

ABOUT THIS REPORT

This is the first annual Environmental, Social and Governance (hereinafter referred to as “**ESG**”) report (the “ESG Report”) published by the Company. Following the principles of balance, comparability, accuracy, timeliness, clearness and reliability, the ESG Report mainly discloses the management measures and results of the Company in respect of environment, society and governance.

Reporting scope

The period of the ESG Report ranges from January 1, 2021 to December 31, 2021. Unless otherwise specified, the scope of the ESG Report is the same as that of the Company’s 2021 Annual Report, which includes the Company and its subsidiaries.

Basis of Preparation

This report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (“**Reporting Guide**”) of Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”). This report follows the principles of “Materiality”, “Quantitative”, “Balance” and “Consistency” in the Reporting Guide.

The ESG Report is prepared undergoing a set of systematic procedures, including research and interviews, identifying major stakeholders, confirming ESG related major issues, understanding opinions of stakeholders, determining the materiality of the issues, deciding the disclosure scope of the ESG Report, collecting related materials and data, reviewing the materials and data, preparing the ESG Report based on the related materials and data collected, and reviewing and approving the ESG Report by the Board of Directors. It is recommended to read the part on governance in conjunction with the “Corporate Governance Report” section contained in this Annual Report.

Source of Information

The information and data in this ESG Report are mainly from the Company’s database, internal statistical reports, and public information, including prospectuses, annual reports, and media releases. Unless otherwise specified, all the amounts related to currency in the ESG Report are denominated in RMB.

Environmental, Social and Governance Report

Obtaining the ESG Report

As part of the 2021 Annual Report, this report can be viewed on and downloaded from the website of the Stock Exchange (www.hkexnews.hk) and the official website of the Company (www.sf-cityrush.com). For further inquiry, or if you have any comment or suggestion, please contact us via email at TCIR@sfmail.sf-express.com.

STATEMENT OF THE BOARD

As the largest third-party on-demand delivery service platform in China, the Company responds to the demand of merchants and consumers for on-demand delivery in the new consumption era, adheres to the development concept of “high-quality, efficient and multi-scenario”, and takes “Bring enjoyable lifestyle to your fingertips” as its mission, continues to build an open ecological system and provides the ultimate delivery experience for hundreds of millions of merchants and individual users through an efficient and diversified delivery network covering the whole city.

Since its inception, the Company has adhered to sustainability as the foundation of its long-term and steady business growth and attached great importance to the fulfillment of its corporate social responsibility. Upon Listing, the Company’s Board of Directors has established an effective mechanism for sustainable development management and built up an ESG governance structure with a clear hierarchical and well-defined division of labor.

The Board oversees material ESG issues relevant to the Company’s business, and considers the report of the ESG Leadership Group (defined below) on a regular basis. The Board specially reviews and deliberates the ESG Report of the Company in annual board meeting and examines the progress of the accomplishment of ESG goals.

During the Reporting Period, the Company examined data and set environmental targets in connection with business operation. In the future, the Board will discuss on further targets setting and development.

This report discloses the aforementioned ESG related matters in detail, and was reviewed and approved by the Board on March 30, 2022.

CORPORATE GOVERNANCE

ESG Governance

Based on the brand proposition of “delivery with warmth and professionalism”, the Company upholds the sustainability principle and actively assumes its social responsibility. The company establishes a well performing ESG governance structure, identifies key issues, and maintains good communication with stakeholders. Through these, the Company gradually improve ESG management, deliver high-quality, efficient, multi-scenario delivery services to merchants and individual users, and creates positive business and social value to make business more prosperous and people’s lives better.

ESG Governance Structure

In accordance with the ESG management guide of the Hong Kong Stock Exchange, the Company has established a three-level ESG governance structure consisting of governance, management and execution, and developed a top-down regulatory mechanism to effectively promote the key work under the environmental, social and governance issues of the Company, realizing the improvement of service level and the steady operation of the Company and contributing to the development of the on-demand delivery industry in a faster and more stable direction.



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Governance: the Board of Directors

- To regularly receive reports from ESG Leadership Group on ESG matters
- To review major ESG issues, such as release of ESG reports, setting ESG targets
- To check the progress of the implementation of the ESG related targets that have been set



Management: ESG Leadership Group

The CFO and the Secretary of the Board are in charge, and the members are composed of senior management from various business groups and functional departments related to ESG issues.

