Control Management"</p> <p>"Logistics supplier safety management provisions"</p> <p>"Logistics handling and sorting services security management protocol"</p> <p>"Related Party Safety Management Procedures"</p> <p>"Emergency Plan Management Regulations"</p> <p>"Emergency Preparation and Response Management Procedure"</p> <p>"Workplace safety management standardization improvement action plan"</p> <p>"Workplace safety management standardization improvement action plan"</p>

Chapter	Chapter name	Compliance with the main laws and regulations	Main internal system of SF
	Building Responsible Chain Together	<p>"E-Commerce Law of the People's Republic of China"</p> <p>"Contract Law of the People's Republic of China"</p> <p>"The Bidding Law of the People's Republic of China"</p> <p>"Regulation on the Implementation of the Bidding Law of the People's Republic of China"</p>	<p>"Management Regulations on Procurement Risk"</p> <p>"Regulations on the Management of Purchasing Staff"</p> <p>"Regulations on Green Procurement Management of Procurement Supply Chain Center"</p> <p>"Management Regulations on Procurement Suppliers"</p> <p>"Supplier Penalty Management Measures"</p> <p>"Letter of Notification of Transparent Procurement"</p>
	Shouldering Social Responsibility	<p>"Charity Law of the People's Republic of China"</p>	<p>"Articles of Association of SF Charity Foundation"</p> <p>"Management System of SF Charity Foundation Volunteer Association"</p>
Service	Creating Smart Logistics	No relevant laws and regulations	No relevant internal management system
	Innovation-Driven Development	No relevant laws and regulations	No relevant internal management system
	Securing Safety Delivery	<p>"Postal Law of the People's Republic of China"</p> <p>"Measures for the Administration of the Real-Name Receipt and Delivery of Mails and Express Mails"</p> <p>"Supervision and Administration of Security of the Postal Industry"</p> <p>"Measures for the Supervision and Administration of the Delivery Safety of the Postal Industry"</p> <p>"Provisions on Articles Prohibited from Delivery"</p> <p>"Operation Specification in Safety Production of Express Service"</p>	<p>"Common Standards for Receiving Consignments"</p> <p>"Regulations on Operation and Management of Battery-Contained Parcels"</p> <p>"Guidelines for Emergency Handling of Dangerous Goods on Board"</p> <p>"Provisions on the Management of "Three Systems" for Delivery Safety"</p> <p>"Provisions on the Administration of Prohibited Consignments"</p> <p>"Operation Procedures for Real-Name Pickup and Delivery"</p> <p>"Pickup and Delivery Inspection System"</p> <p>"Dangerous Goods Transportation Manual"</p> <p>"Special Plan for the Control of Illegal and Prohibited Articles"</p> <p>"Regulations on the Management of "Three Systems" for Mails and Shipments"</p> <p>"Reward Management Measures for Self-Inspection of Illegal and Prohibited Articles"</p> <p>"Reward Mechanism for Self-Inspection of Illegal and Prohibited Articles"</p>
	Delivering Premium Services	No relevant laws and regulations	<p>"Reasonable Suggestion Management Mechanism"</p> <p>"Reward and Punishment Rules for Customer Service"</p> <p>"Differentiated Customer Services"</p> <p>"Customer Voice Classification Standard"</p> <p>"Customer Experience Customer Service Operation Process"</p> <p>"Measures on the Acceptance of Customer Complaints"</p> <p>"Administrative Measures for Claims Settlement"</p> <p>"Abnormality Handling Mechanism for Time-Effective Category"</p> <p>"Complaint Handling Procedure"</p> <p>"Complaint Handling Upgrade Mechanism"</p> <p>"Guidelines for the Control of Internet Public Opinions and Complaints"</p> <p>"Abnormal Event Customer Service Process"</p> <p>"Emergency Response Capacity System"</p>

