

杭州順豐同城實業股份有限公司

HANGZHOU SF INTRA-CITY INDUSTRIAL CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

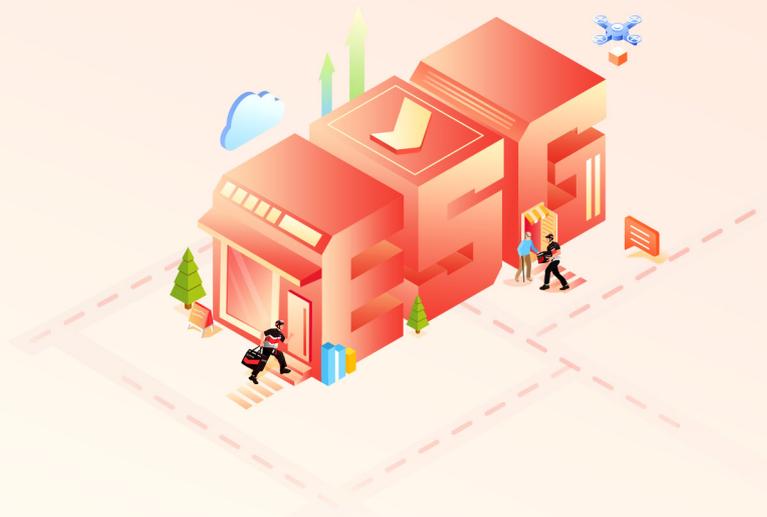
Stock Code : 9699

2023 | SF Intra-city

Environmental, Social and Governance Report



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Report Description

Report Description

Hangzhou SF Intra-city Industrial Co., Ltd. (“**SF Intra-city**”, “**We**” or the “**Company**”) is pleased to present the 2023 Environmental, Social and Governance Report (the “**ESG Report**”, which has been prepared in accordance with the ESG Reporting Guide as set out in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). We strictly adhere to the core principles of “Materiality”, “Quantitative”, “Balance” and “Consistency” in the ESG Reporting Guide.

	Principles	Our Response
Materiality	The issues covered in the report should reflect the significant impacts of the company on the economy, environment and society, or the scope of assessments and decisions of stakeholders being materially affected.	In accordance with principles and requirements of the ESG Reporting Guide of Stock Exchange, in combination with focus of capital market on the Company’s ESG, the Company has identified sustainability issues related to the development of the Company through continuous communication and exchange with stakeholders and by taking into account the development of the Company, the industry and the business situation.
Quantitative	Key performance indicators (KPIs) disclosed in the report should be measurable to evaluate and validate the performance of ESG policies and management systems.	SF Intra-city has established a standardized ESG indicator management tool, regularly quantified key indicators including all “environment” categories and part of “social” categories in the ESG Reporting Guide and consolidated such indicators during the year to finally prepare this ESG Report for external disclosure. ESG quantitative data are detailed in the sections of this ESG Report.
Balance	The report should provide an unbiased picture of the positive and negative aspects of the performance of the company, so as to make a reasonable evaluation on the overall performance.	The ESG Report unbiasedly elaborates the achievements made and challenges faced by the Company on the sustainable development issues that have a significant impact on the business
Consistency	The company should use consistent disclosure principles for the preparation of the report so that stakeholders can analyse and evaluate the performance of the entity over time. The entity should explain any changes to the methodologies.	Unless otherwise stated, the Company will ensure the scope of disclosure and reporting methodologies used in the ESG Report are consistent with previous years.

By conducting research and interviews with key stakeholders, we identified ESG issues of concern and gathered the views of various stakeholders to identify materiality issues and determine the scope of disclosure in this ESG Report. The relevant data and information referred to in the ESG Report have been subjected to our rigorous scrutiny for the compilation of the report and review and approval by the Board of Directors (the “**Board**”). It is recommended that this ESG Report should be read in conjunction with the section headed “Corporate Governance Report” of the Annual Report.

The period of this ESG Report is the same as the reporting period (the “**Reporting Period**” or “**2023**”) of the Annual Report, from January 1, 2023 to December 31, 2023, with some references to previous years or 2024. Unless otherwise specified, the scope of this ESG Report is the same as that of the Annual Report, which includes SF Intra-city and its subsidiaries. In case of any conflict or inconsistency between the Chinese and English versions, the Chinese version shall prevail.

Statement of the Board

The Board of the Company is the highest responsible and decision-making body for ESG matters, which takes full responsibility for the Company's ESG strategies and this ESG Report, and monitors ESG-related matters that may affect the Company's business or operations, shareholders and other stakeholders. The Board attaches great importance to the sustainable development of the Company in the area of ESG and has established an ESG Committee responsible for identifying and assessing ESG risks relating to the Company and ensuring that the Company has put in place an appropriate and effective ESG risk management and internal control system, as well as reporting and reviewing the progress of the achievement of the relevant ESG objectives to the Board. For details, please refer to the section headed "Corporate Governance" of this ESG Report.

SF Intra-city attaches importance to the suggestions and opinions of all stakeholders and ensures sufficient channels for communication and exchange with key stakeholders to discuss and identify important ESG issues and possible ESG risks faced by the Company, and to continue to improve ESG-related strategies and policies and systems. The Board of Directors has reviewed the ESG materiality issues for the year and has approved the proposed adjustments to the materiality level of each ESG issue to ensure that the materiality matrix is timely and reasonable. For details, please refer to the section headed "Management of Sustainability" of this ESG Report.

We have established an ESG target management system for emissions, energy use efficiency, water use efficiency, wastes and other indicators, and the Board of Directors reviews the progress of the targets on an annual basis and examines any necessary adjustments or improvements to ensure that the Company continues to make progress in achieving the ESG targets. For details, please refer to the section headed "Indicators and Goals" of this ESG Report.

This ESG Report, which discloses in detail the progress and outcomes of SF Intra-city's 2023 ESG efforts, has been reviewed and approved by the Board of Directors at its meeting held on March 26, 2024.

Chairman of the Board and CEO Statement

Chairman of the Board and CEO Statement

In this new era full of challenges and opportunities, SF Intra-city continues to uphold the mission of “Bring enjoyable lifestyle to your fingertips”. Our services not only stand for efficiency and convenience, but also reflect our understanding on the importance of sustainability. We recognise that as a leader in the on-demand delivery industry, we have a responsibility to lead the industry towards a greener, lower carbon future.

Building our home with green development. Our commitment is not only realised in the provision of efficient logistics services, but also in the implementation of the concept of sustainable development at every level of our operations and management. We strive to build a green delivery ecosystem by adopting clean-energy delivery tools, promoting sustainable packaging materials, strengthening ESG risk management, and setting clear energy-saving and emission-reduction targets. We also incorporate green concepts into the daily work of our employees, taking practical actions to protect the planet we rely on for survival.

Caring for the community and making progress together. As a corporate citizen, SF Intra-city actively takes social responsibility and continues to make contributions in the areas of education and equal employment. By empowering our regional delivery service providers with standardized services and system support, we not only optimise our on-demand delivery business, but also promote local economic development. In terms of governance, we established an ESG Committee in 2023 and strengthened the setting and management of environmental performance indicators, which symbolises our strong commitment to environmental protection, social responsibility and corporate governance. We will ensure that our business activities adhere to the highest standards through internal audits, and we believe that this will enhance the efficiency of our operations and create long-term value for our customers, partners and investors.

A promise of sustainability for a bright future. Our ESG efforts are the core of SF Intra-city’s culture and are closely aligned with our business philosophy and values. We are committed to continuing to explore and implement ESG-related strategies and actions in our future journey, ensuring that through continuous innovation and sustainability efforts, SF Intra-city will help create a greener, healthier and more harmonious world.

Join us together in taking responsibility for building a sustainable world for all generations, today and in the future.

Sun Haijin

Chairman of the Board and CEO

Highlights of the Year

Highlights of ESG Performance

Governance

- Engaging a third-party organisation for the first time to verify the ESG Report. The third-party verified the degree of compliance with the four principles of ESG Report and the reliability and quality of some specific performance data in accordance with the AA1000AS v3 standard and disclosed the results of the verification in the form of an independent verification statement in which no material errors were found;
- Continuing to enhance good corporate governance and diversity on the Board of Directors, with all members of the Company's Board of Directors having extensive practical experience in the industry, and two new females Directors, Supervisors and Senior Management¹ during the year, further increasing the proportion to **34%**;
- Adhering to the principle of "zero tolerance" for corruption, with a **100%** signing rate of the Anti-Corruption Commitment by employees and **255 hours** of anti-corruption training attended by senior management;
- Strengthening the construction of network information security. Online training and education sessions covered **100%** of its employees, such as "Information Security Awareness Enhancement for All Employees" and "Red-Blue Work Safety Drills";
- **9,023 attendees** participating in integrity publicity and education activities with a total of **3,296 training hours** and a **100%** participation rate.

Environment

- Calculating and disclosing of Scope 3 carbon emissions for the first time, covering carbon emissions from riders' delivery, employees' travel and suppliers' activities, and continuing to explore areas for emission reduction;
- Promoting the use of green delivery capacity, with an annual total delivery distance of more than 7.8 billion Km, of which more than **98%** of the delivery distance is achieved by using electric vehicles, reducing about **2.3 million tonnes** of carbon emissions due to using green transportation;
- Implementing the concept of green packaging. **64,000** recyclable document envelopes were put into use annually, which is equivalent to reducing the use of **3.2 million** paper document envelopes;
- Using the e-signature platform actively to reduce the use of about **290,000** paper contracts annually and lower carbon emissions by about **50.895 tonnes** of carbon dioxide equivalents.

Society

- Attaching great importance to employee training. **17,746 attendees** participated in training during the year, with a total investment of **RMB6.73 million** in training, which comprehensively covered employees at all stages, levels and functions, and empowered them to enhance their abilities;
- Investing **RMB2.85 million** in caring for its employees, and expressing care to employees and their family members by nearly **50,000 visits**;
- Focusing on the development of riders, with the number of active riders reaching **950,000** during the year. Creating a warm and friendly career platform with sustainable development opportunities for riders by means of "remuneration + training + care + culture";
- Protecting the safety of riders. The Company has invested heavily in intelligent hardware equipment to protect the safety of the operation of riders, and has allocated more than **10,000** intelligent helmets in total;
- Delivering social value, effectively participating in urban and rural construction and rural revitalisation, and actively interacting with local communities in scenarios such as convenient care for the elderly and livelihood guarantee.

¹ Including directors, supervisors and senior management as defined in the Company Law of the People's Republic of China.

Highlights of the Year

Services

- Continuous quality, efficient and stable fulfillment of contractual commitments. The fluctuation of fulfillment-in-time rate during holidays and bad weather were less than **2%** and **3%**, respectively;
- Attaching importance to the voice of the customer, end-to-end management and enhancement of the user experience. **All** of the consumer complaints were handled;
- Advocating clean, transparent and green procurement. The signing rates of supplier integrity agreement and supplier social responsibility clauses both reached **100%**. The green environmental protection has been included in the assessment index of suppliers.

Awards

Excellent Services

<p>13th China Listed Company Reputation List of 2023</p> <p>(Most Socially Responsible Listed Company) Organiser: National Business Daily</p>	<p>2023 China Logistics Annual Awards</p> <p>(2023 Outstanding Enterprise of China's Logistics Industry) (2023 Social Responsibility Contribution Award of China's Logistics Industry) Organiser: Periodical office of CFLP</p>	<p>2023 Luckin Coffee Partnership Summit</p> <p>(5th Anniversary Trust and Win-Win Award) Organiser: Luckin Coffee</p>
<p>CFLP On-demand Logistics Industry Conference & 14th E-Commerce Logistics Conference</p> <p>(Best partner) Organiser: Intracity On-demand logistics branch of CFLP</p>	<p>2023 New Award Selection</p> <p>(Most Valuable Business Brand of the Year) Organiser: Caijing Magazine</p>	

Capital Market Recognition

<p>HKIRA 9th IR Awards 2023</p> <p>(Certificate of Excellence) Organiser: Hong Kong Investor Relations Association</p>	<p>2023 Award Campaign of Stock Star "Power of Capital"</p> <p>(Annual Industry Influence Award) Organiser: Stock Star</p>	<p>2023 Golden Parasol Award for Investment Value of Listed Companies in China</p> <p>(Best Listed Company in Internal Governance) Organiser: TMTPost</p>
<p>RoyalFlush List of Listed Companies of the Year 2023</p> <p>(Hong Kong and U.S. Stock Investment Elite Award) (TOP300 Most Popular Listed Companies) Organiser: RoyalFlush</p>	<p>2023 Crystal Ball Awards for Public Companies</p> <p>(Best Investment Value Award for Listed Companies) Organiser: Capital Week</p>	<p>Annual Gold List of Xueqiu</p> <p>(Top 100 Listed Companies with the Most Growth Potential in 2023) Organiser: Xueqiu</p>
<p>Top 100 CFOs of Chinese Companies Listed in Hong Kong and the US in 2023</p> <p>(Outstanding Finance Team of the Year) Organiser: Barron's China</p>		

Management of Sustainability

Based on the brand proposition of “delivery with warmth and professionalism”, the Company upholds the sustainability principle and actively assumes its corporate social responsibility. By establishing a well-performing ESG governance structure, identifying key issues, and maintaining good communication with stakeholders on a regular basis, the Company gradually improves ESG management. In the meanwhile, as the largest third-party on-demand delivery service platform in China, we will continue to deliver value and fulfill our responsibilities to shareholders, employees, riders, partners and other stakeholders.

Communication with Stakeholders

SF Intra-city highly values the communication and exchange with all stakeholders, and has established normalized, diversified and targeted communication channels, and carried out various communication and exchanges through the combination of “online + offline” to ensure the quality of exchanges. The Company fully responds to the concerns and demands of various stakeholders regarding ESG issues and matters, and takes them as an important basis for the continuous improvement of the Company’s ESG management, so as to continuously improve the standard of its ESG management.

During the Reporting Period, the key stakeholders we identified include shareholders and investors, employees, customers, riders, suppliers and business partners, government and regulatory authorities, industry associations, the media and the public. We insist on proactively communicating the Company’s values to the market, sharing and exchanging ESG concepts with various parties, actively discussing and exploring ESG-related implementation paths and good practices, and continuously optimising the ESG management mechanism and work plan to strengthen the Company’s sustainable development capability.

Stakeholder	Concerns	Means of Communication	Response Measures
 Shareholder and Investors	<ul style="list-style-type: none"> • Corporate governance • Risk management • Compliance operation • Business ethics and anti-corruption • Provide high-quality products and services 	<ul style="list-style-type: none"> • Information disclosure • Shareholders’ general meeting • Roadshow events • Investor summit • Investor official website, hotline, email • On-site and online research 	<ul style="list-style-type: none"> • Ensure information disclosure and compliance operation, and expand information dissemination channels • Close the loop from risk identification to resolution • Organise and participate in different types of investor events • Maintain good communication and relationship with shareholders • Improve the internal corporate governance system
 Employee	<ul style="list-style-type: none"> • Employee training and development • Talent attraction and retention • Employee health and safety management • Employee rights and welfare 	<ul style="list-style-type: none"> • Internal OA platform • Employee satisfaction survey • Training activities • Employee communication seminar • Employee labour union 	<ul style="list-style-type: none"> • Safeguard the rights of employees in accordance with the law • Improve talent promotion and remuneration mechanism • Actively carry out various types of training • Implement diversified employee benefits

Management of Sustainability

Stakeholder	Concerns	Means of Communication	Response Measures
 <p>Customer</p>	<ul style="list-style-type: none"> Safe delivery Data security and privacy protection Provide high-quality products and services Customer experience and customer complaint management 	<ul style="list-style-type: none"> Customer satisfaction survey Smooth customer communication and customer service channels SF Intra-city APP, official website, hotlines and other online channels 	<ul style="list-style-type: none"> Provide safe, quality and efficient services Customer service team to follow up and solve problems immediately Improve customer complaint and claim processes Carry out user questionnaires and interviews on a regular basis to continuously optimise user experience
 <p>Riders</p>	<ul style="list-style-type: none"> Riders' health and rights protection Safe delivery Customer experience and customer complaint management 	<ul style="list-style-type: none"> Rider satisfaction survey Online + offline training programs Rider APP and hotline Rider care activities and seminars 	<ul style="list-style-type: none"> Provide flexible job opportunities Guarantee the legal rights of riders Create a warm community of riders Build online and offline communication channels
 <p>Business partner Supplier</p>	<ul style="list-style-type: none"> Supply chain symbiosis and win-win Business ethics and anti-corruption Risk management Promote green packaging Provide high-quality products and services 	<ul style="list-style-type: none"> Cooperation agreements Field visit Daily communication Questionnaire survey 	<ul style="list-style-type: none"> Make transparent procurement to eliminate corruption Procure one-on-one signing of cooperation agreements, social responsibility agreements and integrity agreements Conduct regular site visits and qualification audits
 <p>Government/ Regulatory authorities</p>	<ul style="list-style-type: none"> Compliance operation Business ethics and anti-corruption Social welfare Data security and privacy protection Tackling climate change Improve energy efficiency Save water resources 	<ul style="list-style-type: none"> Supervision and inspection Information disclosure Special research Ask for opinions 	<ul style="list-style-type: none"> Operate in accordance with laws and regulations Actively assume corporate social responsibility Cooperate with the government in its work
 <p>Industry associations Media Public</p>	<ul style="list-style-type: none"> Technology innovation Social welfare Promoting local communities' development Promoting green packaging Tackling climate change 	<ul style="list-style-type: none"> Information disclosure Establish communication and interaction mechanisms Participate in the compilation of industry white paper, the discussion and research of industry systems and standards 	<ul style="list-style-type: none"> Participate in government-organised research and seminars Participate in the feedback on industry white papers and rules and regulations Participate in forums, summits and other industry exchange activities Actively cooperate with all parties

Table: Stakeholder Communication Form

Determination of Materiality Issues

During the year, we engaged an independent professional agency to conduct a questionnaire survey on internal and external stakeholders to collect stakeholders' opinions and prioritise the issues according to the analysis of the importance of the issues, in order to provide reference for the Company to improve its ESG management and better respond to the expectations and demands of the stakeholders. In the future, we will continue to follow up on the concerns of various stakeholders based on the Company's ESG materiality issue matrix to ensure that the ESG-related materiality issues can truly reflect the Company's current condition.

Issue Materiality Analysis Process

In the materiality analysis process, we used a questionnaire survey combined with a dual materiality analysis to identify and recognise the materiality issues for the year through the following four steps.