- To identify, evaluate and manage ESG issues
- To lead all departments to carry out ESG tasks
- To maintain ESG industry expert resources and understand the latest regulatory requirements
- To monitor ESG work progress
- To regularly summarize ESG work issues and report to the Board of Directors



Implement: ESG Working Group

It is composed of staff from various business groups and functional departments related to ESG issues.

- To implement specific ESG tasks by each department
- To collect ESG related information and data
- To report the work progress to the ESG Leadership Group

Stakeholder Communication

The Company fully considers the impact of its operation and services on stakeholders, attaches importance to the opinions of stakeholders, and has established a regular stakeholder communication mechanism. The Company maintains efficient communication with all our stakeholders through diverse and specific channels, takes the demands of all stakeholders as an important basis for the continuous improvement of the Company's ESG work, and routinely conducts regular and diversified communication with stakeholders by the means as set out in the following table.

Stakeholder	Concern	Means of communication
 Governments and regulatory authorities	<ul style="list-style-type: none"> • Compliance with laws and regulations, delivery safety • Tax compliance, creating jobs 	<ul style="list-style-type: none"> • Forum between government and enterprise • Supervision and inspection • Work and research reports
 Investors/ shareholders	<ul style="list-style-type: none"> • Robust operation, value creation • Compliant disclosure, openness and transparency 	<ul style="list-style-type: none"> • General meeting, results announcement • Company news, announcement and regular report • Investor survey, various conferences and presentations • External roadshow • Official website, email and hotline
 Employees	<ul style="list-style-type: none"> • Protection of rights and interests, employee care • Compensation and benefits, training and development 	<ul style="list-style-type: none"> • Team building activity, employee training • Feedback platform • Employee satisfaction survey
 Riders	<ul style="list-style-type: none"> • Protection of rights and interests, health and safety 	<ul style="list-style-type: none"> • Rider satisfaction survey • Rider care activity • Feedback platform

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Stakeholder	Concern	Means of communication
 Customers	<ul style="list-style-type: none"> • Service quality, efficiency and timeliness • Protection of rights and interests, information security 	<ul style="list-style-type: none"> • Service hotline, mailbox for complaints and suggestions • Questionnaire survey, customer interview • Online platforms, social media
 Charities	<ul style="list-style-type: none"> • Public charity, social value contribution 	<ul style="list-style-type: none"> • Rider public welfare plan
 Partners/industry associations	<ul style="list-style-type: none"> • Industrial innovation, win-win cooperation • Privacy protection, business ethics 	<ul style="list-style-type: none"> • Cooperative research • Industry summit and forum
 Media/the public	<ul style="list-style-type: none"> • Good interaction, information publicity • Service quality, protection of rights and interests • Privacy protection, business ethics 	<ul style="list-style-type: none"> • Handling of customer complaints and comments • Press conference, media interview • Official website, social media

Priority of Materiality Issues

To further clarify our ESG management focuses and timely respond to stakeholders' concerns, the Company established an ESG issue library, and collected feedback from various parties in form of online questionnaire as a significant basis for the corporate ESG management and information disclosure.



Based on our business model in combination with national policies and capital market requirements, the Company screened out 22 ESG issues by analyzing the scope of concerns of each stakeholder, and comparing with the measures of our peers.



The Company collected 372 responses to our questionnaire from investors, customers, employees, and other internal and external stakeholders to fully understand the ESG issues of the Company that were focused on by internal and external stakeholders.



Based on the stakeholder survey results, the Company ranked the ESG issues by their importance to stakeholders, and formed a list of materiality issues.



The Company submitted the assessment results of materiality issues to the management and obtained the management's affirmation and approval.