Key Performance

Table of Environmental Key Performance

Indicator – Environment		Unit	2022			2023		
			SF	KLN	Total	SF	KLN	Total
GHG emissions								
GHG emissions	Total GHG emissions	tCO ₂ e	9,185,355.1	2,472,955.0	11,658,310.1	8,748,710.7	2,451,355.0	11,200,065.7
	Scope 1	tCO ₂ e	3,143,752.0	322,253.0	3,466,005.0	2,652,365.1	221,739.0	2,874,104.1
	Scope 2	tCO ₂ e	1,804,248.5	80,543.0	1,884,791.5	1,465,521.8	79,916.0	1,545,437.8
	Scope 3 ¹²	tCO ₂ e	4,237,354.6	2,070,159.0	6,307,513.6	4,630,823.8	2,149,700.0	6,780,523.8
	Category 1: Purchased goods and services	tCO ₂ e	2,522,391.5	N/A	2,522,391.5	775,202.1	N/A	775,202.1
	Category 3: Fuel and energy-related activities	tCO ₂ e	1,689,195.7	N/A	1,689,195.7	1,754,182.2	N/A	1,754,182.2
	Category 4: Upstream transportation and distribution	tCO ₂ e	N/A	2,070,159.0	2,070,159.0	2,073,065.9	2,149,700.0	4,222,765.9
	Category 5: Waste generated in operations	tCO ₂ e	1,492.1	N/A	1,492.1	3,303.1	N/A	3,303.1
	Category 7: Employee commuting	tCO ₂ e	24,275.3	N/A	24,275.3	25,070.6	N/A	25,070.6

¹² The Company continues to improve the statistics of the emission data of the categories of GHG emissions Scope 3. In 2023, the emissions of Scope 3 Categories 2, 6, 12 and 15 are not applicable to the main business operation scenarios of SF, and therefore are not presented in the table of environmental key performance.

Indicator – Environment	Unit	2022			2023			
		SF	KLN	Total	SF	KLN	Total	
GHG emission intensity	tCO ₂ e/million revenue (RMB)	47.6	33.1	43.5	41.1	53.5	43.3	
GHG emissions per parcel ¹³	g CO ₂ e/parcel	824.5	N/A	824.5	730.9	N/A	730.9	
GHG removal from newly planted trees	tCO ₂ e	N/A	6.0	6.0	4.6	9.0	13.6	
Emission								
Nitrogen oxide emissions	ton	25,555.5	2,416.0	27,971.5	27,246.4	1,907.0	29,153.4	
Sulfur oxide emission	ton	20.6	6.0	26.6	18.2	3.0	21.2	
Particle emissions	ton	2,087.3	156.0	2,243.3	2,021.2	118.0	2,139.2	
Energy consumption								
Non-renewable energy consumption ¹⁴	Total gasoline consumption	MWh	18,546,599.7	1,673,098.0	20,219,697.7	17,506,785.1	1,005,665.0	18,512,450.1
	Gasoline consumption	MWh	1,100,111.1	15,339.0	1,115,450.1	1,394,864.5	13,424.0	1,408,288.5
	Diesel consumption	MWh	12,590,526.5	1,035,410.0	13,625,936.5	10,681,630.0	780,440.0	11,462,070.0
	Aviation kerosene consumption	MWh	4,855,962.1	N/A	4,855,962.1	5,430,290.5	N/A	5,430,290.5
	Natural gas consumption	MWh	N/A	1,410.0	1,410.0	N/A	909.0	909.0
	Consumption of liquefied petroleum gas	MWh	N/A	2,808.0	2,808.0	N/A	2,112.0	2,112.0
	Compressed natural gas	MWh	N/A	614,100.0	614,100.0	N/A	204,405.0	204,405.0
	Gas and oil consumption	MWh	N/A	4,031.0	4,031.0	N/A	4,375.0	4,375.0
Renewable energy	Total energy consumption	MWh	7,271.2	901.0	8,172.2	15,712.0	1,402.0	17,114.0
	Solar energy	MWh	7,271.2	768.0	8,039.2	15,712.0	1,378.0	17,090.0
	Hydropower ¹⁵	MWh	N/A	133.0	133.0	N/A	24.0	24.0
Indirect energy consumption	Electricity consumption	MWh	1,840,522.7	164,389.0	2,004,911.7	2,100,998.5	167,799.0	2,268,797.5