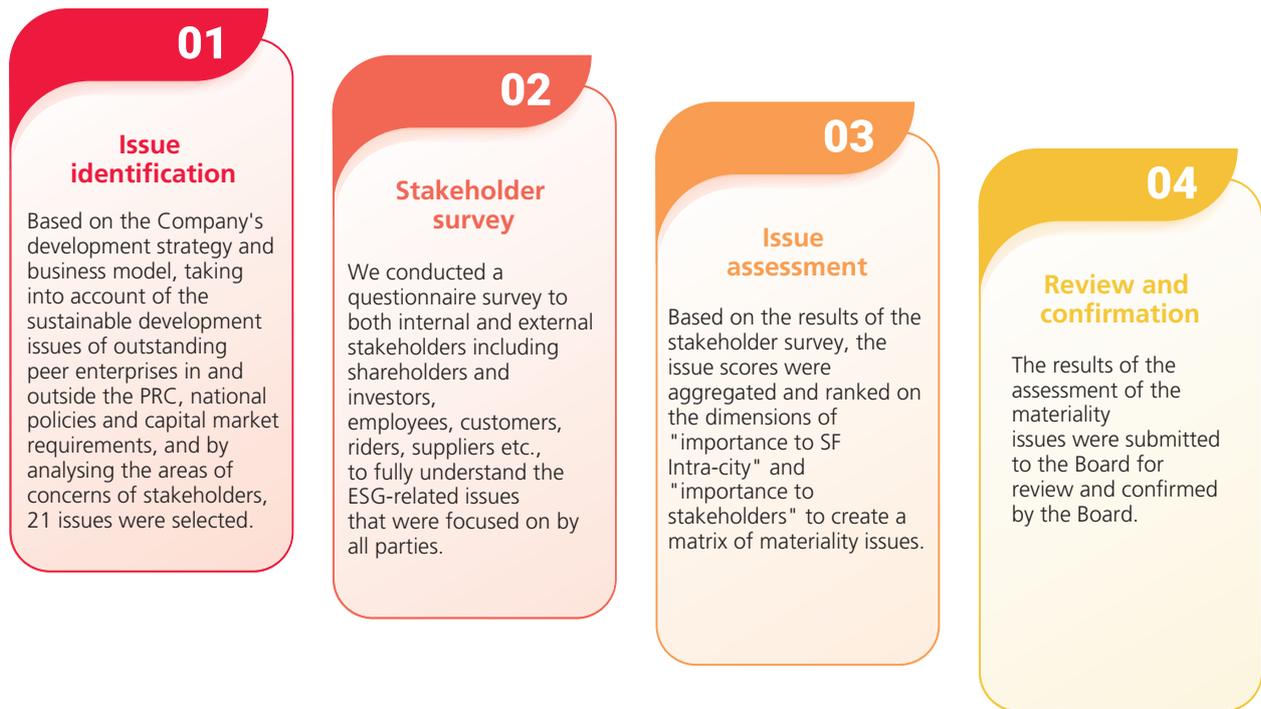
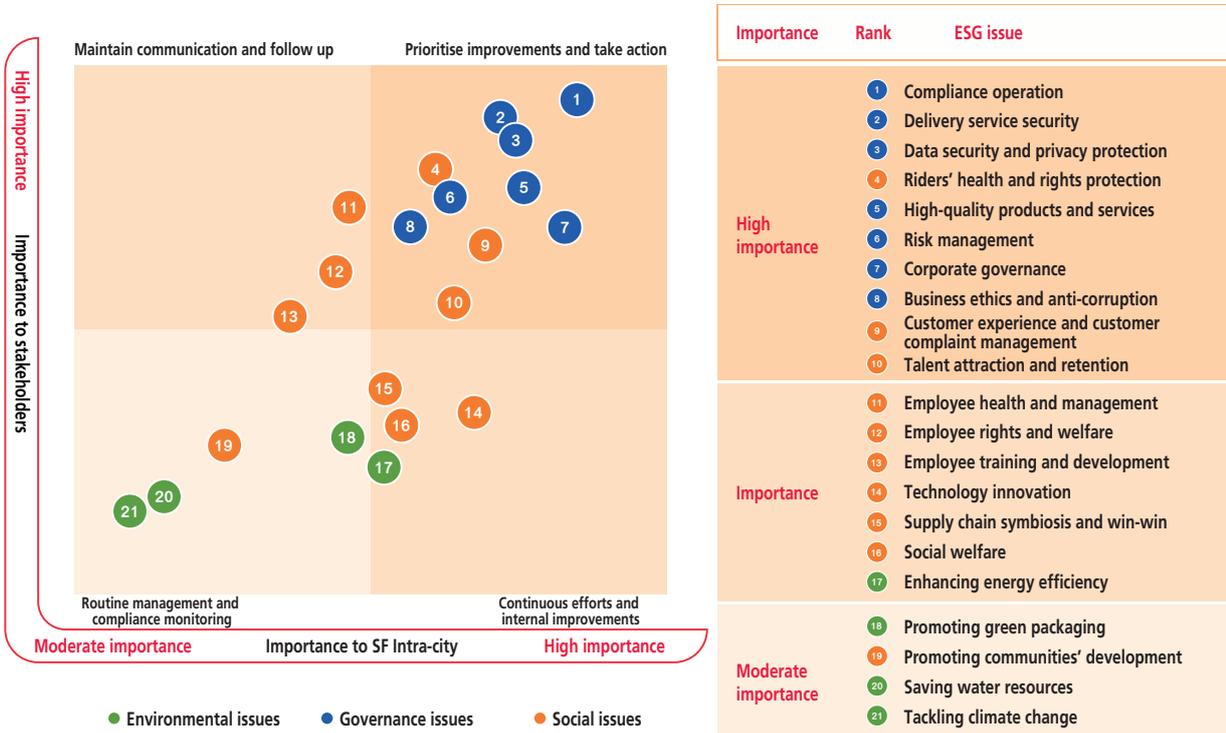


Figure: Process for identifying materiality issues

Management of Sustainability

Materiality Matrix



After obtaining the relevant materiality issues, we selected the three most important ESG issues from them and further analysed them in depth as follows:

1. Compliance Operation

Importance to SF Intra-city

Compliance operation is the cornerstone of sustainable development of the Company. As for us, compliance involves complying with road and traffic safety requirements, occupational health requirements, environmental policies, labour protection laws, and many other aspects. By ensuring compliance, the Company is able to minimise legal risks, enhance its corporate reputation, and maintain business continuity and stability.

Commitment and Strategy

Regulatory Compliance

- No record of violations or breaches of law, regularly attend regulatory training and pass various compliance assessments.

Corporate Reputation Evaluation

- Maintain a good corporate reputation in the industry and pass the evaluation of a third-party evaluation organisation.

Building a Culture of Compliance

- Establish a comprehensive internal compliance management system to enhance employees' awareness of compliance.

Management of Sustainability

2. Delivery Service Security

Importance to SF Intra-city

The safety of delivery services has a direct impact on the interests of customers and the operational efficiency of enterprises. The delivery process may be subject to various risks, including traffic accidents, weather disasters, lost or damaged goods, etc. SF Intra-city needs to ensure the safety and reliability of its delivery services through a series of measures.

Commitment and Strategy

Delivery Safety Training

- All delivery personnel are required to receive safety training and pass relevant assessments.

Delivery Equipment and Tool Maintenance

- Regular inspection and maintenance are conducted on delivery equipment and safety of tools.

Safety Accident Rate

- The annual rate of safety accidents in one million orders decreases.

3. Data Security and Privacy Protection

Importance to SF Intra-city

Nowadays, with the increasing digitalisation and networking, the importance of data security and privacy protection is becoming increasingly prominent. In order to protect the data security of riders, merchants and users on the platform, the Company requires the establishment of strict data security and privacy protection measures to prevent the data from being illegally accessed, used or leaked.

Commitment and Strategy

Data Encryption and Access Control

- All sensitive data must be stored using strong encryption and strict access control measures must be implemented.

Employee Data Security Training

- Regularly train all employees on data security and privacy protection and ensure they understand and comply with the relevant policies.

Data Security Compliance

- Compliance with applicable data protection laws and standards, such as ISO 27001 Information Security Management Systems.

Data Leakage Emergency Response Plans

- Regularly update the Data Leakage Emergency Response Plans to ensure that measures can be taken quickly to minimise damage in the event of a data leakage.

Management of Sustainability

United Nations Sustainable Development Goals Response

Stakeholder	Related SDGs	Corresponding Section
Shareholder and Investors	 	Governance
Employee	   	Society
Customer	 	
Riders	     	
Business partner/supplier		
Government/regulatory authorities		
Industry associations/media/public	       	Society Environment

01

Governance **Building a Cornerstone,** **Drawing a Grand Plan Together**

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Governance Building a Cornerstone, Drawing a Grand Plan Together

Corporate Governance

Corporate Governance

Corporate governance is the cornerstone of SF Intra-city in maintaining the health of the Company and promoting sustainable development. We deeply understand the importance of good corporate governance in building investor confidence, enhancing corporate transparency and strengthening market competitiveness. Therefore, upholding the principle of professionalism, leadership and transparency, we have formed a governance mechanism and governance structure that is scientific and standardized, efficient and balanced with clear division of authority and responsibilities.

Our management team brings together a wide range of talents with different backgrounds and expertise, and such diversity and specialization ensure that the decision-making process is comprehensive and innovative. In its continuous pursuit of excellence, the management team regularly review and update our corporate governance strategy, conduct comprehensive and effective supervision of the Company's business development and internal governance, and continue to proactively seek opportunities to improve their corporate governance practices, regulate operations, improve internal control mechanisms, implement good corporate governance and disclosure measures, and make every effort to safeguard the interests of shareholders and the Company, in order to comply with international standards and cope with the ever-changing market environment, and to ensure the Company's sustained, long-term and healthy development.

Sustainable Development Framework

SF Intra-city has established a three-level ESG governance structure with the Board of Directors as the core and has formed an orderly mechanism of "governance-management-execution-report" from top to bottom. The Board steers and directs the management in all aspects, not only in traditional operational management and financial performance oversight, but also in the implementation of ESG practices. We are committed to developing, reviewing and improving our corporate governance system to ensure that our internal control and risk management systems are continually adapting to a fast-changing world and meeting the requirements of sustainable development.

During the Reporting Period, we were proud to announce the establishment of our new ESG Committee with Mr. Sun Haijin, Chairman of the Board and CEO, executive Directors, heads of ESG-related Departments and other management of the Company as members, which is a significant step in our commitment to sustainability. The establishment of the Committee marks the integration of environmental protection, social responsibility and good governance into our core operations and further strengthens our corporate governance structure. The ESG Committee will be responsible for monitoring the Company's environmental, social and governance strategies, practices and performance to ensure that these activities are consistent with our corporate values and shareholder expectations. The ESG Committee will also promote innovation on sustainability, transparency and active communication with all stakeholders.

The Board regularly attends to the ESG Committee reports, expresses opinions on major issues, supervises and evaluates the Company's ESG management progress and provides recommendations for improvement. With such a three-tier structure, the Company is able to ensure that ESG issues are discussed in depth and managed effectively, that strategies are implemented correctly, and that the Company's responsibility and commitment are demonstrated externally, contributing to the promotion of the improvement of ESG management in the on-demand delivery industry.

Governance Building a Cornerstone, Drawing a Grand Plan Together

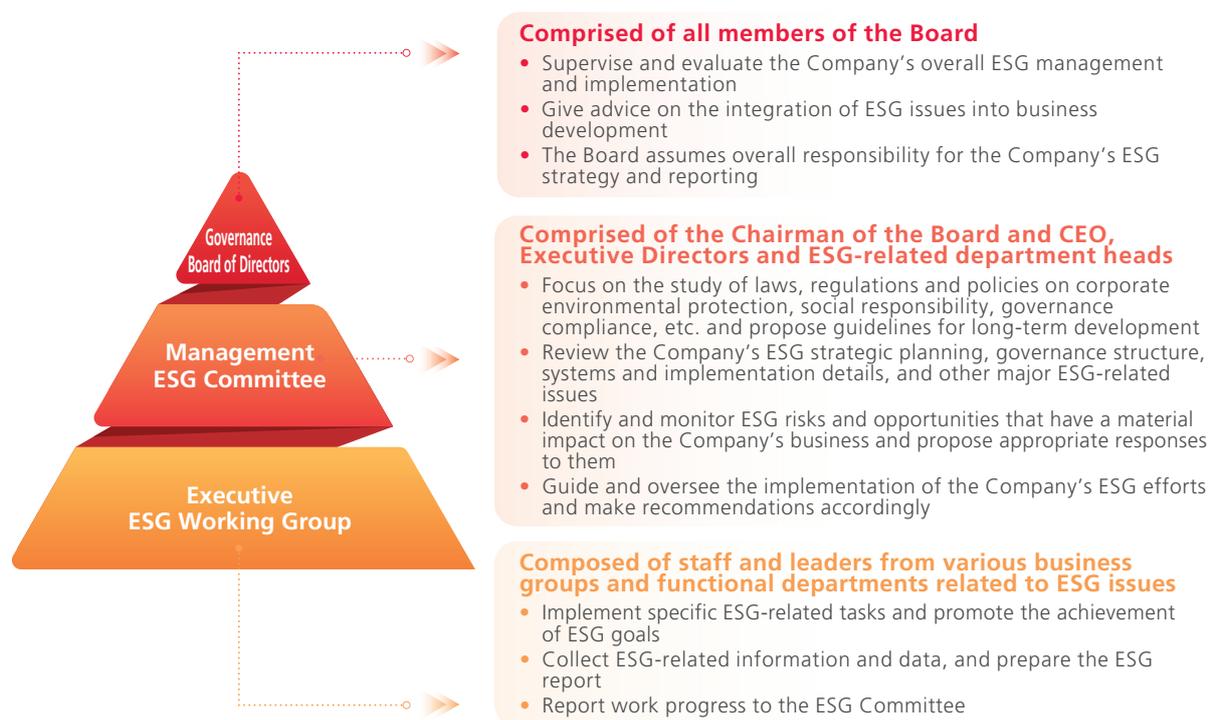


Figure: SF Intra-city Sustainability Governance Structure

Diversity on the Board of Directors

To further enhance our corporate governance, the Company has been committed to implementing and constantly improving the diversity policy of Directors, Supervisors and Senior Management. Diversity is not only a value, but also essential for strengthening the corporate governance structure, improving the quality of decision-making and promoting innovation. We have a wide diversity of gender, age, educational background, professional skills, work experience and industry knowledge on our Board and senior management team, which ensures that we are able to analyse issues from a variety of perspectives and make more comprehensive and balanced decisions.

During the year, the Company's Directors, Supervisors and Senior Management are from various fields, including logistics, O2O Internet, technology, retail and new consumption, strategic investment, and financial management, audit and assurance, risk management, supply chain management and marketing. Their rich experience provides a solid foundation for the Company's continuous growth and innovation. In addition, to keep these professional skills and knowledge forward-looking and relevant, the Company regularly arranges compliance training and provides up-to-date reading materials for members of Directors, Supervisors and Senior Management to support their professional development and enhancement of their functions.

During the year, we appointed one new female non-executive director and one new female supervisor, increasing the proportion of female directors, supervisors and senior management to 34%. We strongly believe that gender balance is essential to enhance teamwork, promote creative thinking and improve board effectiveness, and we will also continue to cultivate and select the successors of female directors, supervisors and senior management. In the future, we will continue to uphold and develop our diversity policy, which is not limited to gender diversity, but we will also strive to achieve wider diversity in other areas such as age, culture, professional skills and regional backgrounds, in order to promote the long-term success and sustainability of the Company.

Governance Building a Cornerstone, Drawing a Grand Plan Together

Risk Management

SF Intra-city is firmly committed to developing its risk control capability. We have formulated a series of internal management systems, including *SF Intra-city Risk Management System*, the *Implementation Manual for Internal Control of SF Intra-city* and *SF Intra-city Internal Control Evaluation Method*, which provide strong support for the establishment and improvement of our risk management system. In addition, we conduct the internal audit in every aspect of the Company's operations, continuously inspect and evaluate its processes, internal control and risk control matters, and timely identify any potential deficiencies and weaknesses in internal control. Once any problems or deficiencies are identified, we will take immediate action to rectify them, including a series of measures such as process improvement, control enhancement and staff training, in order to ensure the health and stability of the Company's overall operation and development.

Risk Management Framework

We have established and continuously refined our risk and internal control management framework, formed a normalized risk management operation mechanism to ensure the effective control of risks.

At the governance level, the Company's Board of Directors is the highest authority responsible for risk management, and a number of non-executive directors have extensive experience in risk management and auditing and assurance, and are well versed in risk management skills. The Board of Directors, together with the Audit Committee under the Board, forms the risk control strategy decision-making body, which is responsible for guiding the risk management work and developing the risk management strategy, as well as managing and overseeing the compliance risk of the Company's business and the effectiveness of the internal controls.

At executive level, the Company's management is the organisation directly responsible for risk management. We have built a three-line defense management system to implement a risk management system that runs through all positions and full-process. The Headquarters and regional business departments have formed the first line of defense, which is responsible for products, services and daily risk control. The headquarters' risk control team and internal control team have formed the second line of defense to coordinate, put in place and control internal risk management, and optimised the risk control and internal control system. The audit departments function as the third line of defense, independently reviewing the effectiveness of internal controls and reporting issues identified to the Audit Committee. Therefore, management and internal audit departments together constitute the executive level of risk management, with management taking action to implement organisational objectives and internal audit being responsible for independence audits and risk identification.

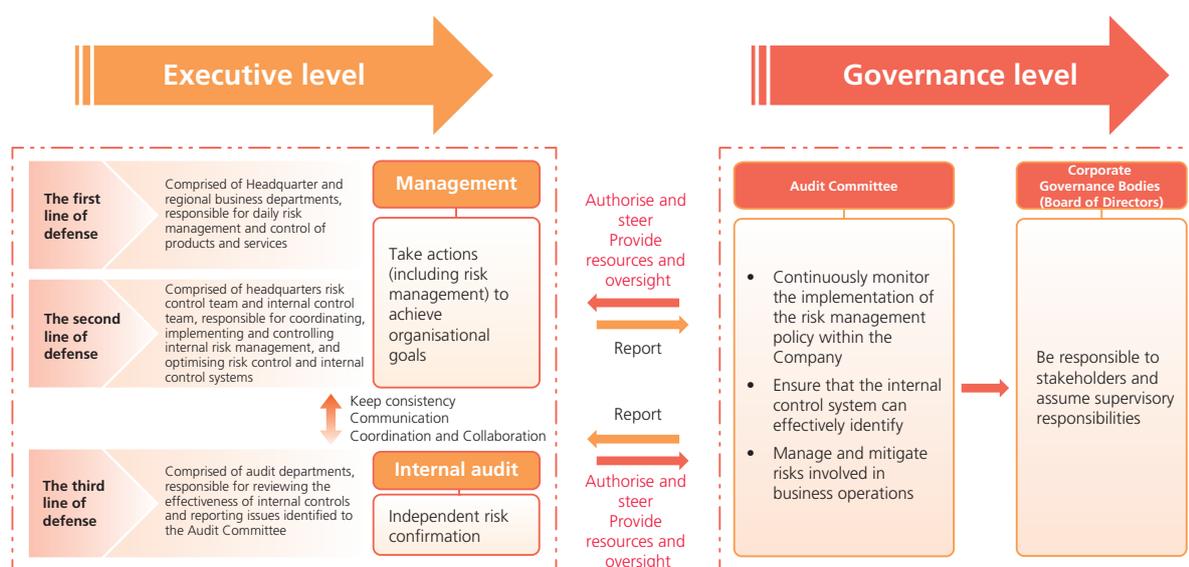


Figure: Risk Management Structure

Governance Building a Cornerstone, Drawing a Grand Plan Together

Risk Management System

SF Intra-city continues to deepen the construction and integration of risk management and internal control system, and has built a “five-in-one” comprehensive risk management system, including the risk management culture system, risk management function architecture system, internal control system, risk management information system and risk management supervision and assessment system around the Company’s development strategic goals.

The system has helped us form a completed closed-loop of risk management, including risk identification, risk assessment and analysis, risk diagnosis and response, solution implementation, risk rectification and surveillance as well as result reporting. This closed loop not only helps us to identify and assess risks in a timely manner, but also enables us to effectively respond to and resolve risks, monitor the effectiveness of risk improvement, and ultimately report on the results of risk management.

A strong risk control culture is the key to the Company’s success. We regularly organise training and education on internal control evaluation, internal and external auditing and risk management, and encourage our employees to actively participate in risk management through incentives and rewards, and strictly prohibit any behaviour that breaks the bottom line of compliance risk. We aim to enable every employee to understand risk, learn how to identify and report potential risks proactively, and how to implement effective risk control measures in their daily work. Traditionally, auditing has been viewed as a post-investigative tool, primarily used to identify and correct problems that have already occurred. However, we recognise that this approach is not sufficient for building a healthy and sustainable corporate culture. Therefore, our risk control culture emphasises more on ex-ante control and prevention, and we will pay more attention to the construction and implementation of systems to prevent problems from occurring.

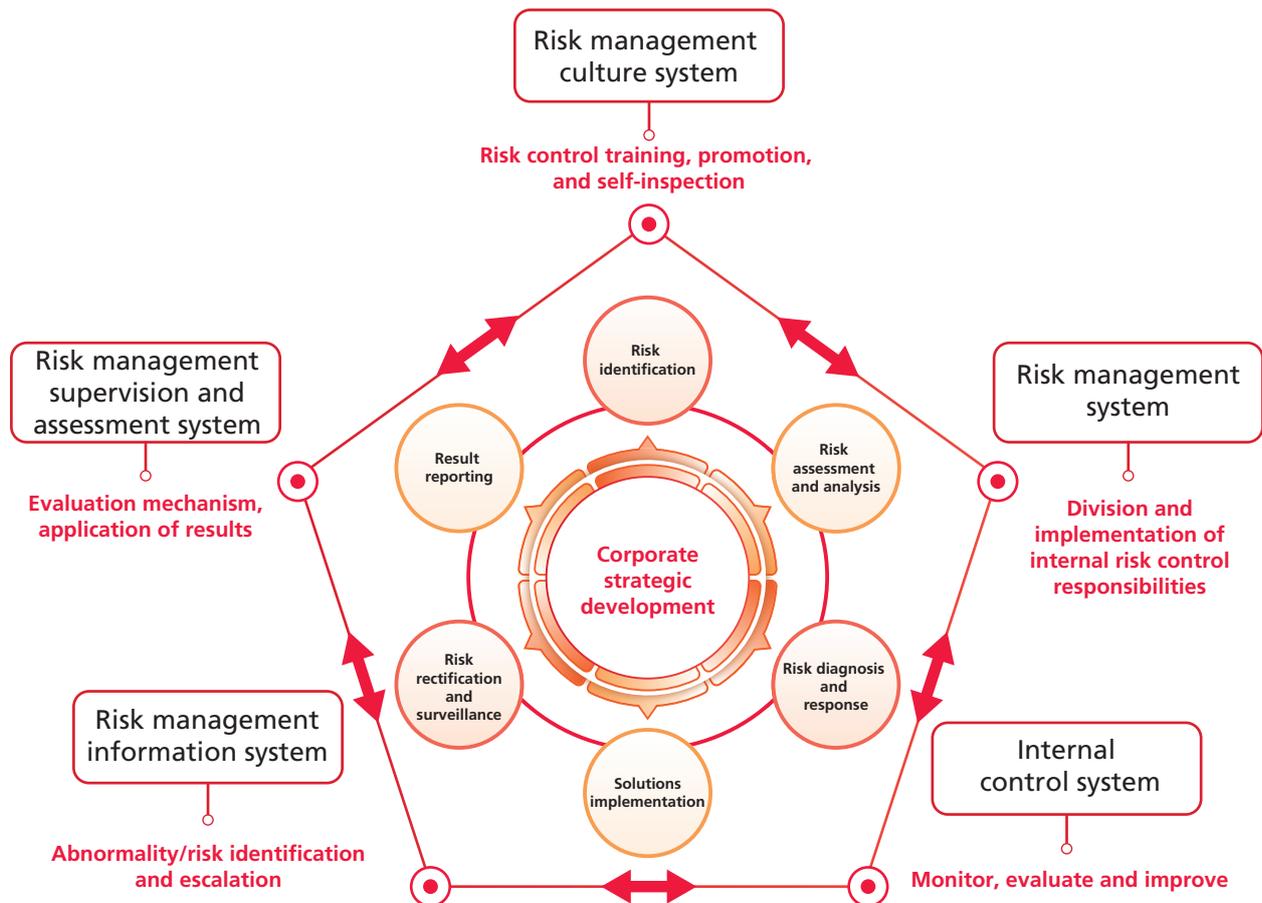


Figure: Risk Management System

Governance Building a Cornerstone, Drawing a Grand Plan Together

Risk Identification and Mitigation Solutions

In order to identify and prevent potential risks, we have adopted a series of measures to enhance our internal control and risk management capabilities.