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Importance

Issue name

High
importance

Guarantee delivery safety
Data security and privacy protection
Technological innovation
Provide diversified and personalized service
Talent development and retention
Rider care
Employee health and safety
Employee diversity and human rights protection
Corporate governance
Business ethics and anti-corruption
Risk management

Moderate
importance

Improve service efficiency
Employee engagement
Employee care
Protect the interests of partners involved
Symbiosis and win-win with partners
Charity and volunteering

General
importance

Carbon footprint of packaging and delivery
Carry out environmental protection activities
Help local communities develop
Waste management and recycling
Climate change response

Table List of the Company's Materiality Issues

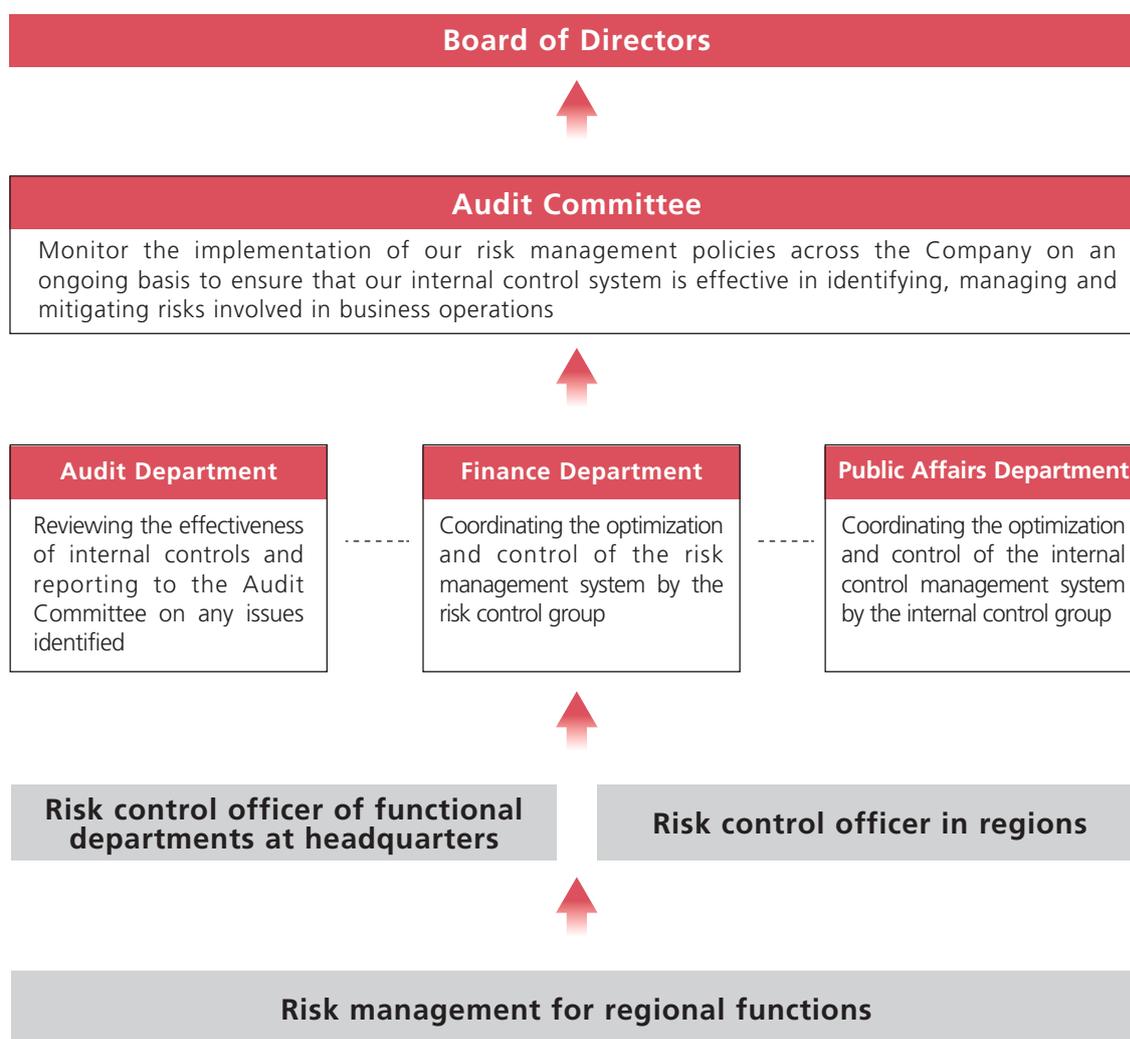
ESG Risk Management

Effective ESG risk management and internal controls are fundamental to safeguarding the Company's business operations and growth. The Company's ESG risk has been integrated into the enterprise risk management system. At present, the Company has identified potential risk such as intellectual property risk, industry policy risk, production safety risk, employment safety risk and human resource management risk, covering various aspects of ESG, of which climate change risk management is detailed in "Climate change adaption".