¹³ The GHG emissions per parcel are calculated from the total GHG emissions and the total parcel volume during the reporting period, which does not include the parcel volume of Kerry Logistics Network Limited express delivery business in overseas countries. In addition, this indicator is not applicable to Kerry Logistics due to differences in business forms.

¹⁴ Due to the differences in the business forms of SF and Kerry Logistics Network Limited, some of the indicators in Non-renewable Energy Consumption are not applicable and are therefore presented as N/A in this environmental key performance table.

¹⁵ This indicator is not applicable to SF due to differences in business forms.

Indicator – Environment	Unit	2022			2023			
		SF	KLN	Total	SF	KLN	Total	
Total sold energy	MWh	74.8	657.0	731.8	57.2	479.0	536.2	
Total energy consumption	MWh	20,394,318.8	1,837,731.0	22,232,049.8	19,623,438.4	1,174,387.0	20,797,825.4	
Energy consumption intensity	MWh/million revenue (RMB)	105.8	24.6	83.1	92.3	25.6	80.5	
Use of water resources								
Water withdrawal ¹⁶	ton	1,423,452.0	1,169,181.0	2,592,633.0	1,601,051.4	1,042,625.0	2,643,676.4	
Waste								
Non-hazardous waste production	kg	46,096,330.9	28,442,000.0	74,538,330.9	155,214,609.7	20,113,000.0	175,327,609.7	
Hazardous waste production	kg	N/A	142,000.0	142,000.0	N/A ¹⁷	54,000.0	54,000.0	
Packaging materials								
Use of packaging items ¹⁸	Total use of packaging items	kg	445,093,236.0	9,203,000.0	454,296,236.0	477,113,830.4	5,672,000.0	482,785,830.4
	Express envelope	kg	75,219,380.0			73,959,992.9	N/A	73,959,992.9
	Waybill	kg	17,620,130.4			14,257,402.5	N/A	14,257,402.5
	Carton	kg	241,291,360.0			266,797,554.7	4,539,000.0	271,336,554.7
	Plastic bags	kg	41,596,926.6			51,729,610.9	1,100,000.0	52,829,610.9
	Scotch tapes	kg	28,412,018.0			26,013,021.8	N/A	26,013,021.8
	Foaming type of fillers	kg	12,814,718.2			12,884,490.8	33,000.0	12,917,490.8
	Inflatable type of fillers	kg	28,138,702.8			31,471,756.8	N/A	31,471,756.8

Table of Social Key Performance

Indicator-Society		Unit	2022 ¹⁹	2023
Employment				
Number of workforces				
Total workforce		Person	743,377	746,577
By gender	Male	Person	623,980	627,408
	Female	Person	119,397	119,169

¹⁶ The Company's water sources are all municipal water, and the statistical data is based on the total amount of water withdrawn. Therefore, adjustments have been made to the indicators disclosed in previous years' report.

¹⁷ SF's own operations do not involve the generation of large quantities of hazardous waste, and hazardous waste in the office has not yet been accounted for.

¹⁸ Due to the differences in the business forms of SF and Kerry Logistics Network Limited, some of the indicators in the usage of packaging items are not applicable and are therefore presented as N/A in this environmental key performance table.

¹⁹ As the statistical scope of SF's social performance data in 2023 is the same as the scope of disclosure in the Annual Report, the Company has retrospectively adjusted the social performance data disclosed in 2022 to include Kerry Logistics in the scope of SF's statistics and disclosure to provide continuity and comparability between the 2022 and 2023 data.