- **Regular Internal Control Inspection:** According to the *SF Intra-city Internal Control Inspection and Assessment System*, the Company has carried out several evaluations on internal control, with a focus on high-risk areas such as rider management, sales, procurement, and capital activities.
- **Irregular Internal Audit:** The Company has carried out internal inspections covering all product lines, business units and business processes from time to time, and made timely alarm regarding the issues spotted during the audit in accordance with the corresponding system, urged the responsible departments to make rectification and supervised its effectiveness.
- **External Independent Audit:** External auditors were engaged by the Company to carry out annual independent third-party audits. The risks indicated by the external auditors will be promptly reported to the Audit Committee under the Board, and assigned by the Company to the responsible department and person for rectification.
- **Training on Risk Management:** The Company provided risk management courses and project training based on the characteristics of key positions, systematically expounded on the requirements of risk control management policies and systems, helped employees enhance risk identification capability and management awareness, and took timely control of risks through internal control and other measures, in a bid to minimise the impact of risks by all means. In 2023, the Company had a cumulative total of 1,572 attendees in risk management training.

Business Risk Management

At the business level, SF Intra-city focuses on identifying and managing key risks related to delivery security, transportation security, rights protection, supply chain stability and customer satisfaction. In addition, privacy protection is embedded in the Company's overall risk management as part of it. We ensure timely response to industry changes and potential challenges through regular market analysis, competitor dynamics monitoring, technical safety assessments, and supply chain performance testing. To meet the changing needs of our customers, we have implemented flexible strategic planning and contingency plans to ensure service quality and customer loyalty.

Tax Risk Management

SF Intra-city recognises that tax transparency and compliance is an important responsibility of the Company. We insist on complying with all relevant tax regulations and actively promote tax transparency. We strictly follow the requirements of the *Measures for the Administration of the Registers of Thousand Large Groups* issued by the State Taxation Administration and coordinate with tax authorities to report complete and accurate corporate information. This is part of our commitment to tax transparency and compliance and a key component of our risk management system. In addition, our internal audit program extends throughout the Company's operations to ensure that internal controls and risk control measures are always effectively implemented. Based on the Company's business development definition of core focused business scenarios and processes, our internal audit team conducts regular coverage or ad hoc inspections to identify and rectify potential issues in order to continuously improve our control environment.

Emerging Risk Management

Type of Emerging Risk	Impact	Response
Natural disasters and climate change	Extreme weather events can cause transportation disruptions, facility damage and supply chain delays.	Enhance the resilience of the supply chain, e.g. by building a diverse network of suppliers and multi-modal transportation capabilities.
	Climate change may lead to increased logistics costs in some regions.	Conduct climate risk assessment and develop adaptation strategies.
		Reduce the carbon emission footprint by investing in green logistics solutions.
Information security threats	Malicious attacks and data leakage may lead to reputation loss and legal problems.	Enhance information security infrastructure and implement regular security audits and monitoring.
	Information security incidents can disrupt business operations resulting in economic losses.	Employee information security awareness education and training.

Business Ethics

The Company takes resolute measures to build and maintain a strong integrity management system and adopts the “zero tolerance” principle in dealing with any form of corruption. We strictly comply with the *Company Law of the People’s Republic of China*, the *Anti-Unfair Competition Law of the People’s Republic of China* and other applicable laws and regulations. We have formulated the *SF Intra-city Measures for Reporting Management*, the *SF Intra-city Measures for Anti-Corruption Management*, and *SF Intra-city Measures for Relatives Avoidance Management*, and other internal policies, systematically explaining the code of conduct to be observed by employees and the level of disciplinary action (e.g. warning, dismissal, etc.) in the event of non-compliance. The responsibilities, functions and reporting process of each department of the Company in respect of such code of conduct is also set out in our internal policies. By these efforts, we incorporate the concept of integrity into every business process of our Company, strive to regulate the behaviour of all internal and external stakeholders, and proactively identify and effectively avoid the risk of commercial bribery and corruption.

Publicity and Training on Integrity

The Company attaches great importance to the publicity and training on integrity for our employees to enhance their compliance awareness and ability. We have set up an integrity publicity system covering all employees through a variety of means, including online courses, anti-corruption induction training for new employees, regular offline audit training, and emails sent out from time to time to promote the culture of honesty and integrity. During the Reporting Period, 9,023 attendees participated in integrity publicity and education activities organised by the Company, with a total of 3,296 training hours and a 100% participation rate. At the same time, we encourage our employees to sign the Letter of Anti-Corruption Commitment to raise their personal responsibility and awareness of anti-corruption. In 2023, the signing rate of the Letter of Anti-Corruption Commitment by employees reached 100%.

The Letter of Anti-Corruption Commitment is an important document formulated by the Company in order to strengthen the internal management, prevent and stop corrupt behaviours, including but not limited to:

- Not engaging in improper business practices: During their employment, employees undertake not to engage in any form of bribery offering, bribery taking, embezzlement and other improper business practices.
- Refusing and reporting improper gifts: If any entity or individual related to the Company’s business offers or solicits a gift during their employment, employees shall immediately refuse the offer and promptly report the matter to the Company.
- Protecting the assets of the Company and customers: Employees commit to not embezzling or misappropriating the Company’s or any customer’s funds and assets during their employment.

During the Reporting Period, the Company did not have any corruption lawsuits against it or its employees, nor did the Company have any violations relating to corruption, conflict of interest, money laundering or insider trading.

Governance Building a Cornerstone, Drawing a Grand Plan Together

Corruption Reporting Management

In order to create a fair, transparent and integrity working environment, the Company encourages riders, employees, suppliers, partners and all other stakeholders to actively participate in monitoring the Company's integrity in operations. For the purpose of facilitating and encouraging reporting, the Company has provided various channels for related parties to report any irregularities, violations or frauds in a timely manner. We promise to treat all reports received seriously and take appropriate investigative measures as necessary. The Company wishes to strengthen the trust of all employees and partners in its commitment to integrity and to work together to maintain a healthy business environment.

Reporting Channels for Non-compliance events		Applicable parties
App	SF Intra-city Rider App – Rider Reporting	Riders
Email	sftcjsjubao@sf-express.com	Internal employees and external stakeholders such as third parties
Hotline	400-188-1888	
Mailing address	Audit Office, 21/F, Shunfeng Headquarters Building, No. 3076 Xinghai Avenue, Nanshan District, Shenzhen, Guangdong Province (Attention)	

In accordance with the *SF Intra-city Measures for Reporting Management*, the Company has developed a set of reporting handling procedures and all information related to reporting incidents can be transferred online. All reporting information received by different channels will be aggregated to and processed by the reporting workstation, to greatly improve the efficiency of reporting supervision and case investigation. The Company will take the initiative to contact the whistleblower within one working day after receiving the reporting, decide within a week whether to file a case and conduct investigation. Once a case is filed, the Company will allocate investigation resources by importance and impact of the case, and strive to issue a written investigation report within one month after completing the investigation. After the completion of the investigation, the investigation report together with key evidences will be archived and kept confidential. Any employee who has access to the reported information is required to keep the information confidential. We appoint the head of each organisation as the first responsible person for witness protection, who shall take proper measures to protect the witnesses (including the whistleblower), protect by law their legitimate rights and interests, and eliminate any retaliation, so as to ensure a fair and transparent reporting environment.

Governance Building a Cornerstone, Drawing a Grand Plan Together

Information Security

The Company regards information security as the foundation of its business development and attaches great importance to information security and user privacy protection.

Management Structure for Information Security

The Company strictly complies with the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Administrative Rules on Internet Information Services*, the *Provisions on the Administration of Mobile Internet Applications Information Services*, the *Provisions on the Technical Measures for the Protection of the Security of the Internet* and other applicable laws and regulations, establishes internal procedures and systems and builds up a framework for the governance of information security to carry out the protection of information security and users' personal information.

In terms of information security management structure, the Company has formed a three-level information security management structure of "Decision-Management-Implementation" based on the requirements of ISO 27001 standard, and has been recording the results of the implementation of various processes through audit reports and other forms. The Company's information security management is implemented comprehensively from three dimensions: cybersecurity, information security and data security. We continuously enhance information security management, in order to reduce the risk of data leakage and abuse, and safeguard the privacy security of customers and partners.

The Company has established the Information Security Decision-making Committee as the top governing body, responsible for information security decisions, appointments or instructions. The Information Security Team of Technology Centre shall be responsible for the daily management and monitoring of information security, coordinating cross-departmental work, and organising and implementing various information security work and information security training guidance of the Company. Officers in charge of information security in each business department shall supervise and confirm the information security management of the department, execute and promote implementation of the information security requirements and measures in the department. The above three levels of organisational structure are effectively linked with each other to achieve the management and implementation of information security in the business and functional dimensions. At the same time, the Company has appointed the Chief Technology Officer of the Company as the person in charge of the oversight of the Company's cybersecurity in accordance with the *Cybersecurity Law of the People's Republic of China* and other relevant laws and regulations, in order to fulfill its responsibility for the protection of cybersecurity in accordance with the aforesaid laws and regulations.



Figure: Organisational Structure of Information Security Management

Governance Building a Cornerstone, Drawing a Grand Plan Together

Establishment of the Security System

The Company continues to improve the information and data security management system from three dimensions: cybersecurity, data security and information security. The Company upholds the security system development concept of taking “technology as the means, people as the key, and management as the guarantee”, and establishes a long-term operation mechanism featuring “equal emphasis on management and technology, and integration of technology and measures.”

To this end, the Company has formulated a series of management policies and processes, such as the *SF Intra-city Information Security and Privacy Management Strategy Manual*, the *SF Intra-city System Privacy Data Security Management Specification*, the *SF Intra-city Management Regulations on Information Security and Privacy Risk Assessment of Technology System*, and the Management Policy on *Data Asset Confidentiality Level Classification, Labeling and Disposal*, with the requirements of applicable laws and regulations and the ISO 27001 standard as the core of them. In 2023, the Company, based on business scenarios and its own enhanced and refined information security requirements, revised and updated the Management Policy on *Data Asset Confidentiality Level Classification, Labeling and Disposal* and issued and implemented the Policy on Management Processes for *Data Extraction from the Backend of the Business System* based on the business conditions and its own enhanced and refined information security management requirements. The Company has followed the above management policies and processes to build a solid defense barrier to protect information and data security and safeguard user privacy.

Protection of Cybersecurity

In terms of Cybersecurity protection, the Company has stipulated and set up information security management measures at multiple levels such as physical, network, host and application, levels, which include, for example, installing systems and software with anti-virus functions, regular review of rights to access the systems, requirement on setting strong passwords, vulnerability scanning, vulnerability scoring, regular security vulnerability assessment, regular review of rights to access the systems, requirement on setting strong passwords, vulnerability scanning, vulnerability scoring, regular security vulnerability assessment, so as to ensure continuous security management and to prevent security risks.

In order to ensure the implementation of a full range of cybersecurity and information security protection from a technical perspective, the Company actively promotes technical construction in terms of cybersecurity, application security, host security, cloud-native security, office security, network security operation, etc., and establishes cybersecurity technology protection system by adopting technologies such as firewall, intrusion detection and container security protection. The Company requires employees to implement effective security control measures as a prerequisite for remote office work. In 2023, the Company has fully adopted zero-trust security protection concept products to replace traditional VPNs in order to strengthen the security of remote access for employees.

In 2023, the Company did not receive any customer complaints regarding information security vulnerabilities.

Protection of Data Security

In terms of data security protection, the Company strictly complies with the requirements of applicable laws and regulations. On the one hand, the Company carries out strict categorization and classification of data, and adopts different security protection and control measures for different categories of data; on the other hand, the Company adopts the concept of full life cycle security protection, and stipulates the security management and protection requirements for the collection, transfer, storage, use, sharing, destruction and other phases of data’s life cycle, so as to ensure the confidentiality, integrity, and availability of the relevant data.

The Company establishes and adheres to its management policies and strategies related to data backup, and takes corresponding data backup measures to prevent data loss or damage and minimise data risks. For privacy data, the Company has formulated and implemented enhanced management standards, including encrypted transmission, encrypted storage, showing data in a ciphered or de-identified way during use, access control, recording of relevant operation logs and other full-process measures to strictly control the risk of privacy leakage. These enhanced privacy data management practices cover the Company’s entire operating process, including business interactions with suppliers. According to the *SF Intra-city System Privacy Data Security Management Specification*, employees should report any non-compliance activities in relation to privacy data to the Information Security Team of Technology Centre in a timely manner, and at the same time, the Company will impose serious penalties on such activities in accordance with the *SF Intra-city Information Security Rewards and Punishments Management Regulations* and other internal policies.

The Company employs a range of de-identification and control technologies to secure and technically protect user privacy information, including the Company’s introduction of virtual number technology in 2019, which has been used to protect the personal information of users and riders.

Protection of User Information Rights

For providing safe and reliable platform services, the Company has formulated and complied with the *SF Intra-city Privacy Policy* applicable to users and riders respectively, in compliance with the laws and regulations.

Each of the SF Intra-city On-demand Delivery APP and the SF Intra-city Rider APP prompt users to read the corresponding SF Intra-city Privacy Policy through prominent means such as pop-up windows when such an APP is on its first run, so as to clearly introduce to the customers or riders the principles of personal information protection, the Company's way of collection and handling of personal information, the protection measures and mechanisms, the rights that they are entitled to as the subject of personal information, and the way of exercising the rights. The Company will not try to get any user's consent on its Privacy Policy by means of non-explicit authorisation, such as implied consent. The Company will not collect personal information or open the access to personal information collection if the user explicitly disagrees with the Company's Privacy Policy. After a user expressly agrees to the Privacy Policy by way of active authorisation, the Company strictly adheres to the principles of necessity and only collects personal information related to the services provided by the Company.

The Company actively promotes the protection of information security throughout the entire industry chain ecosystem. In respect of the Company's cooperation enterprises, the Company has established access specifications and requirements relating to network, data and information security such as the *Supplier Security Assessment Survey Details of SF Intra-city* and the *SF Intra-city Suppliers Security Baseline*, and promotes the compliance of partners with the standards and norms related to network, data and information security by signing relevant agreements with the partners and conducting review and assessments of the partners' capabilities and qualifications in respect of network, data and information security. In addition, we provide suppliers with technical support and specification requirements on information security, in order to effectively control and avoid the information security risks when they start cooperation with us or there is any change of relevant infrastructure.

Information Security Emergency Response

In order to ensure timely response, reaction and handling of information security incidents, the Company has developed systems, plans and processes covering information security incident management, information security contingency plans, continuity management and disaster recovery, etc., and followed these systems, plans and processes to improve the Company's risk prevention capability and to secure the safe and stable operation of information systems and business continuity. The Company has clearly specified its testing cycles and methods in respect of its continuity plan and contingency plan, and the Company conducts periodic drill for failure recovery in the production environment once a year.

The Company did not experience any information leakage or other information security incidents that triggered its information security contingency plan in 2023. However, in order to strengthen employees' information security emergency response skills, enhance their security awareness and knowledge, and ensure the effectiveness of the Company's emergency response capabilities, the Company regularly conducts emergency response drills and other information security-related drills. In 2023, the Company conducted a total of five drills for all employees such as anti-phishing drills and red-blue attack and defense drills, covering 100% of the staff, to improve their awareness of cybersecurity issues and their ability to respond to them.

Developing the Idea and Capability of Information Security

The Company places great importance on establishing the idea and concept of information security and privacy protection among its employees, and focuses on the enhancement of their awareness and ability in related security protection.

The Company signs confidentiality agreements with its employees and requires them to comply with the information security commitments. Through the *SF Intra-city Information Security and Privacy Management Strategy Manual* and other policies, the Company sets information security management requirements such as, for an employee who changes or leaves his or her job position, requirements on returning relevant information, and terminating or adjusting his or her authority to get access to relevant information, and at the same time, the Company provides continuous information security-related training and publicity and education to all employees.

Governance Building a Cornerstone, Drawing a Grand Plan Together

The Company regularly organises information security and privacy awareness education and training on information security and privacy policies for all employees. In the meanwhile, the Company also conducts timely internal publicity on information security policies and systems that have been formulated and updated internally. In 2023, the Company organised and completed a total of seven online training and education sessions covering 100% of its employees, such as “Information Security Awareness Enhancement for All Employees” and “Work Safety in relation to the Red-blue Attack and Defense Drills”, which covered a variety of dimensions and aspects, such as information confidentiality, authority management, data transmission, phishing emails, account passwords, personal computer management, storage management, and others.

The Company also identifies areas in its training programs which may be further improved in a timely manner, through assessments and emergency drills, based on which the Company adjusts its training curriculums, schedules and the focus of its training. In 2023, the Company organised an online employee information security exam for all employees to conduct assessment and education on personal information security, data security, and cybersecurity.

Information Security Certification and Audit

The Company has passed the ISO 27001 Information Security System certification, which is certified by an independent third party. The Company’s major business system is also granted Level III of the Multi-Layer Protection Scheme (MLPS) Certification for information system security by the Ministry of Public Security in accordance with applicable laws and regulations. The Company organises an external information security audit by a third-party professional organisation at least once a year. At the same time, the Company has formulated the *Information Security Audit Management Specification* and regularly organises and implements internal audits in accordance with the internal audit plan. Such external and internal audits cover the overall information security management system, encompassing a wide range of aspects such as privacy security, and cybersecurity, so as to ensure that on such as basis, the effectiveness, adequacy and appropriateness of the operation of the corresponding information security management system will be evaluated, and that our own information security management will be continuously optimised and strengthened. The Company also regularly engages third-party professional organisation to conduct privacy compliance evaluation and security examinations regarding the Company’s Apps, and cooperates with third-party professional organisation to conduct information security and privacy risk assessment at least once a year, to identify and analyse the vulnerabilities of the information system and its management mechanism, and to assess the possibility of causing the risk of security incidents and the impact.

Protection of Intellectual Property Rights

Technological innovation is the driving force for the Company’s development, and the Company therefore values and respects the protection and accumulation of intellectual property rights in order to effectively safeguard innovation and development. SF Intra-city strictly abides by the *Patent Law of the People’s Republic of China*, the *Trademark Law of the People’s Republic of China*, and the *Copyright Law of the People’s Republic of China*, and devotes to the construction of an intellectual property protection system and the development of intellectual property management.

The Company has formulated policies such as *SF Intra-city Trademark (Trade Name) Management Policy* and *SF Intra-city Patent (Software Copyright) Achievement Management Policy*, to strengthen the formation and protection of intellectual property rights in all aspects of operation, and to further regulate the administration of intellectual property rights in the Company. Our Company also has relevant department and specialized positions responsible for intellectual property management functions, which interface with various departments involved in the creation of intellectual property and provide guidance on intellectual property rights. We also protect and safeguard patents, trademarks, copyrights and domain names through online monitoring, offline actions, internal management and other initiatives. As of December 31, 2023, the Company had obtained a total of 43 authorised patents, and held a total of 119 intellectual property rights². In 2023, 13 new authorised patents and 17 new intellectual property rights were obtained.

The Company takes innovation and transformation as its unchanging pursuit, encourages inventions and technological innovation activities, and emphasises the cultivation of an innovative culture and spirit. The Company encourages its employees to innovate by implementing an intellectual property management system and providing incentives for innovation.

² On May 5, 2023, the Company, as vendor, entered into the Sale and Purchase Agreement with Shenzhen Fengxiang Information Technology Co., Ltd., as purchaser, a non-wholly owned subsidiary of one of the controlling shareholders of the Company, pursuant to which the Company has conditionally agreed to sell, and the purchaser has conditionally agreed to purchase, all the equity interests in Shanghai Fengzan Technology Co., Ltd and the debentures owned by the Company in Shanghai Fengzan Technology Co., Ltd. and its subsidiaries. The conditions precedent have been fulfilled pursuant to the Sale and Purchase Agreement and the Completion took place on May 10, 2023.

Therefore, the authorised patents and intellectual property rights held by Shanghai Fengzan Technology Co., Ltd. are no longer owned by the Company, which thus are not included in the corresponding statistics of the Company in the Reporting Period.