The Company has adopted and implemented comprehensive risk management policy in all aspects of business operations (such as delivery safety and rider safety, financial report, legal compliance, information systems and human resources management), and formulated the *Intra-city Risk Management System* and *Intra-city Risk Management Policy* that define the risk control management system and work processes. The Company also issued *the Implementation Manual for Internal Control of SF Intra-city Industrial* and *Evaluation Methods for Internal Control of SF Intra-city Industrial*, defining and standardizing the implementation scope, evaluation process and methods of the internal control to ensure the Company's operation compliance and risk control.

Meanwhile, for the purposes of constructing a comprehensive and effective risk control management system into the depths and further enhancing the Company's risk prevention ability, the Company has established a complete organizational structure for risk and internal control management and ensured that risks are effectively controlled through a three-level management system. The Board of Directors is the highest authority for risk management, and it, together with the Audit Committee forms the risk control strategy formulation organization, which is responsible for steering the risk management work and developing the risk management strategy. The audit department and finance department manage professional functions at the Company's headquarters, supervise the Company's business compliance and the effectiveness of internal controls, and the public affairs department, is responsible for the optimization and management of the risk control system as the risk control coordination and management organization. The risk control implementation organization consists of all functions and regions. Each business department has appointed a risk control liaison in charge of promoting the Company's relevant processes, systems, and compliance risk control ideas to the frontline business personnel, supervising regional implementation, and collaborating with specialized risk control departments for mutual complementation.

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The Company's Risk Management Structure

Under the risk management organization system, the Company regularly reviews key ESG-related policies to quickly respond to the policy trends. In 2021, the Company analyzed policies concerning green packaging, food safety, cybersecurity, platform economy antitrust, protection of labor rights and interests of workers and takeaway delivery workers in new employment forms, pandemic prevention and control and other aspects, and formulated internal operation guide, aiming to deal with policy risks in a proactive and effective manner and ensure the continued sound and efficient operation of the Company's business.

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The Company has designed the risk management courses and special training required for key positions, and carried out the special training in forms of online learning and examination. In 2021, in order to improve the targeted risk management and control ability of business regions, the Company conducted more than 35 training sessions for the relevant responsible officers, relevant local responsible persons, the risk control liaisons, local delivery outlet managers, and new hires. The Company also conducted training sessions that systematically expound the requirements of *SF Intra-city Risk Control Management* and *Risk Management for Local Delivery Outlet Manager*. Through regular special training, the Company's risk management staff at all levels can fully and efficiently identify various types of risks in the Company's operations and control them in a timely manner through internal control and other measures to reduce or even eliminate the impact caused by the risks.

The Company conducts third-party audits twice annually, and requires the responsible departments and responsible persons to make improvement to the risks indicated by external auditors. Meanwhile, the Company's audit department and internal control group carry out special internal inspection covering all product lines, business units and business processes irregularly according to the annual plan, report the problems found in the inspection process according to corresponding systems, and urge responsible departments to rectify these problems. The Company conducts investigations into corrupt practices and issues written reports. For confirmed cases, according to the *Employee Handbook* or related systems, the responsible person will be handled or transferred to judicial organs for handling.

Integrity Management

The Company endeavours to safeguard the boundaries of integrity, sticks to the “transparency” principle, and maintains “zero tolerance” to corrupt behaviors. The Company constantly improves the Company’s integrity management system, actively explores technological anti-fraud means, takes the initiative to prevent and fight against commercial bribery and corruption, and regulates the behaviors of our employees and stakeholders, in an effort to guarantee the Company’s long-term development.

The Company strictly complies 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 laws and regulations, and has formulated the *SF Intra-city Measures for Anti-Corruption Management*, *SF Intra-city Company Measures for Reporting Management*, *Intra-city Measures for Relative Avoidance Management*, and other policies, making clear the Company’s anti-corruption requirements and the anti-corruption handling process and responsibility.