Indicator-Society		Unit	2022 ¹⁹	2023
By age	Aged below 30	Person	244,875	226,221
	Aged 30-50	Person	485,308	508,251
	Aged over 50	Person	13,194	12,105
By educational background	Doctorate	Person	65	57
	Master degree	Person	4,143	4,068
	Bachelor's degree	Person	55,364	57,302
	Associate' degree	Person	131,760	137,996
	High school and below	Person	552,045	547,154
By job functions	Management personnel	Person	25,374	26,025
	Professional personnel	Person	47,804	43,725
	Operations personnel	Person	670,167	676,827
By employment type	Full-time	Person	630,072	647,728
	Part-time	Person	113,305	98,849
Number of newly recruited workforces		Person	323,493	305,817
Workforce turnover				
Total number of workforces departed		Persons	142,540	122,037
Workforce turnover rate ²⁰		%	19.2	16.3
By gender ²¹	Male	%	18.6	15.9
	Female	%	22.2	18.7
By age ²¹	Aged below 30	%	30.9	26.4
	Aged 30-50	%	13.6	12.1
	Aged over 50	%	7.2	7.4

²⁰ Workforces turnover rate = Total departures ÷ Total workforces

²¹ Turnover rate of workforces by category = Number of departures by category ÷ Number of workforces by category

Indicator-Society		Unit	2022 ¹⁹	2023
Diversified employment				
Number of newly recruited female workforces		Person	61,606	53,894
Health and Safety				
Major express fire accidents		Accident	0	0
Major site first and second level fire accidents		Accident	0	0
Signing rate of contractor safety management agreement		%	100	100
Safety training coverage		%	100	100
Lost time injury rate ²²		Per million hours worked	1.76	2.35
Number of aviation accidents		Piece	0	0
Training and development				
Number of trained workforces				
Total number of trained workforces		Person	728,201	724,277
Percentage of trained workforces		%	98.0	97.0
By gender ²³	Male	%	84.2	84.5
	Female	%	15.8	15.5
Total training hours				
Average training hours per trained workforces		Hour	6.0	7.8
By gender ²⁴	Male	Hour	5.9	7.8
	Female	Hour	6.1	7.9

²² Lost-time injury rate = Number of lost man-hours accidents ÷ Number of actually hours worked × 1,000,000

²³ Percentage of trained workforces by category = Number of trained workforces by category ÷ Total number of trained workforces

²⁴ Average training hours per trained workforces by category = Total training hours by category ÷ Number of trained workforces by category

Indicator-Society		Unit	2022 ¹⁹	2023
Supply chain management				
Total number of suppliers		Company	12,414	10,932
By region	Mainland China	Company	11,728	10,271
	Hong Kong, Macao and Taiwan	Company	169	51
	Overseas	Company	517	519
Number of new suppliers		Company	3,830	2,766
Product Responsibility				
Intellectual Property				
Number of patents granted		Patent	1,851	2,002
Number of new patents granted annually		Patent	221	247
Number of software copyrights acquired		Copyright	2,449	2,490
Number of new software copyrights acquired annually		Copyright	480	285
Anti-corruption				
Anti-corruption training				
Number of employees involved in anti-corruption training		Person	67,893	121,701
Total hours of anti-corruption training		Hour	32,336	70,073
Community investment				
Donations to community activities		RMB	118,845,372	105,900,635
Community activity expenses (excluding donations)		RMB	935,169	1,008,576

Indicator Index

GRI Standard Content Index

Instructions	SF referred to the GRI standards for preparation of the Report covering the period from January 1, 2023, to December 31, 2023.
Use of GRI 1	GRI 1: Foundation 2021