02

Environment Green Actions for a Low-carbon Future

26 Tackling Climate Change

32 Practicing Low-carbon Operation

Environment Green Actions for a Low-carbon Future

At SF Intra-city, we attach great importance to climate change and ecological harmony, and abide by the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Water Law of the PRC*, the *Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste*, etc., as well as the relevant laws and regulations of the place where it operates. With a passion for data and innovation, we actively advocate green delivery and green operation, pay attention to the application of clean energy, promote green packaging, practice energy conservation and emissions reduction, and provide environmental-friendly distribution services.

Tackling Climate Change

Responding to climate change is a global imperative and a consensus among forward-thinking companies in all industries. SF Intra-city, as a leading platform of third-party on-demand delivery services, recognises the critical role it plays in this area. We understand that our operations and products have a direct and indirect impact on our customers and business partners. Therefore, responding to climate change is not only a corporate responsibility but also a strategic imperative. SF Intra-city is committed to realising the national dual-carbon strategy, integrating the response to climate change into the Company's management and operation practices, actively identifying risks and opportunities related to climate change, and improving its governance performance in climate change-related issues, in order to become a leader in the sustainable development of the industry. SF Intra-city has made reference to the recommended framework of the Task Force on Climate-related Financial Disclosure to disclose our climate-related work plans and achievements in four major areas, namely, governance, strategy, risk management, and metrics and targets, in order to clearly outline our approach and demonstrate our commitment to addressing the climate issues.

Governance

As other risks, the climate change risks have been included in the risk management system of the Company. As the highest risk management authority, the Board of Directors is responsible for the identification, prevention and control of ESG risks. The ESG Working Committee coordinates and collates ESG-related policies and system updates every year, integrates the annual ESG practice performance, reviews the Company's annual ESG performance and the progress in achieving its goals, and reports relevant information to the Board of Directors to ensure the effectiveness of ESG work promotion.

Strategy

SF Intra-city has been committed to improving the disclosure of information on the Company's response to climate-related risks, opportunities and impacts. With reference to the TCFD guidelines, the Company has taken environmental protection and climate change factors into consideration in the process of business development and operation management, and has actively identified and assessed climate change risks and opportunities, and has systematically compiled its response strategy to climate change. When coping with the short, medium and long-term risks of climate change, we have further studied and analysed its impact on our own operations and business development in light of its potential impact, and formulated targeted response measures based on it, so as to integrate climate change risk management into the corporate risk management system and enhance our resilience to climate change.

Environment Green Actions for a Low-carbon Future

Risk Management

Climate Risk and Opportunity Identification

From the perspective of business types and operations, the Company identifies the physical risks and transition risks with great impact and possibility and looks for potential opportunities. We have recognised key climate risks that could affect us in the short term (up to 3 years), medium term (3-5 years) and long term (more than 5 years) from physical changes in the environment and from the transition to a low carbon economy. The risk control organisation will conduct an in-depth study of each potential risk and assess the Company's risk tolerance through the extent of its impact on the achievement of risk control management objectives. The Company's identified physical risks, transition risks and potential impacts and responses are set out in the table below.

Physical risks: physical destruction or damage caused by climate changes to assets, supply chains, delivery chains, personnel safety, etc.

Type of risks	Climate related risks	Duration	Potential impact	Response
➤ Acute risks	Typhoons, extreme precipitation, floods, extremely hot weather, extremely cold weather	Short term	Risks driven by extreme weather events <ul style="list-style-type: none"> Severe supply chain disruptions are caused Transport infrastructure is damaged, and delivery is delayed The power supply of the back-end system is unstable, or the network is faulty, which affects services Safety risks of riders during delivery are increased Delivery is suspended, resulting in compensation for damage to goods The cost of repairing or replacing damaged or destroyed assets is increased, resulting in serious economic loss 	<ul style="list-style-type: none"> The Company pays close attention to weather conditions and has developed an emergency response mechanism for bad weather, giving early warning of unusual weather via the SF Intra-city Rider App in a timely manner and advising riders to hold off on taking orders under very special weather conditions, and ensuring delivery safety by providing emergency equipment and conducting relevant training. We provide high temperature subsidies to riders in hot weather or extremely cold weather, provide food supplies (such as green bean soup, ginger soup, etc.) at rider stations, flexibly allocate transportation capacity, protect the health and safety of employees and riders We provide real-time feedback to the different operating regions and appropriately authorise them to develop emergency response plans for unexpected weather events
➤ Chronic risks	Heat stress, sea level rise and coastal flooding	Long term	Extreme long-term effects due to long-term climate change <ul style="list-style-type: none"> Hardware performance is affected, leading to the early scrapping of the Company's existing assets Business development in coastal cities is restricted 	We monitor and evaluate chronic climate risk trends and incorporate them into infrastructure development and decision-making

Environment Green Actions for a Low-carbon Future

Transition risks: broad changes in the external environment in terms of policy, law, technology and markets during the transition to a low carbon economy.

Type of risks	Climate related risks	Duration	Potential impact	Response
➤ Policy and regulation risks	Disclosure of information relating to mandatory emissions and decarbonisation targets	Short term	<ul style="list-style-type: none"> Increased costs to meet compliance requirements, such as energy-saving retrofitting of office equipment, and the purchase of carbon quotas Increased information disclosure risks 	<ul style="list-style-type: none"> We keep abreast of and comply with relevant regulatory requirements and enhance our disclosure standards We have strengthened our internal carbon emission accounting management
	Progress of decarbonisation of electricity grid	Medium term	<ul style="list-style-type: none"> Slow progress in decarbonising the grid and the increasing clean energy prices result in higher delivery costs 	We explore renewable energy and other alternative energy sources, such as wind power plants, to collaborate on charging riders' electric vehicles
➤ Technical risks	Instability of green technologies	Medium term	<ul style="list-style-type: none"> The transitional cost of equipment replacement due to technology change, such as procurement, testing, training, etc. 	We observe technological innovations from the external perspective through partnerships to ensure mastery of a diverse range of technologies
			<ul style="list-style-type: none"> Green technology developments are subject to uncertainties with respect to investment risk, time-to-market, and the ability to meet current and future market demand 	
➤ Market risks	Customer demand for green services and products	Short to medium term	<ul style="list-style-type: none"> The cost of communicating the environmental protection concept of green delivery to consumers 	We explore low carbon footprint services and product designs and incorporate emissions considerations into supply chain development and decision making
			<ul style="list-style-type: none"> The public demand for on-demand delivery continues to increase, and they have higher requirements for the quality of delivery service 	
			<ul style="list-style-type: none"> Customers deepen their understanding of low carbon and prefer green on-demand delivery services 	
			<ul style="list-style-type: none"> In view of the green procurement requirements, the cost of the products may increase 	
➤ Reputation risks	Lack of investment and leadership in climate action	Long term	<p>During the low-carbon transition period, the government's attitude towards products or projects affects the financing cost</p>	<ul style="list-style-type: none"> We continue to focus on and participate in highly recognised or applicable green activities to enhance industrial competitiveness and corporate reputation We regularly communicate our strategies and plans to stakeholders
			<ul style="list-style-type: none"> Concerns about delays in the on-demand delivery sector in extreme weather may affect investment 	
			<ul style="list-style-type: none"> Enterprises are required to report and communicate on sustainable development and ESG-related issues regularly 	

Environment Green Actions for a Low-carbon Future

Energy and Resources

Type of opportunities	Climate-related opportunities	Duration	Potential impact
➤ Resource efficiency	Direct cost savings	Short to medium term	<ul style="list-style-type: none"> On-demand delivery enterprises enhance operational efficiency and reduce operational costs through digitalisation and intelligent technologies
			<ul style="list-style-type: none"> The Company saves water and electricity resources and operating expenses
➤ Operational efficiency	Improving operational efficiency	Short to medium term	<ul style="list-style-type: none"> Develop smart operations to control delivery, operation, service and management in a more refined and dynamic manner
			<ul style="list-style-type: none"> Gain insight into the trends of clean energy development for on-demand delivery
➤ Financing opportunities	Participation in green finance	Medium to long term	<ul style="list-style-type: none"> Financial institutions may link loan rates with green data, and enterprises that adopt sustainable development measures and make progress in achieving their goals may receive more favourable financing rates from banks, reducing financing costs

Products and services

Type of opportunities	Climate-related opportunities	Duration	Potential impact
➤ R&D and innovation	Improving the efficiency of delivery capabilities	Short to medium term	<ul style="list-style-type: none"> Improving the efficiency of delivery capabilities can reduce the risk of future energy price rise
			<ul style="list-style-type: none"> Enhance the existing on-demand delivery support services to meet the increasing demand for services
➤ Changes in consumer preferences	Increasing market competitiveness with the green and low-carbon image	Short to medium term	<ul style="list-style-type: none"> Consumers with green preferences will increase their demand for green and low-carbon service models and pay more attention to the sustainable development performance of the on-demand delivery industry
			<ul style="list-style-type: none"> The Company can adapt to the changes in consumer preferences and enhance the research, application and publicity of green delivery
			<ul style="list-style-type: none"> Actively respond to incidents such as large-scale delivery delays, delivery errors, and other events caused by extreme weather, and avoid negative impact on corporate reputation
➤ Preferences of investors	Becoming a green investment	Medium to long term	<ul style="list-style-type: none"> Investors will increase their investment in low-carbon green operation enterprises, and the working capital of enterprises will increase, rendering a more stable capital chain

Table: List of climate-related opportunities of the Company

Environment Green Actions for a Low-carbon Future

Climate Scenario Analysis

To better understand the impacts of climate-related risks, SF Intra-city conducted a scenario analysis to determine the probability of occurrence and potential financial impacts under two different shared socio-economic pathways (SSPs), which were extracted from the August 2021 release of the Sixth Assessment Report on Climate Change by the Intergovernmental Panel on Climate Change (IPCC):

Scenario	A low GHG emissions scenario (SSP1-2.6)	A high GHG emissions scenario (SSP3-7.0)
Scenario description	Represent a positive scenario in which global carbon dioxide emissions are reduced to net zero around 2075, and global average temperature is projected to increase by 1.8°C by 2080-2100	Represent a negative scenario in which global carbon dioxide emissions double by 2100, with a projected potential increase in global average temperature of 3.6°C by 2080-2100

Under the two selected scenarios, we have analysed and identified a full range of climate risks with potential impacts on the Company. Then, by working with the various business departments and internal stakeholders, these risks are assessed and prioritised, taking into account the probability of occurrence as well as the positive or negative impacts in the short, medium and long-term timeframes.

Type	Extent	Definition
Impact	Major	<ul style="list-style-type: none"> Continued loss of market potential/status/reputation Major impact on long-term competitive advantage
	Moderate	<ul style="list-style-type: none"> Some impact on market potential/status/reputation Some impact on long-term competitive advantage
	Minor	<ul style="list-style-type: none"> No or minor impact on market potential/status/reputation No or minor impact on long-term competitive advantage
Probability	High	High probability of occurrence
	Medium	Medium probability of occurrence
	Low	Low probability of occurrence

Given the nature of the Company's business, in both scenarios, no events have been identified that would have a major and highly probable impact on the Company's long-term finances.

Environment Green Actions for a Low-carbon Future

SSP1-2.6		Likelihood		
		Low	Medium	High
Impact	Critical	<ul style="list-style-type: none"> – Lack of government-led initiatives – Uncertainty on technological advancement 	<ul style="list-style-type: none"> – Lack of action affects reputation 	<ul style="list-style-type: none"> – Mandatory emissions disclosures – Customers require more demanding services – Greener supply chain
	Moderate	<ul style="list-style-type: none"> – Long-term climate change 	<ul style="list-style-type: none"> – Complex service portfolio – Stigmatization of sector – Extreme weather incidents – Green financing – Environmental green preferences of the employees 	<ul style="list-style-type: none"> – Government decarbonisation targets
	Minor			<ul style="list-style-type: none"> – Mandatory recycling – Carbon pricing and taxation

SSP3-7.0		Likelihood		
		Low	Medium	High
Impact	Critical	<ul style="list-style-type: none"> – Greener supply chain – Lack of action affects reputation 	<ul style="list-style-type: none"> – Mandatory emissions disclosures – Customers require more demanding services 	<ul style="list-style-type: none"> – Extreme weather incidents – Lack of government-led initiatives – Uncertainty on technological advancement
	Moderate	<ul style="list-style-type: none"> – Carbon pricing and taxation – Complex service portfolio – Stigmatization of sector – Green financing – Environmental green preferences of the employees 	<ul style="list-style-type: none"> – Long-term climate change – Decarbonisation demand led by the government 	
	Minor		<ul style="list-style-type: none"> – Mandatory recycling – Carbon pricing and taxation 	

Environment Green Actions for a Low-carbon Future

Indicators and Goals

The Company will continuously disclose environmental indicators related to climate change such as energy consumption and density, greenhouse gas emissions and density (please refer to “ESG Key Performance Table” in this ESG Report for details) in its annual environmental, social and governance reports, and measure the Company’s achievements in tackling climate change through quantitative indicators.

The Company has set targets related to emissions, energy, water resources and waste in 2023, and successfully achieved them during the year. In order to effectively reduce the environmental impact in the operation process, the Company will continue to promote environmental targets setting for 2024.

Indicators	2023 Targets	Progress of 2023 Targets	2024 Targets
Emission goal	Lower GHG emission intensity than in 2022.	Achieved	As the Company’s own operations do not involve relevant emissions, no target for the coming year has been set for the time being. If there are subsequent emissions arising from changes in the Company’s operations, we will consider setting targets.
Energy use efficiency	Lower office electricity intensity than in 2022.	Achieved	Lower office electricity intensity than in 2023.
Water use efficiency	Lower office water intensity than in 2022.	Achieved	Lower office water intensity than in 2023.
Waste generation	Lower office waste intensity than in 2022.	Achieved	Lower office waste intensity than in 2023.
	100% waste classification in the headquarter office premises.		100% waste classification in the headquarter office premises.

Practicing Low-carbon Operation

The Company strictly complies with the *Environmental Protection Law of the People’s Republic of China*, the *Energy Conservation Law of the People’s Republic of China* and other laws and regulations. The Company has formulated internal management systems and taken environmental protection measures including green delivery, green operation and green packaging, to reduce the environmental impacts of the Company’s business operations and to create green, sustainable and on-demand delivery services. To reduce the impact of climate risk on the Company and seize the opportunities, the Company has continuously promoted the change of delivery capacity and energy structure, and increased the contribution of new energy vehicles to delivery capacity, kept upgrading and optimising our innovation in green business, and output green environmental protection products to the value chain, in an attempt to reduce the impact of transition risk through proactive measures.

Environment Green Actions for a Low-carbon Future

Green Delivery

While providing high-quality, efficient and multi-scenario intra-city on-demand delivery services, SF Intra-city pays special attention to enhancing the green and low-carbon level of our delivery system. We are committed to providing more consumers with “green services” and contributing to the national dual-carbon strategy and the 2060 carbon neutral goal by building a more environmentally-friendly on-demand delivery system.

The main delivery capacity of the Company's on-demand delivery business consists of electric two-wheeled vehicles and a small number of electric four-wheeled vehicles, with approximately 95% of our active riders fulfilled their orders via electric vehicles. Moreover, by considering the real-time position of the rider, the position of the order and other factors, we achieved optimal route planning, shorter mileage, improved efficiency of merging orders and energy consumption reduction through our City Logistics System (“CLS”).

SF Intra-city meets customers' delivery needs through riders' electric vehicles, replacing the potential need for truck delivery or private car trips for purchasing, and the need for consumers to make special trips to pick up and deliver goods, thus reducing carbon emissions within the society. During the Reporting Period, the delivery distance of the Company's intra-city on-demand delivery service exceeded 7.8 billion kilometers, and electric vehicles accounted for more than 98% of the total delivery distance, resulting in a reduction in carbon emissions of about 2.3 million tons in Scope 4 avoidance of carbon emissions³.

Green Operation

With the Company's business as a service platform, SF Intra-city's operational management emphasises the active development and use of digital tools to leverage the potential of technology to deliver positive outcomes for the environment and its residents. SF Intra-city's business is conducted digitally. SF Intra-city promotes to use the “e-order mode”, in which from the time the user places an order to the time the recipient picks up the goods. SF Intra-city adopts e-order if possible to facilitate sustainable development.

At the same time, SF Intra-city's water consumption is mainly domestic water of the office and the Company does not have any issues in sourcing water. The Company's operation process does not involve the use of a large amount of water and the discharge of wastewater, nor does it involve products and businesses that are likely to pollute water, and it has no significant impact on the environment and natural resources. In daily operations, SF Intra-city has actively promoted the integration of the concept of green development into its daily work, encouraged the employees to practice low-carbon behaviour such as using public transport for travel, reducing unnecessary travel, enhancing employees' efficiency in water and energy conservation through various measures, reducing waste of office supplies and waste generation, etc., jointly created a green and environmentally friendly office environment, and built a resource and energy-saving enterprise, thus cultivating a green and low-carbon working style and reducing environmental impact.

The Company encourages the employees to hold online meetings. During the year, a total of nearly 4,800 people participated in the meetings through online means, and the total number of meeting hours amounted to 810,000 hours, reducing unnecessary travel to achieve energy saving and emission reduction.

³ The calculation of GHG emissions from gasoline vehicles delivery is based on the national standard of the People's Republic of China “Limits of Dimensions, Axle Load and Masses for Motor Vehicles, Trailers and Combination Vehicles” (《汽車、掛車及汽車列車外廓尺寸、軸荷及質量限值》) GB 1589-2016, the national standard of the People's Republic of China on “Fuel Consumption Limits for Passenger Vehicles” (《乘用車燃料消耗量限值》) GB 19578-2021, the Guidelines for Calculation Methods and Reporting of GHG Emissions from Enterprises of Other Industrial Sectors (Trial) (《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》) issued by the National Development and Reform Commission and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (《2006年IPCC國家溫室氣體清單指南》).

Environment Green Actions for a Low-carbon Future

SF Intra-city effectively minimises waste through the “3R Reduce, Reuse and Recycle” principle, practicing green and low-carbon office.

Reduce	Reuse	Recycle
Comprehensively promote paperless office, online signature system, and paperless file management, and encourage black and white double-sided printing	Strengthen routine maintenance and repair of electronic office equipment	Provide waste paper recycling bins and plastic bottle recycling bins in the office; Provide refuse separation points on the first floor of the building
Unified management of temperature control and lighting, encouraging employees to turn off the lights during nonworking hours	Reuse of document envelopes	Recycling of used batteries for electric vehicles
Advocate timely shutdown of idle computers to ensure that “shut down the computer and cut off its power connection before leaving”	Reuse of decorative items for office environments	Recycling of used computers and office consumables (e.g. ink cartridges)
The Company has established the <i>SF Intra-city Office Site Configuration Guide</i> , makes proper arrangements of office supplies and office consumables, sets self-service stationery collection cabinets and posts saving reminders in shared areas and requires employees to collect them as needed	/	/

Green Packaging

Committed to taking on more corporate responsibilities, as an advocate and practitioner of green environmental protection, the Company actively responds to national policies by complying with the national standards, such as the *E-commerce Logistics Recyclable Packaging Management Standards* 《電子商務物流可循環包裝管理規範》, and takes the lead to drive partners to accelerate the sustainable development of the on-demand delivery industry through various R&D and cooperation activities.

We insist on using “original packaging” to avoid secondary packaging and reduce packaging waste. For some products that can be packed/transported in their original packaging, we try to avoid over-packaging to reduce packaging waste at source, thus reducing the impact on the environment.

To reduce the use of disposable document envelopes, we have actively developed and put into use recyclable document envelopes. It is estimated that each recyclable document envelope can reduce the use of 50 paper document envelopes, which greatly promoted the resource conservation while enhancing the recycling efficiency, and reduced the carbon footprint of products. In 2023, we used a total of 64,000 recyclable document envelopes, equivalent to a reduction of 3,200,000 paper document envelopes, to help make packaging sustainable.

In addition, the Company cooperates with merchants to launch a recycling service to encourage merchants to recycle the thermal insulation bags. Moreover, riders thank and encourage customers who use recycle packaging, which has cultivated the public awareness of environmental protection and optimised the overall delivery process. In this way, the Company enables customers to improve their environmental protection awareness while achieving energy saving and efficiency improvement, drives the trend of public green consumption, and jointly contributes to creating a green society.

03

Society **Teaming up** **for Greater Harmony**

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Society Teaming up for Greater Harmony

A Sound Talent Pool

SF Intra-city believes that high-quality talents are the most valuable resources and assets of the Company. The Company insists on a people-oriented approach, treats every employee with equality and tolerance, and protects the rights and interests of employees in accordance with the law. We establish sound systems in talent recruitment, talent incentive and compensation and benefits, creating a safe, healthy and respectful working environment, and guarding the physical and mental health of employees. We are proud to see that all employees deeply identify with and are committed to practice our corporate culture.

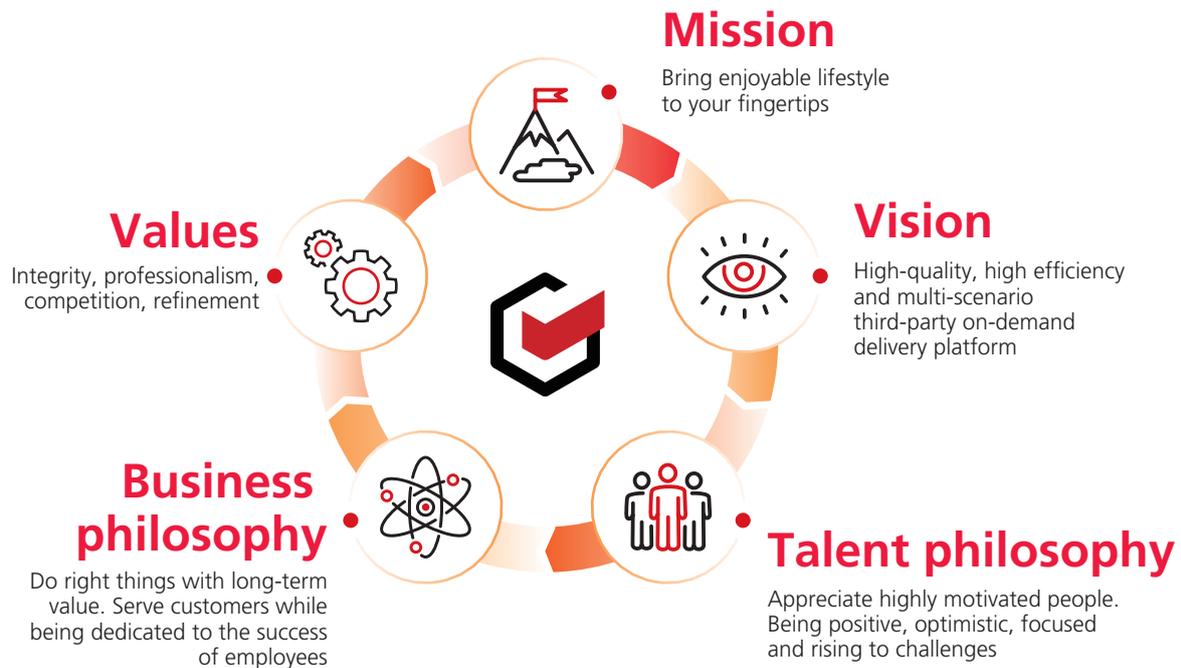


Figure: Corporate Culture of SF Intra-city

Society Teaming up for Greater Harmony

Employees' Rights and Interests

We attract more outstanding talents to join us with a "fair, just and open" attitude, to create a clean and friendly working environment, a diversified and inclusive corporate culture, a democratic and free communication mechanism and a competitive compensation system for each employee, and to fully respect and protect the rights and interests of our employees.

Diversity in Recruitment

The Company encourages and respects the diversity of talents, upholds the principle of "fair, just and open" recruitment, provides equal employment opportunities for each applicant, and fully respects and accommodates the diversity of employees. We provide various recruitment channels such as campus recruitment, social recruitment, internal transfer and recommendation by talent spotter, both online and offline, to attract excellent talents from multiple backgrounds in the industry and keep injecting long-lasting freshness and vitality into the Company.

During the year, the proportion of female employees employed by the Company was 27% and we aim to increase this proportion by 0.5% to 27.5% by December 31, 2024. 31.80% of employees in STEM related positions⁴ are female and we aim to increase this proportion by 0.2% to 32.0% by December 31, 2024.

In 2023, the Company recruited a total of 369 new employees, of which the percentage of vacant positions filled by internal candidates was 18%. As at the end of 2023, the percentage of new employees to total employees was 13% and the distribution of new employees is shown below (unit: person):

Type and name of indicator	2023
Total number of new employees	369
Number of new employees by gender	
Male	234
Female	135
Number of new employees by type of employment	
Management	2
Non-management	367
Number of new employees by age group	
29 and below	239
30-49	130
50 and above	0
Number of new employees by geographical regions	
China Mainland	367
Hong Kong, Macau, Taiwan and overseas	2

⁴ STEM positions are positions in the fields of science, technology, engineering and mathematics.

Society Teaming up for Greater Harmony

Compliant Employment

The Company insists on legal and compliant employment. The Company strictly observes the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China*, the *Law on the Protection of Minors* and other applicable laws and regulations. The Company has established and kept improving internal management policies such as the *SF Intra-city Recruitment Management Policy* and the *Daily Safety Management Measures for Employees*. We sign labour contracts or related agreements with each employee according to the type of employee, and renew contracts in a timely manner with employees whose contracts have expired.

We respect and protect human rights, respect the personality of our employees and safeguard their freedom of belief. We firmly prohibit corporal punishment, mental or physical coercion, verbal abuse and any other form of mistreatment towards our employees. We attach great importance to the feelings of female employees and implement special labour protection for female employees in accordance with the relevant national regulations, so as to promote the implementation of the principles of fair employment and employment compliance

Avoiding the Employment of Child Labour and Forced Labour

We are firmly against the use of child and forced labour, and strictly prohibit any form of such situations. In the meanwhile, we have also adopted verification measures to strictly examine their identity with the help of information from the national public security department network, to avoid any child labour resulting from concealment or misrepresentation when employees join the Company. Besides, the Company respects and safeguards the labour wishes of each employee, ensures reasonable working hours and leaves, and prohibits any form of forced labour. As of the end of the Reporting Period, there were no incidents of child labour or forced labour in the Company.

Avoiding Discrimination and Workplace Harassment

We are committed to maintaining a workplace that is free from discrimination and any form of harassment by adhering to a fair and equitable, equal and inclusive employment policy, respecting and protecting human rights, respecting the personality of our employees and safeguarding their freedom of belief. We firmly prohibit corporal punishment, mental or physical coercion, verbal abuse and any other form of mistreatment or bullying towards our employees, maintain a zero tolerance for any discriminatory behaviour on the basis of sex, age, race, religion or any other legally protected characteristic and all forms of sexual and other harassment in the workplace, including but not limited to any objectionable sexual remarks, actions, or behaviours, and strengthen special labour protection for female employees in accordance with the *Special Provisions on Labour Protection for Female Workers* and other relevant national rules. The Company's *Employee Handbook* clearly stipulates anti-discrimination and differential treatment, protection of equal pay for men and women, and protection of the rights and interests of female employees, and the HR management system also includes training on discrimination and harassment in the workplace, the process for reporting incidents and the corrective or disciplinary action to be taken in the event of discriminatory behaviour or harassment. As of the end of the Reporting Period, there were no incidents of discriminatory behaviour or workplace harassment in the Company.

Compensation and Performance

To ensure the efficient operation of the compensation and benefit payment mechanism and to match objectively and fairly the value of employees, the Company has formulated and followed the *Employee Performance Management System of SF Intra-city* and the *Employee Benefit Management System of SF Intra-city*, which clarify the standards for compensation and benefits management and provide employees with competitive salaries in the industry. Besides, the Company also attracts talents through a flexible salary adjustment mechanism, value-contribution-oriented bonus incentives and a diversified benefit system to motivate employees and bring their potential into play, further attracting and retaining talents.

Society Teaming up for Greater Harmony

Employees' Development

Talent Cultivation Path

At SF Intra-city, we provide multiple training paths for different types and traits of key employees to enhance their professional growth and organisational adaptability.

For new employees, we help them quickly adapt to the Company's environment and start their career by making them integrate into the Company's system and corporate culture, combined with vocational training and mentor program (Buddy program). For special talents, business training, operation training, general courses and function-related courses are provided to enhance their professional competence. For the development of the managements team, we focus more on leadership development. We strengthen their leadership skills through vocational training, mentor and apprentice relation mechanism, and rotation mechanism, and also provide mini MBA program to broaden their business horizons.

In order to support these cultivation methods, we have used the "SF Intra-city Academy" as a resource base to gather a team of professional lecturers, which provides strong support for accelerating the cultivation of talents at all levels. With a comprehensive training system and rich course resources, SF Intra-city provides professional training tailored for talents in different positions, helping employees to consolidate their business foundation, stimulate their potential in every aspect and achieve a leap in capability. At the same time, we provide employees with clear career path planning, diversified workplace ability coaching, and abundant opportunities for job rotation to achieve their career development dreams.



Figure: SF Intra-city Talent Training System

Society Teaming up for Greater Harmony

Driven by Talent Training

SF Intra-city's talent training system fully takes into account the diverse growth needs and career development paths of its employees. We have adopted a differentiated training model and designed customized empowerment channels for different groups to ensure that each employee receives training that is appropriate for his or her career stage and professional needs. SF Intra-city Academy plays an integral role in meeting our nationwide networking and talent needs. It provides a co-learning and development platform for employees to receive training anytime and anywhere, making sure the training is convenient and effective. The establishment of SF Intra-city Academy has greatly facilitated the breadth and depth of our talent cultivation efforts, enabling us to be more flexible in meeting the unique needs of our talent and business in different locations.

Training for new employees

General competency enhancement: For new employees, especially university graduates, training focuses on the enhancement of basic workplace skills, such as teamwork, time management, and communication skills.

Integration into the corporate culture: Through a combination of offline training and online courses, supplemented by a mentor system, we help new employees quickly understand the corporate culture and business processes, and develop good professionalism.

Training for professionals

Specific skills support: Emphasis is placed on strengthening the specific skills of professionals by providing professional training programs to enrich their knowledge base.

Practical ability training: Through job rotation and practical projects, we enhance the practical working ability of professionals and raise their professional competitiveness in specific areas.

Management team training

Refined training program: The detailed training programs are designed for key positions such as business supporting positions, potential city manager program and new city managers.

Knowledge and skills learning: This involves knowledge learning and skills training to ensure that employees are equipped with the competencies required for management.

Position experience and challenges: Through actual position experience and challenges, coupled with personalised guidance of mentors, we accelerate the growth of employees in key positions.

Employees' Safety

The Company rigorously follows the *Law of the People's Republic of China on Work Safety*, *Regulations on Work-related Injury Insurance* and the *Fire Services Law of the People's Republic of China* and other laws and regulations on occupational health, production and workplace safety, attaches great importance to the health and safety of employees, and keeps improving our safety management system. The Company has formulated the *Daily Safety Management Regulations for Employees* to set safety operation procedures for employees to follow in the course of work. We continuously implement the aforementioned safety management systems and operation procedures, with our senior management acting as the corresponding highest decision-making body. We raise employees' safety awareness and emergency handling ability by means of safety operation procedure publicity, emergency plan drills and safety knowledge training, making every effort to protect employees' occupational health and safety, create a safe and healthy working environment with employees and reduce business risks. In 2023, 100% employees of the Company participated in safety education and training.

Society Teaming up for Greater Harmony

Case: Employee First Aid Training

During the Reporting Period, the Volunteer Team of SF Intra-city successfully organised the first aid training activity. This activity invited professionals from Shenzhen emergency rescue team as guest speakers to teach employees the first aid knowledge of three aspects, including cardiac resuscitation, Heimlich Maneuver, and coping with hypoglycemia. The combination of explanation, instruction and demonstration benefited every colleague, enhancing their awareness of self-prevention and the importance of first aid knowledge. The Volunteer Team also contributed to the spread and popularization of first aid knowledge.



Figure: Group photo at the first aid activity of the Volunteer Team

Care for Employees

Welfare Care

SF Intra-city makes every effort to take comprehensive care of and keep a close watch on each and every employee, and to keep improving the happiness of our employees. The Company has formulated the *Employee Benefit Management System of SF Intra-city* to enhance employees' satisfaction and sense of belonging by keeping improving the benefits and protection system and implementing diversified benefits and care initiatives to create a warm and healthy atmosphere.

Benefits	Contents
Basic Benefits	The Company pays the five major social insurance programs and housing provident fund for employees, and provides benefits such as paid leave, communication allowance, birthday benefits, free annual medical check-up, maternity leave for female employees, paternity leave for male employees, and merit leave for outstanding employees.
Talents Housing Subsidies Plan	To alleviate the burden of renting or buying houses for employees, the Company provides housing subsidies for eligible employees. In regard to family care, employees working away from home are entitled to enjoy home leave and corresponding transportation subsidies.
Humanistic Care	The Company holds welcome ceremony for new employees and prepares with studious care various holiday benefits for employees, such as organising cultural and entertainment activities, sending customized gifts and delivering red envelopes during the Chinese New Year, etc.
Care for Employees' Life and Recreation	The Company provides monthly activity funds and organises themed birthday parties for employees every quarter, delivering blessings and gift vouchers of local malls. The Company encourages employees to set up clubs and provides a certain amount of funding support for their activities. The Company has set up basketball clubs, swimming clubs, hiking groups and other activity clubs. The Company also organises Yoga Day every Wednesday to help employees relax their bodies and minds.

In addition, the Company also carries out quarterly birthday party activities, Women's Day, Dragon Boat Festival and Thanksgiving Day themed activities to create a happy working atmosphere for employees. The Company has also independently developed a set of cultural board games, "Highly Motivated" (《最强状态》), which allows new employees and university students to understand and create culture in the process of experiencing board games, and at the same time, increases interdepartmental interaction and promotes organisational collaboration.

Society Teaming up for Greater Harmony



Figure: Employee Birthday Party Activities



Figure: Curling Challenge



Figure: Enjoy playing the Company's self-developed board game "Highly Motivated"



Figure: Birthday party on Mid-Autumn Festival

Care and Support from the Labour Union

In our Company, the labour union is not only the protector of employees' rights and interests, but also an indispensable core force in our social responsibility system. For employees facing the challenges of serious illness, our union will provide all-round care and support, including organizing visits to express our sympathy and providing employees with subsidies and other practical assistance to alleviate their financial pressure during difficult times.

In addition, we are particularly concerned about the education of the children of employees whose families are not financially well off. In order to do this, we provide tuition support to ensure that these children are able to continue their education without worry. We do not only provide financial assistance, but also organise activities to visit their family, help to realise children's dream, and send gifts for study. These heartwarming activities are designed to give them confidence and motivation, making them feel the warmth of the community and the care of the Company. During the Reporting Period, SF Intra-city has expressed care to employees and their family members by nearly 50,000 visits, and invested RMB2.85 million in supporting and caring for its employees.

Employee Clubs

We encourage our employees to "enjoy your work, enjoy your life". In this regard, we strongly support the recreational and social activities of the employees, which help our employees to relax after work, get to know colleagues from other departments through hobbies, and promote organisational collaboration. As of the end of the Reporting Period, the Company has established 6 clubs, namely basketball, badminton, Kwando Aerobics, yoga, swimming and table tennis, and organised nearly 380 various kinds of team building activities, with the number of attendees exceeding 6,200.

Society Teaming up for Greater Harmony



Figure: Photos of activities of the Company's major groups

Corporate Culture

SF Intra-city appreciates “highly motivated employees”. This positive role modeling is an integral part of our corporate culture, and we are committed to tapping into and promoting the power of role models. Through SF Intra-city Blackboard, we report in-depth on those colleagues who have performed well in their daily work, introduce their stories and their thoughts in the process, set up typical examples and show their outstanding achievements. This approach not only recognises individual achievements, but also provides excellent practices for other employees, strengthens cohesion among employees, and promotes a unified effort toward a common goal.

In addition, we have also launched activities such as “CEO Face to Face” and “Culture Talk” to open up multiple communication channels and allow the CEO to directly answer employees’ questions, creating a culture of open communication and equal respect.

For the purpose of building a smooth mechanism between the company’s management and employees, we have organised 10 CEO face-to-face activities during the year to interact and exchange ideas on topics such as company strategy, business layout, and talent culture, quickly bringing employees and executives closer.

“Culture Talk” is a new employee activity we launched this year. We believe that “culture is created by employees”, and we want to involve employees in defining culture, not just following and implementing it. In order to achieve this, we organised 2 interviews and completed 100+ talks this year, and concluded “Integrity, Professionalism, Competitiveness, and Refinement” as the Company’s corporate culture, which is widely recognised by our employees.

Society Teaming up for Greater Harmony

Riders and the Sharing Economy

In the 2023 Report on the Development of China's Sharing Economy released by the State Information Centre, it is clearly stated that the sharing economy plays an important role in stabilizing jobs and employment.

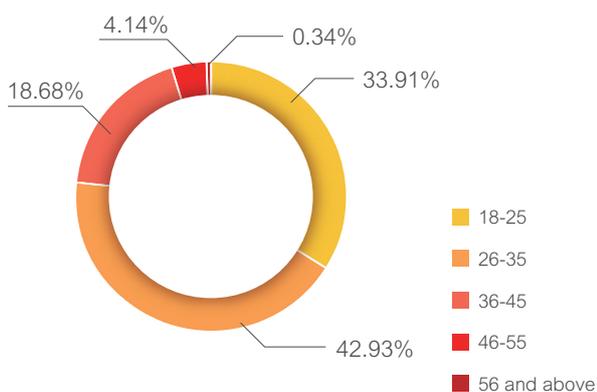
The business model of intra-city delivery fully reflects the concept of sharing economy. In the future, with the continuous upgrading of technological innovation and the deepening of on-demand retail into the lives of residents, consumers' demand for on-demand retail and its supporting services will gradually increase, so the rider group will continue to play an important role in enriching the form of employment, activating the labour market and improving the consumer experience.

SF Intra-city regards riders as its first partner and is committed to building a rider-friendly platform in the industry. We released the 2023 Rider Ecology Report 《2023 騎士生態報告》, which focuses on and explores how riders contribute their strengths and play an important role in preserving employment and promoting people's livelihoods against the background of the current state of development of the on-demand delivery industry and related policies. We attach importance to the safety of riders, improve the "whole process" safety management system, attach importance to the career development of riders, build a systematic riders' rights and interests, and endeavour to build a rider culture and deepen the care and concern for riders. We are committed to building a sustainable and healthy development of the rider ecosystem, gathering strength, growing together, caring for each other, and creating a better future.

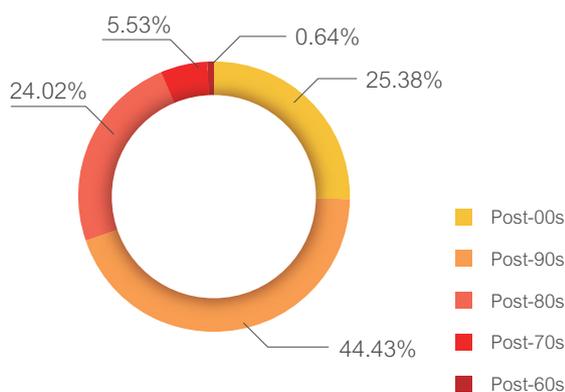
Composition of Rider Team

SF Intra-city actively implements the national policy to provide employment opportunities for many riders, further expanding the value of riders as a "employment reservoir" (就業蓄水池) and contributing to the country's stable employment situation. The number of active riders reached 950,000 during the year.

Age distribution of riders



Riders' distribution by birth year



According to the statistics of the 2023 Rider Ecology Report, in terms of riders' age distribution, about 70% of the riders are under the age of 35, and the post-80s, post-90s and post-00s are the main force.

Society Teaming up for Greater Harmony

Safety and Security of Riders

“Whole Process” Safety Management System

In order to enhance the safety, security and physical and mental health of riders, and to reduce the likelihood of accidents, the Company has developed safety guidelines for riders’ workplaces and work processes, and has constructed a “whole process” safety management system that covers three phases: prevention beforehand, control during the process and review afterwards.

By providing riders with pre-employment training, purchasing insurance, equipping them with protective supplies and setting up safety reminders during delivery operations, and handling accidents, etc., we are able to enhance the overall safety experience in their services, and continue to establish and improve the safety and security system for riders, so as to provide solid guarantees for the safety of our riders.

Prevention beforehand	<ul style="list-style-type: none">• Pre-employment training for newcomers: newly registered riders are provided pre-employment training for newcomers, and only after passing the examination can they be employed• Equipment protection: protective helmets and dashboard camera are provided to riders• System alerts: functions such as extreme weather alerts, congestion and accident information reminders are added into the system• Insurance coverage: riders are required to purchase insurance such as occupational injury insurance
Control during the process	<ul style="list-style-type: none">• Operation safety reminder: strictly control the working hours of riders to avoid fatigue and overwhelming pressure in their work• Protection awareness: push notifications about safety knowledge and warning cases in the rider system• Safety training: the system combines online and offline forms, pushes columns of safety knowledge, and jointly launches training with the traffic police
Review afterwards	<ul style="list-style-type: none">• Online claim: set up a mechanism to deal with riders’ accidents, providing guidance to riders on how to deal with accidents, subsequent treatment and claims• Review afterwards: rider should be subject to a restriction on taking orders and retraining, and pass a test before taking orders again

Safety Training and Awareness Improvement

SF Intra-city is highly concerned with safety training for riders, to constantly improve the safety awareness of riders. New riders must pass the new rider training covering safety knowledge before taking up their posts. Only after completing the study and passing the examination are they authorised to take orders online.

In terms of daily management of riders, the Rider App pushes safety knowledge to riders every week, including traffic safety knowledge, accident cases, first aid knowledge, etc., and provides safety training courses for different scenarios. In May 2023, we launched a new module that pushed safety knowledge to online riders every week and arranged exams to check the learning results. From May to the end of the year, we had more than 100,000 attendees per month and 800,000 attendees in total.

Additionally, we also regularly arrange themed activities and special projects focusing on safety, so as to continuously improve the safety awareness of riders. In 2023, we conducted over 1,500 online + offline safety trainings with more than 1.1 million participants.