GRI Standard Indicator No.	GRI Standard Indicator	Location/Note
GRI 2: General Disclosure 2021		
2-1	Organizational details	About SF
2-2	Entities included in the organization's sustainability reporting	Reporting Scope
2-3	Reporting period, frequency and contact point	Time Range
2-4	Restatements of information	Information Explanation
2-5	External assurance	External Audit Statement
2-6	Activities, value chain and other business relationships	About SF
2-7	Employees	Table of Social Key Performance Index
2-8	Workers who are not employees	Table of Social Key Performance Index
2-9	Governance structure and composition	Standardizing Corporate Governance
2-10	Nomination and selection of the highest governance body	Standardizing Corporate Governance
2-11	Chair of the highest governance body	Standardizing Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	Standardizing Corporate Governance
2-13	Delegation of responsibility for managing impacts	Standardizing Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	ESG Governance System
2-15	Conflicts of interest	Anti-Corruption management
2-16	Communication of critical concerns	Communication with Stakeholders
2-17	Collective knowledge of the highest governance body	ESG Management Policies and Strategies
2-18	Evaluation of the performance of the highest governance body	ESG Goal Setting and Progress Review
2-19	Remuneration policies	ESG Goal Setting and Progress Review
2-20	Process to determine remuneration	ESG Goal Setting and Progress Review

GRI Standard Indicator No.	GRI Standard Indicator	Location/Note
2-21	Annual total compensation ratio	Due to the confidentiality of information, it is not publicly disclosed
2-22	Statement on sustainable development strategy	ESG Management Policies and Strategies
2-23	Policy commitments	Protection of Employees' Rights and Interests
2-24	Embedding policy commitments	Protection of Employees' Rights and Interests
2-25	Processes to remediate negative impacts	Protection of Employees' Rights and Interests
2-26	Mechanisms for seeking advice and raising concerns	Protection of Employees' Rights and Interests
2-27	Compliance with laws and regulations	Integrity Management System
2-28	Membership associations	Management of Technological Innovation
2-29	Approach to stakeholder engagement	Communication with Stakeholders
2-30	Collective bargaining agreements	Protection of Employees' Rights and Interests
GRI 3: Materiality topics 2021		
3-3	Management of material topics	Process of Assessing Materiality Issues Analysis Result of Materiality Issues
3-1	The process of identifying material topics	Analysis Result of Materiality Issues
3-2	List of material topics	Analysis Result of Materiality Issues
3-3	Management of material topics	Analysis Result of Materiality Issues
GRI 201: Economic Performance 2016		
3-3	Management of material topics	Please refer to the Company's Annual Report
201-1	Direct economic value generated and distributed	Please refer to the Company's Annual Report
201-2	Financial implications and other risks and opportunities due to climate change	Physical risk Transition risk Climatic opportunity
201-3	Defined benefit plan obligations and other retirement plans	Employee Welfare and Care
201-4	Financial assistance received from government	Please refer to the Company's Annual Report
GRI 202: Market Presence 2016		
3-3	Management of material topics	Please refer to the Company's Annual Report
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Due to the confidentiality of information, it is not publicly disclosed
202-2	The percentage of executives hired from the local community	Due to the confidentiality of information, it is not publicly disclosed

GRI Standard Indicator No.	GRI Standard Indicator	Location/Note
GRI 203: Indirect Economic Impacts 2016		
3-3	Management of material topics	Please refer to the Company's Annual Report
203-1	Infrastructure investments and services supported	Accelerating "Express Delivery to Villages" to Promote Regional Economic Development
203-2	Significant indirect economic impacts	Unblocking channels for the circulation of agricultural products and boosting rural revitalization Building a Sustainable Production-distribution Ecosystem to Promote Rural Industry Development Facilitating the Flows of Agricultural Products to Help Revitalize Rural Areas
GRI 204: Procurement Practices 2016		
3-3	Management of material topics	Supplier Management System Building the Sustainable Supply Chain
204-1	Proportion of spending on local suppliers	Due to the confidentiality of information, it is not publicly disclosed
GRI 205: Anti-corruption 2016		
3-3	Management of material topics	Integrity Management system Anti-Corruption management
205-1	Operations assessed for risks related to corruption	Anti-Corruption management
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption management
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption management
GRI 206: Anti-competitive Behavior 2016		
3-3	Management of material topics	Risk Management Practice
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Abiding by Business Ethics
GRI 207: Tax 2016		
3-3	Management of material topics	Please refer to the Company's Annual Report
207-1	Approach to tax	Please refer to the Company's Annual Report
207-2	Tax governance, control, and Risk Management	Please refer to the Company's Annual Report
207-3	Stakeholder engagement and management of concerns related to tax	Please refer to the Company's Annual Report