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Figure: Cooperating with the traffic police in traffic safety publicity

Case:

In the advent of the twelfth “122 National Traffic Safety Day”, in order to prevent traffic accidents and let riders develop the habit of observing traffic rules, Shenzhen-Dongguan region of SF Intra-city joined hands with the traffic police to carry out the safety training “Joint Efforts in Civilized Traffic” for riders, with a total number of more than 50 riders in the training. Focusing on traffic safety and road safety, the traffic police carried out training and education through the explanation of traffic violations and other means, to enhance the rider’s traffic safety awareness and self-protection ability.

Improving Riders’ Driving Safety

SF Intra-city puts the safety of its riders in the first place, and strictly implements measures related to rider safety management. From rider protective gear and rider system alerts, to post-accident response, we continue to monitor and improve rider safety during delivery.

The Company has actively launched actions in the use of smart helmets, improving uniform logo, skid control and reflective marks, etc., to protect the safety of riders from multiple perspectives and on all fronts. The Company actively promotes pilot projects for smart helmets to help reduce the frequency of manual phone operation during delivery, allowing riders to focus on road conditions, thereby reducing potential safety hazards and maximizing the safety during delivery. Since the launch of the smart helmet, more than 10,000 smart helmets have been put into use. Through the comparative analysis of the accident insurance claim, the number of accident claims decreased after using smart helmets, thus ensuring the safety of riders.

In 2023, SF Intra-city piloted the use of dashboard camera in multiple regions. Through the mobile management server of the dashboard camera, it provides riders with functions such as vehicle monitoring, video replay and history tracking, which effectively improve riders’ driving safety and prevent theft and robbery. In the event of unavoidable accidents, it also provides the basis for subsequent accident handling and protects the interests of riders.

In terms of system, the Company has set up intelligent safety reminders. Through CLS, the Company has set the recommended daily working hours for each rider, reminds riders to take 20-minute break every 4 hours of work and pushes break reminders to riders who have been online for more than 25 consecutive days to ensure adequate rest, preventing accidents caused by overwork.

In addition, we manage to ensure sufficient time for delivery by evaluating riders’ real-time information such as the number of orders, delivery routes, experience and skills. We also take into account rider safety and accidents in our Safe Rider Awards (安全騎手獎勵) and conduct monthly evaluations to provide positive guidance.

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Accident Handling and Review

In terms of emergency handling after an accident, the system has a traffic accident reporting function and a complete handling process for one-click reporting and convenient handling by riders. When a rider is involved in a traffic accident, the order can be delivered by another rider to ensure the safety of the rider and the delivery of the order.

In addition, the Company also works to reduce traffic accidents in its daily management by monitoring accident rates and other data, analysing accident causes through our model, establishing safety records, exploring efficient management modes and other fundamental management methods.

Rider Career Development

The Company values the personal development and skill improvement of riders. We have established and been continually improving a rider training system covering various course categories such as essential skills for beginners, common delivery exceptions, specialized enhancement courses, refresher training, health and safety, and experiences of riders. The diverse courses not only cover the guidance and norms required for the entire business process, but also involve support related to personal development. All these learning resources have been launched on the SF Intra-city Rider Academy and are freely available to all riders. The Company has also established an internal team of professional lecturers for riders and regularly organises course sharing and the Company also conducts qualification certification for lecturers. The Company still continues to upgrade the online learning resources of Rider Academy and encourages riders to participate in the professional certification for delivery personnel for online orders.

At the same time, the Company has established a rider development system, including multiple career development paths, and each path has a clear development path and great prospects. Riders can choose from the paths as they like according to their personal interests. There are four development paths for riders, including the Promotion Program (豐晉計劃) (management path), the professional path (exclusive identity), the lecturer path (training lecturer) and the Key Opinion Leader path (Rider in Shine (風采騎士)). The "Promotion Program" provides riders with a promotion path from rider to team leader to local delivery outlet manager and other management positions.

We also support our riders in their personal advancement by providing them with the Dream-come-true Project (圓夢計劃) (a channel for academic qualification improvement), vocational skills certification (National On-Demand Delivery Professional Certification (國家網約配送員職業認證)), and multi-disciplinary courses (non-business comprehensive quality courses). For the "Dream-come-true Project", we provide riders with scholarships and grants through our cooperation with Shenzhen Open University, which enables riders to accumulate knowledge and gain more room for career development, and helps riders to build up their professional competence, pursue further studies in a certain field, and enhance their competitiveness in their careers.

In 2023, SF Intra-city had 2.4 million riders attendance in 200 courses in 10 categories, thus developing their skills and abilities. Within a year, more than 8,000 riders were promoted to team leaders, and nearly 200 team leaders were promoted to local delivery outlet managers. More than 200 riders were involved in tutoring and teaching classes, and met the requirements for SF Intra-city Star Lecturer certification and received the lecturer's allowance. We worked with external resources to provide riders with more diverse training and promotion opportunities. In the past year, we cultivated 15 rider opinion leaders and 540 riders passed the professional qualification certification at the municipal level.

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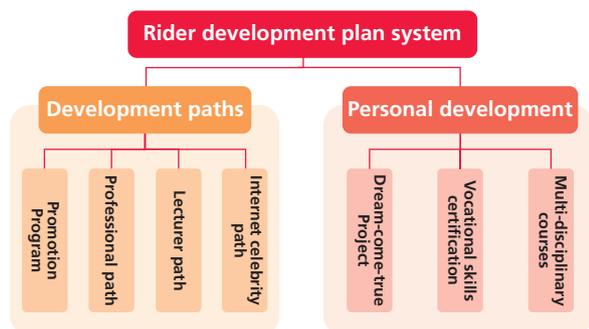


Figure: Rider development plan system

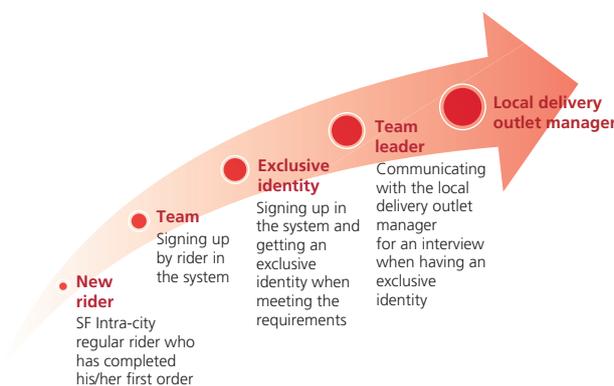


Figure: "Promotion Program" development path

Case:

"The Harder You Work, the Luckier You Get" - Growing from Rider to Manager in Just a Year

Li Rongrong, a female rider from Zhejiang Province, has worked on the SF Intra-city platform only for a year, growing from a front-line delivery rider to a reserve site leader and then to an assistant site leader. Today, she has grown into a first-line manager with rich experience, plenty of motivation and clear goals.

In 2019, Li Rongrong joined SF Intra-city and chose to become a first-line delivery rider. In addition to delivery, she also learnt order scheduling from the local delivery outlet manager and functional personnel, counting where overtime occurs; in the evening, she observed and participated in the review, analysing the reasons for the poor timeliness. Because she was familiar with the management of the site, she successfully competed for the position as a reserve site leader, and then after gaining more than half a year of experience and learning, she was successfully promoted to the site leader. With her excellent project management skills, she was promoted to team leader in 2021, and in mid-2022, with the support of her team management skills, she was promoted to two levels in a row to the positions of operation management manager (運作管理經理) and business unit leader (業務組負責人), making a career leap from rider to manager.

Li Rongrong's personal signature on the Company's internal communication software reads "the harder you work, the luckier you get", and she always keeps the attitude of "lifelong learning". Relying on the rapid development of the platform, she has also entered the fast lane of her own growth, composing "the harder you work, the luckier you get" in her life. Her success allows more riders to see the possibility of growth, find value in their work, and actively create their own space for growth.

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Rider Rights and Benefits System

SF Intra-city has established a systematic rights and benefits management model. On the one hand, it gives the initiative to the riders by multiple methods, so as to give full play to the riders' activeness, and be more in line with the expectation of the riders. On the other hand, the Company also provides fundamental supports to every rider working on the platform by a flexible rider incentive mechanism and the sound complaints, insurance and claims process.

Rider Incentive and Protection Mechanism

SF Intra-city highly recognises and respects the hard work and contribution of the riders. Every rider is a dream seeker who "chases freedom and believes that effort will be rewarded". SF Intra-city works together with the riders to grow up together, and provides them with incentives from the material and the spiritual level to help them realise their dreams.

- We regularly monitor the market income level of riders in various business scenarios, make corresponding adjustments immediately to ensure that SF Intra-city provides riders with competitive income, and provides a wide range of incentives and subsidy at the same time.
- We provide rider-specific incentive programs and protection policies, as well as special categories of equipment and deployment during special periods such as special festivals and holidays, bad weather (extremely heat, extremely cold, and typhoon, etc.).
- We further improve our rider points system and expand the use of SF Intra-city "coins" (同城币), which can be use by our riders to exchange for benefits vouchers, such as penalty-free vouchers to reduce losses or penalties due to emergencies, double vouchers to double their income, and other types of credit vouchers, to effectively help riders to reduce their losses and increase their incomes. Further professionalizing, standardizing and stabilizing rider positions and increasing the attractiveness of rider positions will also have a positive impact on our efforts to build a high-quality team of riders.
- We promote human-based management, and will exempt the quality penalty in special circumstances (such as bad weather, non-spontaneous delivery exceptions). After a penalty is issued, rider can also file a complaint through online or offline channels, which will be reviewed by the platform's professional team, and the penalty will not be imposed if the complaint is verified. In addition, the platform launches a penalty-free challenge for some penalty cases, where riders can be immune from the penalty after learning and completing the challenge, giving riders a diversified, fair and sound channel to complain about penalties.
- We have a protection period policy for riders. For example, when new rider is not familiar with the business or in case of emergencies, he/she can exchange for penalty-free vouchers or complain to reduce or avoid losses. On the other hand, if the delivery runs smoothly, the rider can also exchange for the double vouchers and bonus vouchers to increase his/her own income, so that it can fully mobilize rider's enthusiasm.

Exclusive Identity for Revenue Growth

Riders can increase their self-worth through the exclusive identity development path of SF Intra-city, and nearly 60,000 riders get their exclusive identities each month. This has driven riders' motivation to take orders on the platform and provided riders who focus on increasing revenue with the base to further increase their revenue. Compared to the same period last year, the number of riders at the middle- and high-income levels has increased by 31% this year, creating a virtuous circle of "taking orders – skill enhancement – income increment".

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Guidelines for Insurance Coverage and Accident Claims

We provide riders with occupational injury protection, and purchase insurance for riders before they take orders. In 2023, we cooperated with insurance companies to provide riders with free portable clinics and 10,000 critical illness insurance. In addition, we have optimised the combination of insurance types, focusing on the characteristics of the delivery of riders, to enhance the rider insurance coverage on top of the basic insurance, and increase the amount of coverage to RMB1 million, in order to maximize the protection of the interests of the riders.

The Company has set up a mechanism to deal with riders in the event of accidents. If an accident occurs, the Company will provide riders with guidance on how to deal with the accident, follow-up treatment and claims. We have optimised the functions of the Rider App, enabling riders to check their insurance status in real time, report claims, set up emergency contacts, etc. By establishment of the online insurance claims channel, riders can conveniently and efficiently communicate directly with insurance companies and make claims.

Care for Riders

SF Intra-city treats every rider with care and respect, and strives to build a culture of caring riders. The Company deepens care for riders in a gradual manner through promoting of rider culture, improving incentive measures and caring for female riders, continues to enhance the sense of belonging and recognition of riders towards the intra-city business. Through various forms of care and encouragement, we are committed to providing a warm working platform for our riders.

Rider Welfare Guarantee

The Company continues to optimise its regular rider care measures, such as building rider rest stations and joining hands with online doctors to provide health care and psychological counselling, forming an online and offline dual-channel rider physical and mental health care system, and creating a good working environment and complementary benefits for the riders. In addition, we provide exclusive benefits for special groups and female riders, providing strong support for their delivery operations and ensuring that they can deliver smoothly and without fear.

Regular benefits:

- More than 3,000 rider rest stations have been built across the country, with 100% coverage in major cities, providing riders with energy supply stations where they can rest when tired, cool off when hot, stay warm when cold, drink water when thirsty, eat hot meal when hungry, and take medication when injured;
- In the summer and winter, we provide riders with equipment, cool drinks and hot ginger soup, covering a total of 240,000 person-times;
- We equip with first-aid kit including thermometer, disinfectant and bandage medical supplies, etc., achieving full coverage of the main cities of the country;
- We introduce free online medical consultation for riders;
- We set up psychological counselling hotline to help riders relieve stress and solve problems.

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Special care:

- For female riders: providing free screening for breast and cervical cancers; exclusive uniforms for female riders; joint activities of caring for female riders; exclusive delivery and benefits for female riders;
- For veterans: providing veterans with flexible offers and broadening employment channels;
- For the disabled: we have upgraded and improved the online functions of the APP, applets and other interfaces, such as providing intelligent voice tools support;
- For rider's family: providing care for rider's family members in the event of serious illness and educational care for the children of riders in need;
- Rider medical examination: free medical check-ups for riders are launched in the five regions, i.e. Beijing, Shanghai, Guangzhou, Shenzhen and Chengdu, with customized medical check-up packages for riders' occupational diseases.

Industry precedent:

As the industry's leading on-demand delivery platform for rider welfare, SF Intra-city has always regarded riders as its first users, and has always put the protection of riders' health rights and interests in a prominent position. Focusing on the health hazards that riders are prone to in the course of delivery, SF Intra-city has joined hands with Guangzhou Physical Health Management Association (廣州市體質健康管理協會) to conduct a health mapping of riders, and has set up a pilot "health profile" for riders in Guangzhou to provide them with targeted screening of back, leg, shoulder and neck injuries and provide treatment solutions, which is a precedent in the industry.

Featured Community Operation, Listening to the Voice of Riders

We listen to and value the voices and opinions of our riders, and have established and developed a featured community operating model. We organise monthly riders' heart-to-heart sharing meeting to listen to the voices of riders and carry out work related to rider care; we conduct monthly rider satisfaction survey; and we communicate with riders from time to time through the riders' WeChat official account and the riders' forum.

In 2023, we broadened the channels and forms of dissemination of rider culture. On the basis of the graphic dissemination in the riders' WeChat official account, we successfully established short video dissemination channels such as the riders' WeChat channel account and the riders' Douyin account. Through the content operation of the three accounts, we further integrated rider safety, rider training, rider care and other content related to the interests of riders, to answer the questions of riders, to enrich the life of the rider's working life, to create a positive rider culture atmosphere, and to enhance the sense of belonging of riders to the platform.

According to the rider satisfaction survey, in 2023, approximately 70% of riders said that they perceived the care provided by the platform, which was higher than the industry average, and the satisfaction with the care from SF Intra-city platform was also better than the average.

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Case:

In July 2023, the video account launched the video series about riders' stories "Another Side of Life of SF Intra-city Riders" (《SF Intra-city 騎士的 B 面人生》), and up to now, four episodes have been updated, showing the real stories and life experiences of four riders respectively.

During the 917 Riders' Day in 2023, six riders were invited to shoot the interview video "I work as a rider here" (《這裡跑單就是順》) and the vlog video "The Shine of Riders" (《騎士風采》), which covered the characters of veteran rider, female rider, migrant rider, excellent local delivery outlet manager, excellent lecturer and excellent MCN Key Opinion Leader, fully highlighting the labour style and spirit of SF Intra-city riders, and demonstrating the riders' sense of honor, responsibility and mission in their posts.



Figure: Another Side of Life of Riders

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Annual Riders' Day, honoring Complimenting riders

SF Intra-city also pays attention to enhancing the sense of honor and achievement of its riders. There are 10 kinds of rider honors in the Company such as "Service Ambassador", "Justice Ambassador", "Dedicated Star" and "Dedicated Ambassador", and rewards such as cash, SF Intra-city coins, trophies and medals are determined according to the actual situation. After obtaining the honors, the system will light up the corresponding honor medal on the homepage of Rider App, enhancing riders' sense of professional honor.

In 2023, the Company held the fifth "917 Riders' Day" event, where it announced the results of the team construction of the riders and the new initiatives for rider care, released 2023 Rider Ecology Report 《2023騎士生態報告》 and honored the outstanding lecturers, outstanding team leaders, outstanding local delivery outlet managers with fast development, as well as the riders of Justice Ambassador who have made outstanding contributions and carried forward the positive energy of the society, etc., and recognised and encouraged more riders to strive for hard work, advocate morality and righteousness, act in harmony and do good deeds. Over 60,000 riders from all over the country were honored in this year's Riders Day.



Figure: "917 Riders' Day" in 2023



Figure: Medal of honor wall in the Rider App

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Serving the Community

SF Intra-city takes active actions around social welfare, emergency response and other areas to carry forward the culture of goodness and serve a better society. In 2023, SF Intra-city continued to expand its public service impact, and has written an extraordinary chapter of heroes through seemingly ordinary actions, bringing more positive impact to the society.

Employee Public Welfare Actions

Case 1: Public welfare action of beach cleaning at Heipaijiao Beach

On November 18, 2023, SF Intra-city Volunteer Team gathered for the first time and went to the coastline of Heipaijiao, Huizhou, Guangdong Province to carry out environmental protection public welfare action of beach cleaning on foot. A total of 25 volunteers walked along the 12-kilometer route, bending down many times to pick up bags, bottles and other rubbish along the way. By cleaning the beach for the public welfare, it aroused more people's awareness, determination and the concept of green environmental protection and low-carbon life, and jointly invested in the cause of environmental protection to build a green ecological home.

Case 2: Charity walking for donation activity

SF Intra-city Volunteer Team initiates charity walking for donation activity. The steps accumulated from hiking and clearing wilderness can be exchanged for public welfare funds through "Walk Together (一塊走)" of Tencent's public welfare, then the funds can be donated to the Tree Planting Project in Alxa, which practices the concept of low-carbon environmental protection, supports green public welfare, and contributes to the saving of the desert, so that every step taken will be meaningful.

Riders' Enthusiasm Showing Their True Hearts

- Li Dongyue, a rider in Shanghai, with his unique condition of hematopoietic stem cell, has donated blood 101 times, saving more than 10 lives, and was awarded the "National Gold Medal for Blood Donation" (全國無償獻血奉獻金獎).
- Huang Chao, a rider in central China, has been devoted to public welfare for many years, donating blood a total of 143 times to help countless broken families, and was awarded the national "Lifetime Honor Award for Blood Donation" (無償獻血終身榮譽獎).
- Chen Jiqiang, a rider in northeast China, saved a child who got a cherry pit stuck in the throat in critical situation. He is also a member of the public welfare team, and has been sponsoring poor students for going school for a long time, with a maximum sponsoring period of up to 7 years, supporting 5 students to be educated.
- Liang Kun, a rider in Jiangsu-Anhui region, saved a drowning woman, and then left silently without leaving his name, demonstrating the responsibility and commitment of the youth in the new era with his actions.
- Zhang Xuchen, a rider in Linyi, Shandong Province, actively fought the fire and made every effort to protect the lives and property of the shops and surrounding residents.

Riders show their passion for helping others every day. These actions show the true heart and commitment of the riders, who protect and serve the community with their practical actions, and are the most valuable asset of SF Intra-city.

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Further Cooperation with Communities

Sharing Economy

In 2023, China's sharing economy market continued to expand, playing a positive role in strengthening the resilience of economic development, stabilizing jobs and employment and increasing residents' income. SF Intra-city, as a platform for on-demand delivery service, has become a reservoir for the social scattered group by strengthening the training of the newly employed and providing flexible and diversified forms of employment.

In promoting the development of the sharing economy, SF Intra-city takes the initiative to reach out to local communities, empowers community services with its corporate strength, and provides local employment opportunities at the same time. The Company makes the best of its professional and flexible delivery network and cooperates with communities to provide convenient service and elderly care service. With a focus on mutual benefit and development, this reciprocal initiative creates more opportunities for the overall business development of the Company, and forms a virtuous interaction between the Company and communities.

At the same time, the sharing economy follows the principles of reduction, reuse and recycling, which is in favor of improving the use of resources and contributing to the green and sustainable development of the economy, society and the environment. SF Intra-city relies on the sharing economy to contribute to the green and low-carbon development, for details, please refer to the section headed "Implementing Low-Carbon Operation" of this ESG Report.

Cooperation with Communities

Elderly Service in Laoximen Street, Huangpu, Shanghai

SF Intra-city actively responds to the "Opinions on Developing the Silver-haired Economy and Enhancing the Well-being of the Elderly" 《關於發展銀髮經濟增進老年人福祉的意見》 and other national policies, helping to realise "the elderly have a sense of security" and enhance the quality of elderly services. Since 2022, we have been working with Laoximen Street in Huangpu, Shanghai, to provide services to the elderly in the community. In 2023, we further integrated the needs of the elderly in the community on the basis of the original foundation, deepened the system management and technological innovation according to the special factors of Laoximen Street, and provided a warm meal delivery service for the elderly in the community.

• Priority delivery of meals for the elderly

In 2023, a government-subsidised meal service for the elderly aged 65 or above was launched Laoximen Street and urgently needed the support of a third-party on-demand delivery service provider. Shanghai region of SF Intra-city responded to the demand in the first instance after receiving it, and proactively assumed its social responsibility. By dividing the streets into blocks, we imported the street catering orders into SF Intra-city's order configuration system, realising the visualisation of the whole process and the chain of the orders, and intelligently scheduling the delivery capacity by sections and periods of time, intelligently planning the best routes for the riders, which further enhanced the delivery efficiency. We have fully utilised the power of technology to greatly reduce the time it takes for meals to reach the tables of the elderly, so that they can enjoy hot meals earlier.

Speaking of meal delivery, the person in charge of the community canteen for the elderly said, "after cooperating with such a professional social enterprise as SF Intra-city, problems such as overtime, misdelivery, and missing meals have been effectively avoided, and the elderly are finally able to have hot meals every day. We only need to focus on nutrition and taste of the meals, sparing us a lot of the pressure. The riders are also very professional and enthusiastic, and often communicate with me to ensure that the delivery of all aspects is of error-free."

We have delivered meals to the elderly in the district for more than 60,000 times, and have received unanimous recognition from the elderly and their families as well as the community, and have been recognised and commended by a number of Shanghai's official media.

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- **Making community services more warm-hearted with attentiveness, teamwork and professionalism**

Case:



Figure: Meal delivery service for the elderly

Grandpa Fan, the elderly in the district who has gone through the changes of the years, 84 years old, is alone and has no one to take care of him, although he is hale and hearty.

“Once I saw that the old man’s meal delivered the day before was still put outside, and after knocking on the door for a long time with no response, I panicked and immediately contacted the street staff, who later confirmed that he was taking a nap.” SF Intra-city rider Zhong Yiming said, “although the old man has a little problem in hearing, his mind is very clear. When there are few orders on hand, I would occasionally stay and chat with him.”

Grandpa Fan and Zhong Yiming’s relationship is the epitome of all elderly people and riders who help the elderly. A greeting and some concerns can make the elderly feel care and warmth. In the future, Laoximen Street will continue to provide better and more convenient services to the elderly in the community, and SF Intra-city will also uphold the social responsibility, participate actively in the public welfare with enthusiasm, and contribute to the construction of the elderly care industry.

Volunteer Service

In 2023, the Company took the initiative to join Shenzhen Volunteer Federation and Nanshan Volunteer Federation of Shenzhen, and was honored to become a member of the enterprise volunteer team. We have been actively implementing the program and spirit of the Volunteer Federation. Under the active promotion of the Human Resources Department of the Company, 46 employees have enrolled and officially registered as Shenzhen volunteers, contributing their personal strength to community development and urban construction.

During the year, the Company also took the initiative to launch a series of activities such as hiking for environmental protection and blood donation for public welfare. In the future, we will continue to carry out green environmental protection, elderly care and other related activities, so that employees can relax physically and mentally and at the same time, contribute to the public, participate in social construction, and fulfil their corporate responsibility.



Figure: SF Intra-city Volunteer Service Team of Nanshan Volunteer Federation

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Urban-Rural Development

As an infrastructure, rural logistics and delivery plays the role of agricultural products upstream and industrial products downstream, which is of great significance to the comprehensive revitalisation of the countryside and the release of rural consumption vitality. We are actively responding to the call of the relevant national policies to implement “on-demand delivery + last-mile delivery” and help revitalise the countryside.

Lower-tier markets have always been a key area of our business. We believe that on-demand delivery and flexible employment models can inject new ideas and vitality into urban and rural development. Since 2022, the Company has innovatively developed the city agency model nationwide, continuously optimised and refined the on-demand delivery model, empowered regional delivery service providers, boosted local employment, supported individual entrepreneurship, and provided lower-tier cities, counties and villages with more standardized services and system support.

On the road to promoting rural revitalisation, our Company has been exploring and implementing new business models to enhance the services quality and efficiency in the lower-tier markets. Through innovative practices in places such as Ganzi, Sichuan, we have made significant progress in the areas of delivery efficiency, facility construction and direct marketing of agricultural products. These practices have not only strengthened the ESG performance of the supply chain, but have also increased local economic revenues, improved the quality of life of residents and provided them with a more convenient shopping experience.

Case: Diversified Practices in Ganzi, Sichuan

For a long time, our agent in Ganzi, Sichuan Province has been mainly responsible for express delivery to the countryside. However, with the rise of live streaming, our agent discovered a new business model: selling goods to village residents and at the same time, transporting goods from rural areas to cities through live streaming, realising the e-commerce sales capability for rural residents.

In this process, we have also worked deeply with the local government and localised platforms. Through such co-operation, we have not only enhanced local tax revenue and ensured its stability, but also developed local language-based lifestyle service platforms, such as “Play in Ganzi (玩转甘孜)”, which provides a wide range of local lifestyle services, including shopping, dining, entertainment, and so on.

In the process, we not only provide diversified lifestyle services, but also contribute to local economic development and community construction. This is an important aspect of our ESG responsibility and demonstrates SF Intra-city’s responsibility to the people and society as a company.

Case: Innovative Practices in Supply Chain Optimisation for Baoji Agents

In the early days of flower delivery in Baoji, Shaanxi Province, we used a linear delivery model: starting from the place of origin, travelling through a transit station, and then delivering to each flower shop door-to-door. Undoubtedly, this mode of delivery could satisfy the basic needs of both merchants and consumers, but when it came with peak periods, problems of timeliness and efficiency began to emerge.

In order to solve this problem, our agent in Baoji cooperated with local flower shops to implement an innovative supply chain optimisation solution, whereby flowers could be transported directly from their place of origin to sites in various shopping districts, and then delivered to individual flower shop by riders in the final step. This change has greatly improved the delivery efficiency and better met the high demand for timeliness in flower delivery. This supply chain optimisation solution not only improves the efficiency of our business and takes on local riders, it also protects the environment by reducing energy consumption and carbon emissions during the transportation. At the same time, providing an efficient delivery service reflects our social responsibility practices and our efforts to meet our customers’ needs.

Society Teaming up for Greater Harmony

Case: Community Group Purchase Transformation of Jinan Agent

Our agent in Jinan has successfully upgraded its community group purchases to meet the needs of the park's development and people's livelihood. Prior to the transformation, community group purchases in the park were mainly self-pick-up. While this model met the needs of community residents to a certain extent, it also had some problems, such as wear-and-tear of the goods.

In order to improve these issues and meet more of our residents' needs, our agents underwent an innovative upgrade. The community group purchase model after transformation is no longer limited to pick-up only, but adds door-to-door service. This transformation not only reduces wear-and-tear and damage to goods, but also better meets the needs of the community. At the same time, our agent has invested in logistics infrastructure to support this new delivery model. These include warehousing facilities, delivery centres and delivery vehicles, all of which are designed to provide better and more efficient door-to-door service. This upgrade of our Jinan agent's community group purchase demonstrates how we can better meet the needs of community residents by optimising business processes and improving service quality.

Promoting the Industry Development

As the largest third-party on-demand delivery service platform in China, SF Intra-city takes neutrality, openness, inclusiveness, mutual benefit, fairness and trustworthiness as the principles of industry cooperation and exchange, which are interrelated and together constitute SF Intra-city's code of conduct and development path in the market.

Joining in Industry Associations and Participating in Standards Development and Research

In order to promote the standardization and normalization of the community group purchase and on-demand retail industries, and to enhance the service quality and efficiency of the entire industry, we have participated in the research of group standards related to the performance capability of on-demand delivery together with relevant departments and research institutes. In 2023, the State Administration of Market Regulation and the State Standardization Administration released the first national standard in the field of on-demand delivery, "Standard of Service for On-demand Delivery", in which SF Intra-city, as a representative enterprise of the industry, took part in the formulation of the standard. Meanwhile, in order to better serve the delivery needs of catering enterprises and promote the timely updating of delivery service standards, we have joined hands with local catering chain brands to establish the Catering Delivery Service Association (餐飲配送服務業協會). This initiative not only reflects SF Intra-city's leading position in the industry, but also demonstrates our social responsibility in promoting industry progress and maintaining market order.

In addition, SF Intra-city actively participates in industry cooperation and exchanges to facilitate industry exchange and experience sharing, and establishes ties with industry associations including China Federation of Logistics and Purchasing, China Chain Store and Franchise Association, China Hotel Association, Guangzhou Association of Highway Transportation Industry, Beijing Express Association, etc., to continuously enhance communication and exchanges between enterprises and partners in the industry.

As of the date of this report, all associations in which SF Intra-city participates are in compliance with the Paris Agreement framework and are committed to strengthening ESG construction.

Society Teaming up for Greater Harmony

Integration of Public and Private Resources to Enhance Service Capacity

We are committed to serving merchants of all sizes, while remaining sensitive and responsive to changes in the marketplace to ensure that we are able to adapt to the ever-changing consumer demands and technological advances. At the same time, we keep an open mind on establishing cooperative relationships with different partners to create a win-win business environment by sharing resources and information and enhancing service efficiency. Fairness and trustworthiness are at the core commitment of SF Intra-city's relationship with its partners, ensuring that integrity and transparency are maintained and a solid foundation of trust is built. In this way, we continue to improve our service quality, technological innovation, public and private cooperation and participation in industry standard development to promote the overall progress of the on-demand delivery service industry and our own sustainable growth.

Through industry cooperation, SF Intra-city has expanded its delivery network and improved the efficiency of business operations. In terms of cross-industry cooperation, we have explored innovative applications in logistics business scenarios by accessing our partner's Intelligent Cloud and Artificial Intelligence Generated Content (AIGC) technologies, which not only improves the user experience, but also further enhances the efficiency of intelligent customer service, rider question and answer searches, and the creation and promotion of training content. In terms of government-enterprise cooperation, SF Intra-city, under the guidance of the Bureau of Human Resources and Social Security of Shenzhen, launched a special campaign on work-related injury insurance and publicity and education for full-time employees and riders, with the aim of improving their ability to prevent work-related injuries.

Society Teaming up for Greater Harmony

Focus on the Rights and Interests of Female Riders

SF Intra-city has always regarded the growth of and care for riders as an important issue in the Company's development, and has been investing more and more in the care for female riders, so as to provide full protection for "female" on-demand power.

SF Intra-city takes the rights of "on-demand delivery flowers" (即配之花) seriously and puts its care into practice. In terms of delivery arrangements, for example, the scheduling arrangement of each site facilitates female riders by scheduling them during the daytime as much as possible and avoiding the nighttime and other times when the safety risk is relatively high; female riders can also adjust the order settings on the SF Intra-city APP to take into account the actual situation during the process of receiving and delivering orders. We also set up an intelligent scheduling logic, with a tendency to "lighten and refine" the types of orders taken by female riders, allowing them to take on more deliveries such as flowers and cakes, jewelry and luxury goods, etc., to suitably take care of women's physical conditions, and to give full play to their rigorous and meticulous advantages.

In terms of welfare, SF Intra-city has introduced exclusive uniforms for female riders, which is a precedent in the industry. In October 2023, SF Intra-city organised "two cancers" screening and caring activities for eligible female riders in Guangzhou and Shenzhen to enhance the awareness of "prevention and control of cancer".

SF Intra-city respects and cares for every female rider, listens to the voices of female riders and cares for the rights of female riders with practical actions, and gives full play to SF Intra-city's "female" power.



Figure: SF Intra-city female rider delivering files



Figure: SF Intra-city female rider delivering fresh flowers

04

Service **Sincerity and Precision,** **Dedication to Excellence**

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Service Sincerity and Precision, Dedication to Excellence

Providing Quality Services

As the largest third-party on-demand delivery service platform in China, the SF Intra-city is committed to providing customers with quality, efficient and multi-scenario on-demand delivery services. Under the “user-centric, demand-oriented and experience-based” service concept, the Company continues to optimise the quality of service and effectively meets the changing needs of merchants and consumers with a multi-channel and multi-scenario business model. Driven by technology, the Company builds a protection mechanism for customer rights and interests in all application scenarios and service experience, and provides faster and higher quality services to both merchants and individual customers in a wider range of life and work scenarios.

Our on-demand delivery services are designed to meet the instant and time-sensitive delivery needs of our customers. We believe that providing quality and efficient performance is our core competency. Facing with the growing demand for intra-city on-demand delivery and more diversified service scenarios, the Company strives to enrich its product categories, diversify industry solutions and constantly expand our business scenarios coverage from on-demand delivery to personal compliance service and continue to provide high-quality services.

Product Responsibility

Guarantee of Delivery Safety

The Company attaches great importance to delivery safety, which is the foundation of our operation, and it is our long-term commitment to ensuring that goods are delivered safely to our customers. On one hand, the Company implements digital operations. All the order information is processed online. The order status can be inquired in real-time, and the platform will track the order status in backstage and provide real-time warnings for abnormal orders. On the other hand, the Company provides guidance and safety training on pick-up and delivery instructions for each registered rider (for details, please refer to the section “Safety and Security of Riders” in the Governance of this ESG Report) to ensure that each rider on duty understands and can ensure maximum delivery safety.

For customers, they can also choose from a variety of options such as privacy protection, pick-up and receipt codes, and insured valuable items when placing orders to protect personal privacy and item security, thus increasing customer satisfaction and recognition of the Company’s delivery safety. In addition, to control delivery of illegal and prohibited items, the Company has established a list of prohibited items, including but not limited to flammable materials, explosives, weapons, petrol and drugs. Customers are required to specify the properties of their deliverables before placing an order, and riders must check all items before handling them, in order to maintain public safety and to protect customer rights.

Information Security and Privacy Protection

In order to provide safe and reliable platform services, the Company has formulated the *SF Intra-city Privacy Policy*, applicable to users and riders respectively and internal policies such as the *SF Intra-city Information Security and Privacy Management Strategy Manual*, and the *SF Intra-city System Privacy Data Security Management Specification*, in accordance with the national standards such as the *Information Security Technology – Personal Information Security Specification*, and *Cybersecurity Law of the People’s Republic of China*, *Personal Information Protection Law of the People’s Republic of China* and *Data Security Law of the People’s Republic of China*. Through multiple channels such as official website and APP, users and riders are clearly informed of the principles of personal information protection, which include the scope of collection, processing methods, the protection measures and mechanism of personal information. In this way, users and riders can clearly understand how their personal information is collected, used and protected by the Company, thus enhancing their senses of trust and security in the Company’s services. (For details, please refer to the section “Information Security” in the Governance of this ESG Report).

Service Sincerity and Precision, Dedication to Excellence

Responsible Marketing

We are aware of the risks and legal responsibilities involved in marketing and therefore give top priority to fairness in marketing and the protection of consumer rights. The Company strictly complies with the *Advertising Law of the People's Republic of China* and other relevant laws and regulations, and scrupulously implements the requirements of the *SF Intra-city Social Media Management System*. By establishing a strict brand marketing management mechanism, we regulate the management, operation and content review of our brand to avoid any false, misleading, fraudulent, unfair or ambiguous marketing situation.

Product Enhancement and Innovation

Based on the concept of "high quality, high efficiency, and multi-scenario", we have formed a diversified product matrix to satisfy the needs of merchants and consumers for customized and standardized real-time delivery services. Please refer to the Business section of the Annual Report for details.

Our technological capabilities and infrastructure are critical to our business operations, and we insist on casting capacity barriers driven by technology. Our customers come from a wide range of industries and their delivery needs vary significantly in terms of items, timeliness, distance, etc. Our self-developed CLS effectively supports large volume and highly differentiated orders through three core functions, completes the most efficient matching and distribution within a short time to meet various fulfillment needs, which continuously enhanced delivery efficiency and customer experience, in a bid to build a barrier of professional and differentiated delivery capability.

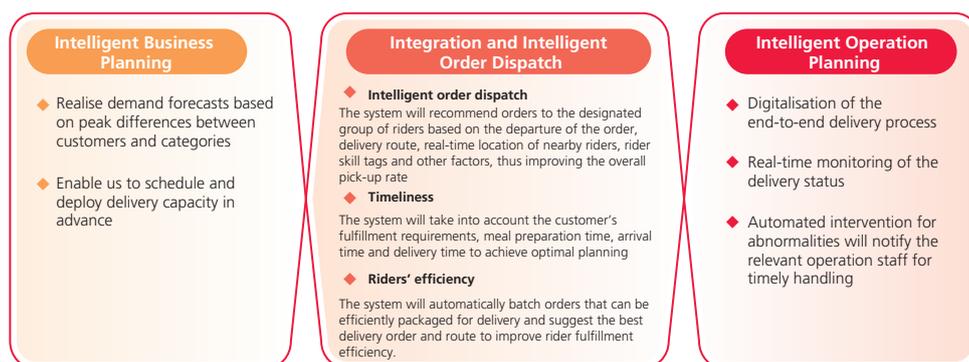


Figure: Three core functions of the city logistics system

As of the end of the Reporting Period, the delivery services provided by the Company cover more than 2,000 cities and counties nationwide. Our fulfillment-in-time rate reached 95%, and fluctuations of the fulfillment-in-time rate did not exceed 2% and 3% even during holidays and bad weather respectively.

We insist on technological innovation and external empowerment. Based on the accumulation of our technological capability, the Company launched the "SF Intra-city Delivery Cloud" SaaS real-time logistics system, which provides one-stop intra-city logistics solutions for on-demand delivery service providers and brands with self-delivery businesses. By sharing our platform system capabilities, the "SF Intra-city Delivery Cloud" real-time logistics system aims to achieve full coverage with intelligent multi-scenario capabilities, the full-process monitoring with intelligent management systems, big data assistance with intelligent operation centres and accurate simulations with intelligent simulation systems, so as to help partners in local retail business deployment and gain development opportunities.

Service Sincerity and Precision, Dedication to Excellence

We also actively respond to the call of the government and insist on technology for goodness. To make it easy for special people to use our on-demand delivery services, we have upgraded and improved our online functions of APPs, applets, etc. For visually impaired users, the Company adds descriptive labels to clickable areas or buttons on the critical path to place an order, so that when visually impaired users touch the designated location, voice prompts are issued to help them place orders smoothly. For deaf riders, intelligent voice tools are provided to support human-machine interaction and customer communication, and optimise the SMS module to support the convenient sending of SMS, so as to further improve the work and life experience of special riders. Focusing on middle-aged and elderly users, the Company actively transforms the product age-friendly, so that the middle-aged and elderly users can turn on the voice reminder and adjust the volume to timely receive information, such as the rider's order-taking status.

Customer Experience and Customer Complaint Management

For users, we insist on experience-oriented optimisation. So far, the Company has established an internal "end-to-end experience monitoring and management" system for the full process, paying continuous attention to internal and external users, including merchants, riders and consumers to form a comprehensive monitoring and managing from awareness to experience, including but not limited to platform brand awareness, usage considerations, satisfaction NPS, potential demands, customer complaints and handling, etc.

To learn more about user experience and demands, the Company conducts periodic monitoring and special research through a combination of online and offline methods. Based on various situations and feedback, the Company delves into problems for specific categories, people, steps and products, understands various pain points and needs, identifies problems and proposes solutions by virtue of qualitative and quantitative analysis, and monitors the implementation of solutions on a rolling basis for a closed cycle of customer experience management. Through a combination of internal and external experience, qualitative and quantitative analysis, periodic and special research, the system keeps offering solutions for improving products and services, and new market opportunities, which will continuously and effectively improve customer experience. During the Reporting Period, we have screened and identified a number of issues to be improved, such as customers failing to find the invoice portal of the system, and riders being unable to contact the party placing the order, etc. After analysing these issues, an optimisation plan is formulated immediately, and the average time for handling customer complaints has been improved, and the experience of consumers and riders has also been greatly enhanced. The Company attaches great importance to the top ten problems that need improvement and actively promotes optimisation measures. By tracking and analysing the pain points of the problems, the Company formulates special enhancement plans targeting the weak points and monitors the implementation effect to ensure that the problems are solved in a closed loop.



Figure: Customer Experience Management System

Service Sincerity and Precision, Dedication to Excellence

For complaints and problem resolution, customers may easily and quickly contact the platform for enquiries and complaints via multiple channels, including hotlines, APP complaint section and online customer service. With an aim to standardize the processes of customer complaint acceptance and claim settlement, the Company has improved the *SF Intra-city On-demand Delivery Operational Guidelines for Handling Customer Complaints*, *Individual Customer Claim Settlement Clauses* and other systems. In the process of handling customer complaints, customer service personnel will identify and classify the problems, screen out major exceptional problems with high risks in terms of safety, brand and noncompliance reporting, and adopt corresponding escalation mechanisms to rapidly handle and properly solve the problems. During the Reporting Period, we actively promoted the intelligent order management system to reduce tedious manual operations in customer service and improve the efficiency of order management. In addition, in view of the increasing cities and counties with round-the-clock service, the online customer service hours were expanded to 24×7 to meet customers' service needs round the clock. During the Reporting Period, we received 192 complaints per million orders, and 100% of consumer complaints are addressed properly.

In 2023, the Company launched a full chain, full coverage satisfaction experience survey including merchants, riders, and consumers, with the satisfaction rates at the forefront of the industry.

Responsible Procurement

In pursuit of the cooperation philosophy of honesty and integrity, understanding and communication, enhancement and optimisation, SF Intra-city is committed to building a responsible supply chain, ensuring quality delivery of products and services, and establishing close and stable cooperative relationships together with upstream and downstream partners to jointly build an industry ecosystem of win-win cooperation.