GRI Standard Indicator No.	GRI Standard Indicator	Location/Note
207-4	Country-by-country reporting	Please refer to the Company's Annual Report
GRI 301: Materials 2016		
3-3	Management of material topics	Sustainable Packaging R&D
301-1	Materials used by weight or volume	Sustainable Packaging R&D Table of Environmental Key Performance Index
301-2	Recycled input materials used	Sustainable Packaging R&D
301-3	Reclaimed products and their packaging materials	Sustainable Packaging R&D
GRI 302: Energy 2016		
3-3	Management of material topics	Optimizing Environmental Management System Promote Low-carbon Transportation Energy management
302-1	Energy consumption within the organization	Table of Environmental Key Performance Index
302-2	Energy consumption outside of the organization	Table of Environmental Key Performance Index
302-3	Energy intensity	Table of Environmental Key Performance Index
302-4	Reduction of energy consumption	Promote Low-carbon Transportation Building Green Industrial Parks Energy management
302-5	Reductions in energy requirements of products and services	Promote Low-carbon Transportation Promoting Circular Economy
GRI 303: Water and Effluents 2018		
3-3	Management of material topics	Building Green Industrial Parks Water Resources Management
303-1	Interactions with water as a shared resource	Building Green Industrial Parks Water Resources Management
303-2	Management of water discharge related impacts	Building Green Industrial Parks Water Resources Management
303-3	Water withdrawal	Water Resources Management Table of Environmental Key Performance Index
303-4	Water discharge	Management of Water Resources
303-5	Water consumption	It is not applicable to the Company's business operation scenarios

GRI Standard Indicator No.	GRI Standard Indicator	Location/Note
GRI 304: Biodiversity 2016		
3-3	Management of material topics	Protecting the Environment
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SF Forest
304-2	Significant impacts of activities, products and services on biodiversity	SF Forest
304-3	Habitats protected or restored	SF Forest
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable, the habitat in the area affected by the Company's operations does not contain species that have been listed on the IUCN Red List and the National Conservation Register
GRI 305: Emissions 2016		
3-3	Management of material topics	Promoting Low-carbon Transportation Building Green Industrial Parks Sustainable Packaging R&D Exhaust & Noise management
305-1	Direct (Scope 1) GHG emissions	Table of Environmental Key Performance Index
305-2	Energy indirect (Scope 2) GHG emissions	Table of Environmental Key Performance Index
305-3	Other indirect (Scope 3) GHG emissions	Table of Environmental Key Performance Index
305-4	GHG emissions intensity	Carbon Reduction Initiatives and Effectiveness Table of Environmental Key Performance Index
305-5	Reduction of GHG emissions	Carbon Reduction Initiatives and Effectiveness Sustainable Packaging R&D
305-6	Emissions of ozone-depleting substances (ODS)	It is not applicable to the Company's business operation scenarios
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Table of Environmental Key Performance Index
GRI 306: Waste 2020		
3-3	Management of material topics	Recycle and recycle express packaging Waste management
306-1	Waste generation and significant waste-related impacts	Waste management
306-2	Management of significant waste-related impacts	Waste management

GRI Standard Indicator No.	GRI Standard Indicator	Location/Note
306-3	Waste generated	Table of Environmental Key Performance Index
306-4	Waste diverted from disposal	Waste management
306-5	Waste directed to disposal	Waste management
GRI 308: Supplier Environmental Assessment 2016		
3-3	Management of material topics	Supplier Management System Building the Sustainable Supply Chain
308-1	New suppliers that were screened using environmental criteria	Supplier Management System Building the Sustainable Supply Chain
308-2	Negative environmental impacts in the supply chain and actions taken	Supplier Management System Building the Sustainable Supply Chain
GRI 401: Employment 2016		
3-3	Management of material topics	Protection of Employees' Rights and Interests Employee Care and Welfare
401-1	New employee hires and employee turnover	Table of Social Key Performance
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Care and Welfare
401-3	Parental leave	Employee Care and Welfare
GRI 402: Labor/Management Relations 2016		
3-3	Management of material topics	Protection of Employees' Rights and Interests
402-1	Minimum notice periods regarding operational changes	Protection of Employees' Rights and Interests
GRI 403: Occupational Health and Safety 2018		
3-3	Management of material topics	Safety Management System Safety Management Measure Employee Care and Welfare
403-1	Occupational health and safety management system	Safety Management System
403-2	Hazard source identification, risk assessment, and incident investigation	Safety Management Measure
403-3	Occupational health services	Safety Management Measure Employee Care and Welfare
403-4	Worker participation, consultation, and communication on occupational health and safety	Safety Management System Safety Management Measure

GRI Standard Indicator No.	GRI Standard Indicator	Location/Note
403-5	Worker training on occupational health and safety	Safety Management Measure
403-6	Promotion of worker health	Employee Care and Welfare
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety Management Measure
403-8	Workers covered by an occupational health and safety management system	Safety Management System
403-9	Work-related injuries	Table of Social Key Performance
403-10	Work-related ill health	Table of Social Key Performance
GRI 404: Training and Education 2016		
3-3	Management of material topics	Construction of Talent Team
404-1	Average hours of training per year per employee	Construction of Talent Team Table of Social Key Performance
404-2	Programs for upgrading employee skills and transition assistance programs	Construction of Talent Team
404-3	Percentage of employees receiving regular performance and career development reviews	Construction of Talent Team
GRI 405: Diversity and Equal Opportunity 2016		
3-3	Management of material topics	Protection of Employees' Rights and Interests
405-1	Diversity of governance bodies and employees	Corporate Governance Protection of Employees' Rights and Interests Table of Social Key Performance
405-2	Ratio of basic salary and remuneration of women to men	Due to the confidentiality of information, it is not publicly disclosed
GRI 406: Non-discrimination 2016		
3-3	Management of material topics	Protection of Employees' Rights and Interests
406-1	Incidents of discrimination and corrective actions taken	Protection of Employees' Rights and Interests
GRI 407: Freedom of Association and Collective Bargaining 2016		
3-3	Management of material topics	Protection of Employees' Rights and Interests
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Protection of Employees' Rights and Interests

GRI Standard Indicator No.	GRI Standard Indicator	Location/Note
GRI 408: Child Labor 2016		
3-3	Management of material topics	Protection of Employees' Rights and Interests
408-1	Operations and suppliers at significant risk for incidents of child labor	Protection of Employees' Rights and Interests Supplier Management System
GRI 409: Forced or Compulsory Labor 2016		
3-3	Management of material topics	Protection of Employees' Rights and Interests
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Protection of Employees' Rights and Interests Supplier Management System
GRI 413: Local Communities 2016		
3-3	Management of material topics	Educational Charity Medical Care
413-1	Operations with local community engagement, impact assessments, and development programs	It is not applicable to the Company's business operation scenarios
413-2	Operations with significant actual and potential negative impacts on local communities	It is not applicable to the Company's business operation scenarios
GRI 414: Supplier Social Assessment 2016		
3-3	Management of material topics	Supplier Management System Build the Sustainable Supply Chains
414-1	New suppliers that were screened using social criteria	Supplier Management System Building Sustainable Supply Chains
414-2	Negative social impacts in the supply chain and actions taken	Supplier Management System Build the Sustainable Supply Chains
GRI 416: Customer Health and Safety 2016		
3-3	Management of material topics	Real-name Authentication Management Management of Illegal and Prohibited Articles Dangerous Goods Transportation
416-1	Assessment of the health and safety impacts of product and service categories	Real-name Authentication Management Management of Illegal and Prohibited Articles Dangerous Goods Transportation