Institutionalized Management of Suppliers

The Company constantly improves the full-process supplier management system. To be specific, the Company has set up a special procurement department and formulated a series of internal management policies, including *Administrative Measures for Suppliers Introduction*, *Administrative Measures for Suppliers Certification for Centralised Procurement*, *Operational Guidelines for On-site Audit of Suppliers*, *Procurement Management Policy*, and *Supplier Management Policy*. These policies clarify the standards and requirements for suppliers, and provide full process management of suppliers from registration, daily management to fulfillment evaluation, in order to maximize the control of supply chain risks and provide effective protection for the establishment of a regulated and sustainable supply chain system.

In 2023, the Company revised and improved the *Procurement Management Policy*, and for special procurement, new relevant approval process nodes were added to further enhance the Company's internal control.

Supplier Access and Evaluation

In the process of supplier selection, we strictly follow the *Administrative Measures for Suppliers Introduction* to conduct due diligence on suppliers. According to the procurement requirements, the procurement team will assess the overall status of the supplier, and the leading business department will conduct technical assessment, and the supplier will be included as a qualified supplier only after the approval of the Procurement Committee. In addition, for some types of procurement, such as ongoing procurement, the procurement team will combine on-site evaluation and inspection, and qualified suppliers will be introduced after certification.

In order to ensure that the service or product quality of the introduced suppliers meets the standards and expectations of our Company, we initiate annual performance evaluation of our suppliers in accordance with the *Supplier Management Policy*. The performance of suppliers is assessed in terms of product quality, service capability, co-operation and responsiveness. We award "Excellent Supplier" to suppliers with outstanding performance, and suspend cooperation with those suppliers whose performance is not up to standard, and withdraw them from the management if they are still not up to standard after rectification.

Service Sincerity and Precision, Dedication to Excellence

Supplier Compliance Management

The Company follows the basic principles of fair, just, honest and transparent procurement to ensure that the whole procurement process to realise “transparent introduction” at the front office, “fair process” at the middle office and “fair supervision” at the back office, thus ensuring an honest and clean procurement environment.

The Company formulates and encourages suppliers to sign the “SF Intra-city Integrity Agreement” when signing contracts and provides “Sunshine Procurement Notice” to ensure that they comply with our Company’s business ethics and procurement rules, and prohibits any form of soliciting, bribing or accepting bribes. At the same time, the Company will specify the reporting channels for suppliers in the tender documents, so that if suppliers find any behaviour that affects fair trade or other irregularities, they can report and complain.

In the event of a breach of business ethics, the Company adopts the “zero tolerance” principle and will terminate cooperation with the relevant supplier in a timely manner and remove it from the list of qualified suppliers. If the Company receives a report involving a supplier or discovers on its own initiative that a supplier has engaged in malpractice, the Company will assess whether to accept or investigate the report in accordance with the Rules Governing the Management of Reports, and will issue a written report on the investigation of the report, so that the Demand Department and the Procurement Department can handle the supplier and impose penalties. If a crime is involved, the Company will report the case to the public security authorities and pursue the criminal and civil liabilities of the relevant personnel.

In 2023, the signing rate of the Supplier Integrity Agreement was 100% and the number of reports or complaints of fraud received was 0.

Supplier Environment and Social Responsibility Management

In order to better manage supplier-related environmental and social risks, suppliers are encouraged to incorporate environmental, social and governance considerations into their own risk management, and keep consistent with the Company’s relevant Responsibility Policy and Code of Conduct.

The Company’s commitment to the environment and society extends throughout the supply chain. During on-site review of our manufacturing suppliers, we include environmental requirements such as ISO 9000 certification and Restriction of Hazardous Substances, RoHS into our assessment of suppliers’ environmental and social risks. For suppliers with whom we have established a cooperative relationship, we sign a cooperation contract with them, which includes clauses on environmental protection and social responsibility, specifying that the supplier has to fulfil the corresponding responsibilities and implement the concept of green procurement.

In the event that the current supplier ceases operation due to environmental and social risks and issues, we will turn to a standby supplier to ensure stable procurement and timely delivery of products or services.

Promoting Green Procurement Concepts

Committed to taking on more corporate responsibilities, as an advocate and practitioner of green environmental protection, the Company actively responds to national policies, and takes the lead to drive partners to accelerate the sustainable development of the on-demand delivery industry through various R&D and cooperation activities.

In terms of packaging, in order to reduce the use of disposable document envelopes, we have actively developed and put into use recyclable document envelopes. It is estimated that each recyclable document envelope can reduce the use of 50 paper document envelopes, which greatly promoted the resource conservation while enhancing the recycling efficiency, and reduced the carbon footprint of products.



Figure: Recyclable envelopes



Figure: Recyclable cake bag

Building a Transparent Procurement Platform

In 2023, the Company invested in the construction and put into use of "Enterprise Purchase Mall" (企業購商城). Through the intelligent, efficient and transparent integrated procurement management platform, it can effectively accumulate the Company's supplier resource and improve the efficiency of our supplier management.

The Mall realises a closed loop from budget management, demand application to procurement payment with functions such as supplier self-registration, certification management, classification management, order management, contract management and performance management etc. By publishing and managing procurement information online, it realises the online procurement process and achieves efficient internal and external collaboration, which not only ensures the transparency of the procurement process but also enhances the procurement efficiency.

Appendix

ESG Key Performance Overview

KPIs	Unit	2023	2022
A: Environmental¹			
A1: Emissions			
A1.1	tCO ₂ e	The Company's own operation does not involve gas fuel consumption and use of motor vehicles, so there is no available emission data on air pollutants SO ₂ , NO _x and PM.	The Company's own operation does not involve gas fuel consumption and use of motor vehicles, so there is no available emission data on air pollutants SO ₂ , NO _x and PM.
A1.2			
Direct GHG emissions (Scope 1) ²	tCO ₂ e	0	0
Indirect GHG emissions (Scope 2) ³	tCO ₂ e	350.35	311.79
Indirect GHG emissions other than those in Scope 2 (Scope 3)	tCO ₂ e	93,783.94	Added in 2023
- Type 1: Emissions from the use of products sold ⁴	tCO ₂ e	83,272.92	Added in 2023
- Type 2: Emissions from employees business travels ⁵	tCO ₂ e	455.58	Added in 2023
- Type 3: Emissions from goods and services sold (supplier activities) ⁶	tCO ₂ e	10,055.44	Added in 2023
Total GHG emissions	tCO ₂ e	94,134.29	311.79
GHG emissions intensity	tCO ₂ e/RMB million revenue	7.60	0.03
A1.3			
Total hazardous waste produced	t	The Company's own operation does not involve the generation of a large amount of hazardous waste, and the generation of hazardous waste in the office process has not been counted this year.	The Company's own operation does not involve the generation of a large amount of hazardous waste, and the generation of hazardous waste in the office process has not been counted this year.
Hazardous waste intensity	t/employee		
A1.4			
Total non-hazardous waste produced ⁷	t	2.02	1.98
Non-hazardous waste intensity	t/employee	0.0002	0.001

1 The environmental data covers the offices of SF Intra-city and its subsidiaries.

2 The Company's own operation does not involve the GHG emissions from direct energy consumption.

3 The source of grid electricity GHG emission factor is Notice on the work related to the management of GHG emission reports of enterprises in the power generation industry for 2023-2025.

4 Refers to carbon emissions from the delivery chain.

5 Business travel data includes air travel data. Greenhouse gas emission factors are from the International Civil Aviation Organization (ICAO).

6 Refers to carbon emissions from supplier activities. The suppliers selected for inclusion in the calculation accounted for about 60% of the total procurement value.

7 The total amount of non-hazardous waste only includes waste paper, the scrap electronic equipment is not counted by weight.

KPIs	Unit	2023	2022
A2: Use of Resources			
A2.1			
Electricity consumption	kWh	614,334.27	546,719.24
Comprehensive energy consumption (excluding delivery session)	MWh	614.33	546.72
Comprehensive energy consumption (excluding delivery session) intensity	MWh/ RMB million revenue	0.05	0.05
Resource used in delivery session ⁸			
Electricity consumption of delivery	kWh	146,016,000.00	Added in 2023
Comprehensive energy consumption (including delivery session)	MWh	146,630.33	Added in 2023
Comprehensive energy consumption (including delivery session) intensity	MWh/RMB million revenue	11.84	Added in 2023
A2.2			
Total water consumption	m ³	6,923.00	5,879.87
Total water consumption intensity	m ³ /RMB million revenue	0.56	0.57
A2.5			
Packaging used	t	10.36	152.38
Packaging intensity	t/RMB million revenue	0.0008	0.01
B. Social			
B1: Employment			
B1.1⁹			
Total number of employees	Person	2,041	2,178
Total workforce by gender			
Male	Person	1,485	1,574
Female	Person	556	604
Total workforce by employment type			
Management	Person	40	34
Non-management	Person	2,001	2,144
Total workforce by age group			
29 and below	Person	737	863
30-49	Person	1,290	1,304
50 and above	Person	14	11
Total workforce by geographical regions			
China Mainland	Person	2,039	2,176
Hong Kong, Macau, Taiwan and overseas	Person	2	2

⁸ Resource used in delivery session refers to the electricity consumption by the Company's riders' electric vehicles. Such consumption is not included in our business operation. Yet, relevant data will be adopted in the Company's Scope 3 calculation.

⁹ Total number of employees includes the number of full-time employees that signed formal labour contracts with SF Intra-city.

Appendix

KPIs	Unit	2023	2022
B1.2¹⁰			
Overall employee turnover rate	%	28.47%	27.96%
Employee voluntary resignation rate	%	23.99%	Added in 2023
Employee turnover rate by gender			
Male	%	28.48%	27.83%
Female	%	28.42%	28.31%
Employee turnover rate by age group			
29 and below	%	34.19%	34.65%
30-49	%	25.27%	23.54%
50 and above	%	21.43%	27.27%
Employee turnover rate by geographical regions			
China Mainland	%	28.40%	27.94%
Hong Kong, Macau, Taiwan and overseas	%	100%	50.00%

KPIs	Unit	2023	2022	2021
B2: Health and safety				
B2.1				
Number of work-related fatalities of employees	Person	0	0	0
Rate of work-related fatalities of employees	%	0%	0%	0%

KPIs	Unit	2023	2022
B2.2			
Lost days due to work injury of employees	Days	0	0

10 The formula for calculating the employee turnover rate is: the number of each category employees left in the current year/the number of each category employees at the end of the current year* 100%.

KPIs	Unit	2023	2022
B3: Development and training			
B3.1			
The percentage of employees trained	%	99.80%	99.86%
The percentage of employees trained by gender			
Male	%	99.87%	99.81%
Female	%	99.64%	100%
The percentage of employees trained by employee category			
Management	%	100%	100%
Non-management	%	99.80%	99.86%
B3.2			
The average training hours completed per employee	Hours	42.53	37.77
The average training hours completed per employee by gender			
Male	Hours	42.64	39.97
Female	Hours	42.22	32.03
The average training hours completed per employee by employee category			
Management	Hours	80.60	23.68
Non-management	Hours	41.77	37.99
B5: Supply chain management			
B5.1			
Number of suppliers in China Mainland	Units	335	634
Number of suppliers in Hong Kong, Macau, Taiwan and overseas	Units	5	30

Appendix

KPIs	Unit	2023	2022
B6: Product responsibility			
B6.1			
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	The Company only provides delivery services, and does not assume corresponding responsibility for the goods delivered (except for claims caused by our company's responsibility, such as loss or damage during the delivery process), and does not involve product recalling.	The Company only provides delivery services, and does not assume corresponding responsibility for the goods delivered (except for claims caused by our company's responsibility, such as loss or damage during the delivery process), and does not involve product recalling.
B6.2			
Percentage of products – and service-related complaints received	Times/million parcels	192	187
B7: Anti-corruption			
B7.1			
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period	Cases	0	0
B7.3			
Total duration of anti-corruption training	Hours	3,296	2,236
The number of people participating in anti-corruption training	Attendances	9,023	8,414
The number of board members and senior management participating in anti-corruption training	Attendances	170	161
Duration of anti-corruption training for the board of directors and management	Hours	255	287
Community			
B8: Community Investment			
B8.2			
Investment in the public welfare project for riders	RMB ten thousand	10+	18
The number of people participating in voluntary activities	Attendances	60	Added in 2023
Time invested in voluntary activities	Hours	360	Added in 2023

ESG Index

Aspects	Index number	Index content	Disclosure paragraph
A. Environmental			
A1: Emissions	General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Practicing Low-carbon Operation
	A1.1	The types of emissions and respective emissions data.	ESG Key Performance Table
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Indicators and Goals
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Practicing Low-carbon Operation
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Practicing Low-carbon Operation
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh '000s) and intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Indicators and Goals
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Indicators and Goals
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	ESG Key Performance Table

Appendix

Aspects	Index number	Index content	Disclosure paragraph
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Practicing Low-carbon Operation
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Practicing Low-carbon Operation
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Tackling Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Tackling Climate Change
B. Social			
B1: Employment	General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	A Sound Talent Pool
	B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	ESG Key Performance Table
	B1.2	Employee turnover rate by gender, age group and geographical region.	ESG Key Performance Table
B2: Health and Safety	General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employees' Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	ESG Key Performance Table
	B2.2	Lost days due to work injury.	ESG Key Performance Table
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employees' Safety

Aspects	Index number	Index content	Disclosure paragraph
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employees' Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	ESG Key Performance Table
	B3.2	The average training hours completed per employee by gender and employee category.	ESG Key Performance Table
B4: Labour Standards	General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employees' Rights and Interests
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employees' Rights and Interests
	B4.2	Description of steps taken to eliminate such practices when discovered.	Employees' Rights and Interests
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Procurement
	B5.1	Number of suppliers by geographical region.	ESG Key Performance Table
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Responsible Procurement
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Procurement
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Procurement

Appendix

Aspects	Index number	Index content	Disclosure paragraph
B6: Product Responsibility	General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	ESG Key Performance Table
	B6.2	Number of products and services related complaints received and how they are dealt with.	Providing Quality Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	The Company's business doesn't involve the production and manufacturing of the products
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security
B7: Anti-corruption	General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	ESG Key Performance Table
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics
Community			
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Serving the Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Serving the Community
	B8.2	Resources contributed (e.g. money or time) to the focus area.	ESG Key Performance Table



Hangzhou SF Intra-city Industrial Co., Ltd. 2023 Annual ESG Report

Third-party Independent Certification Statement

(1) Nature and Scope of Verification

China Chengxin Certification (Shenzhen) Co., Ltd. (referred to as "China Chengxin Certification (Shenzhen) Co., Ltd." or "Certification Agency") is commissioned by Hangzhou SF Intra-city Industrial Co., Ltd. (referred to as "SF Intra-city" or "Reporting Organisation") to conduct third-party certification on the sustainability information disclosed in SF Intra-city's ESG report for the year 2023 (referred to as the "ESG Report"), and to disclose the certification results to the users of the ESG Report in the form of an independently issued certification statement.

(2) Users of the Certification Statement

This certification statement is intended to be provided to all stakeholders of SF Intra-city.

(3) Disclaimer

SF Intra-city's responsibility is to prepare the ESG Report in accordance with the ESG Reporting Guide as set out in Appendix C2 of the Listing Rules, and to follow the certification content and scope agreed upon with the certification agency, provide the necessary documents and materials for certification to the certification agency, establish an appropriate management and monitoring system for certification performance indicators, and ensure that the performance data of certification will remain consistent in the disclosure documents after verification.

The responsibility of the certification agency is to follow the certification standards, adhere to the certification content and scope agreed upon with the Reporting Organisation, verify relevant matters within the scope of the Reporting Organisation's ESG Report, evaluate the certification content reasonably through internal control procedures, and aim to inform the stakeholders of the Reporting Organisation, expressing opinions on the text and data within the specified certification scope.

(4) Primary Basis of Verification

China Chengxin Certification (Shenzhen) Co., Ltd., in accordance with the certification scheme formulated based on the requirements stipulated by the China National Accreditation Service for Conformity Assessment for Conformity Assessment (CNAS-CV01) and ISO/IEC 17029:2019 "Conformity assessment – General principles and requirements for conformity assessment bodies," utilises the AA1000 Assurance Standard version 3 to conduct a "Type-2 Moderate Assurance" certification on SF Intra-city's ESG report for the year 2023.

(5) Scope and Content of Verification

- Based on the type and depth of verification, the ESG Report prepared by SF Intra-city is verified according to the degree of adherence to the four principles of certification outlined in AA1000 (Inclusivity, Materiality, Responsiveness, and Impact).
- The reliability and quality of specific performance information in the report are assessed.
- The certification boundary generally aligns with the scope of the consolidated financial statements of the Reporting Organisation, with some adjustments made to the boundaries of certain performance data.

Third-party Assurance Report

(6) Certification Methodology

To ensure the effective implementation of the certification work, China Chengxin Certification (Shenzhen) Co., Ltd. has formulated a certification implementation plan and schedule. The certification process is carried out with an objective attitude and mainly includes the following procedures and methods:

- China Chengxin Certification (Shenzhen) Co., Ltd. conducts online interviews with management personnel responsible for report preparation and providing relevant information.
- The adherence of the Reporting Organisation to the AA1000 principles is assessed, and stakeholder management practices and business processes are examined and reviewed based on interviews and collected supporting materials.
- Sampling checks are performed on selected specific performance information to assess their reliability and quality.
- Selected specific performance information is recalculated.
- Any other necessary work deemed by China Chengxin Certification (Shenzhen) Co., Ltd.

(7) Findings and Conclusions

Based on the AA1000 Assurance Standard v3, China Chengxin Certification (Shenzhen) Co., Ltd. conducted a “Type-2 Moderate Assurance” certification on the sustainable development information disclosed in the ESG Report of the Reporting Organisation and reached the following conclusions:

Compliance with AA1000 (2018) Principles in the ESG Report:

- **Inclusivity:** SF Intra-city has identified key stakeholders, including shareholders and investors, employees, customers, riders, suppliers and partners, government and regulatory agencies, industry associations, media, and the public. It maintains regular, proactive, and effective communication with stakeholders, continuously monitors stakeholder expectations, and appropriately involves key stakeholders in company decision-making. The ESG Report largely meets the requirements of the inclusivity principle.
- **Materiality:** SF Intra-city identifies stakeholders’ focus areas, conducts assessments of significant sustainability issues based on its development plans, industry characteristics, and national policy requirements, and discloses the assessment process and priority assessment results of key issues. The ESG Report largely meets the requirements of the materiality principle.
- **Responsiveness:** SF Intra-city responds to significant sustainability issues of stakeholder concern in the ESG Report. The ESG Report largely meets the requirements of the responsiveness principle.
- **Impact:** SF Intra-city actively conducts impact assessments of significant sustainability issues, integrates the identification results of major issues with risk management, and implements internal control and risk control management systems. It also conducts climate risk identification and internal and external impact analysis to prevent potential risks. The ESG Report largely meets the requirements of the impact principle.

Quality of Specific Performance Information in the ESG Report (If not specifically stated otherwise, the following specific information is all within the scope of “SF Intra-city and its subsidiaries”)

- Purchased Electricity
- Total Water Consumption
- Comprehensive Energy Consumption (excluding delivery processes)

Third-party Assurance Report

- Total Greenhouse Gas Emissions
- Direct Greenhouse Gas Emissions Scope 1
- Indirect Greenhouse Gas Emissions Scope 2
- Total Non-hazardous Waste
- Total Number of Employees
- Number of Female Employees
- Number of Employees Who Died Due to Work-related Incidents
- Number of Workdays Lost Due to Work-related Injuries
- Number of Mainland China Suppliers
- Number of Suppliers in Hong Kong, Macau, Taiwan, and Overseas Regions

During the certification process of the above specific performance information, no systemic or material errors were found.

(8) Limitations

- Due to the absence of internationally recognised and universally applicable standards for the evaluation and measurement of non-financial data, different acceptable evaluation methods and measurement techniques may impact the comparability of data across different organizations.
- China Chengxin Certification (Shenzhen) Co., Ltd. did not verify other key performance indicators beyond those indicated in the certification statement.
- This certification only involved interviews and document certification with relevant departmental management personnel of SF Intra-city and did not include external stakeholders.

(9) Independence and Capability

China Chengxin Certification (Shenzhen) Co., Ltd. is an independent third-party organisation specialising in certification services. The certification team consists of professionals with expertise in the ESG industry and possesses a comprehensive understanding of AA1000AS v3, thereby demonstrating the capability to conduct ESG verifications. China Chengxin Certification (Shenzhen) Co., Ltd. and members of the certification team have no business relationships with SF Intra-city or its directors and senior management personnel. Additionally, under the control measures such as internal firewalls within China Chengxin Certification (Shenzhen) Co., Ltd. there is no conflict of interest with SF Intra-city, ensuring the independence of the certification work conducted in this instance.

(10) Independent Certification Opinion

Based on the methodology described above and the certification conducted, the information and data verified in the SF Intra-city's "2023 ESG Report" are confirmed to be accurate and reliable. The certification agency believes that this report can be used by the stakeholders of the Reporting Organisation.

Signature :



On behalf of China Chengxin Certification (Shenzhen) Co., Ltd.

China Chengxin Certification (Shenzhen) Co., Ltd.
April 9th, 2024

杭州順豐同城實業股份有限公司

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