GRI Standard Indicator No.	GRI Standard Indicator	Location/Note
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Real-name Authentication Management Management of Illegal and Prohibited Articles Dangerous Goods Transportation
GRI 417: Marketing and Labeling 2016		
3-3	Management of material topics	Enhancing Customer Experience
417-1	Requirements for product and service information and labeling	Enhancing Customer Experience
417-2	Incidents of non-compliance concerning product and service information and labeling	There were no violations involving product and service information and logos in SF in 2023.
417-3	Incidents of non-compliance concerning marketing communications	There were no violations involving marketing communications in SF in 2023.
GRI 418: Customer Privacy 2016		
3-3	Management of material topics	Ensuring Information Security Customer Privacy Protection
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Ensuring Information Security Enhancing Customer Experience

Sustainability Accounting Standards Board Index (SASB Content Index)

Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Category	Code	Location
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	TR-AF-110a.1	Table of Environmental Key Performance
	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	Climate-related Information Disclosures
	Fuel consumed by (1) road transport, percentage (a) natural gas and (b) renewable, and (2) air transport, percentage (a) alternative and (b) sustainable	Quantitative	TR-AF-110a.3	Promote Low-carbon Transportation Table of Environmental Key Performance

Topic	Accounting Metric	Category	Code	Location
Air Quality	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , and (3) particulate matter (PM ₁₀)	Quantitative	TR-AF-120a.1	Table of Environmental Key Performance
Labor Practices	Percentage of drivers classified as independent contractors	Quantitative	TR-AF-310a.1	Not Applicable
	Total amount of monetary losses as a result of 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) direct employees and (b) contract employees	Quantitative	TR-AF-320a.1	Table of Environmental Key Performance
Supply Chain Management	Percentage of carrier with BASIC percentiles above the FMCSA intervention threshold	Quantitative	TR-AF-430a.1	Not Applicable
	Total greenhouse gas (GHG) footprint across transport modes	Quantitative	TR-AF-430a.2	Table of Environmental Key Performance
Accident & Safety Management	Description of implementation and outcomes of a Safety Management System	Discussion and Analysis	TR-AF-540a.1	Safety Management System
	Number of aviation accidents	Quantitative	TR-AF-540a.2	Table of Social Key Performance
	Number of road accidents and incidents	Quantitative	TR-AF-540a.3	Not Applicable
	Safety Measurement System BASIC Percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance	Quantitative	TR-AF-540a.4	Not Applicable

Readers' Feedback

Dear reader:

Thank you for taking time to read the 2023 SF Sustainability Report. To improve SF sustainable development program and this Report, SF would like to hear your comments and suggestions.

If you have any opinions and suggestions on the sustainable development of the Company, please send an email to sfir@sf-express.com.

Readers' Feedback Form for 2023 SF Sustainability Report

Name _____

Company _____

Position _____

Tel _____

Email _____

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

	Very good	Good	Average	Poor
1. Do you think this Report has highlighted the important ESG information about the Company?	<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"/>
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"/>

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 suggestions do you have for SF in terms of its sustainability report?

An aerial photograph showing a dark asphalt road with yellow lane markings that winds through a lush, dense green forest. The road curves from the top left towards the bottom right, disappearing into the trees. The forest is composed of various types of trees, including palm trees, creating a rich, textured canopy.

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