The Company has established a “three defensive lines” management system: the first defensive line is Intra-city operation entities; the second one is risk control, internal control, legal and public affairs management and other professional teams; and the third one is the independent internal audit department, which is empowered to implement an integrity management system across all posts, so as to proactively identify any concern and problem relating to any potential violation.



The Company’s “Three Defensive Lines” Management System

Technological Anti-fraud Work

The Company applies big data and cloud computing technology to its anti-fraud work, and actively explores “digital anti-fraud”, establishing big data-based audit platforms comprising the audit analysis platform, the audit monitoring platform and the audit working platform. Among them, the audit analysis platform is responsible for identifying the fields of fraud risks at the front end and devising the fraud detection plan; the audit monitoring platform performs periodical, normalized risk monitoring; and the audit working platform ensures the closed-loop tracking of the application of investigation results. Through the application of technology, the Company has achieved good results in internal anti-fraud risk identification and monitoring and anti-fraud event management.

Handling Whistle-blowing events

The Company has developed a series of whistle-blowing related policies, and established a handling system to comprehensively collect fraudulent or unethical conducts or violations of laws and the Company’s policies that have or may have material adverse financial, legal or reputational effects on the Company and to ensure closed-loop management of whistle-blowing events. The audit department undertakes overall whistle-blowing events management, grading and classifying the events by importance and degree of influence. The Company contacts the informant within one working day after receiving the tip-off, decide whether to file a case within a week and completes the investigation within a month. After the completion of the investigation, the investigation report together with key evidences will be archived. The head of each organization is the first responsible person for witness protection, who takes proper measures to protect the witnesses (including the informant), ensuring their basic rights and interests are not infringed, and eliminates retaliation.

In 2021, the Company set up a whistle-blowing process to realize the online operation of whistle-blowing process. Meanwhile, the relevant colleague regularly reviews and analyzes the whistle-blowing events and investigation contents through the online platform, not only improving the efficiency of whistle-blowing supervision and event handling, but also providing a basis for business risk assessment and guidance for business departments to take the initiative in prevention and internal control.

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Integrity Training

The Company expects every employee to deliver value through honest work ethics, and pursue a better life with integrity and in good faith. The Company delivers anti-corruption trainings focusing on new recruits, grass-roots management personnel and senior executives from time to time, and advocates honest business to create a transparent workplace.

In order to comprehensively promote the integrity and self-discipline awareness of employees, for employees, the Company introduces the integrity culture and requirements in detail at their on-boarding, provides anti-corruption and anti-bribery compliance training, conduct warnings and educations with fraud cases, facilitate the acknowledgment and signing of the *Letter of Anti-Corruption Commitment*. As for senior management, the Company holds lectures and organizes trainings on enterprise credit and integrity culture.

In 2021, a total of 7,529 attendances participated in the anti-corruption training, and 100% employees of the Company signed the *Letter of Anti-Corruption Commitment*.

During the Reporting Period, there were no corruption lawsuits filed against the Company or its employees and concluded.

PRODUCT RESPONSIBILITY

In the context of China's economic transformation towards high quality, the demand for consumption upgrade is increasingly prominent, and it is necessary to match the delivery service with higher timeliness and quality standards. As an emerging industry, on-demand delivery fulfills residents' demand for high-quality consumption services. The Company has industry-leading and mature product design and R&D capabilities, continues to promote technological innovations such as big data analysis and artificial intelligence (AI) to drive services through technology, strives to meet the ever-changing needs of merchants and consumers, and provides them with faster and higher quality services in a wider range of daily life scenarios.

Product Innovation

The Company adheres to the "user-centered, demand-oriented, experience-based" product design thinking, and diligently creates intelligent and efficient products, services and solutions.

Promoting Technological Innovation

The Company continues to invest in and develop smart technology and capitalize on big data and AI technology to create CLS intelligent solutions to on-demand logistics. The CLS system enables effective business forecasting and planning, integrated order recommendation and dispatching, as well as real-time operation monitoring through intelligent distribution of orders in the logistics middle office, real-time intelligent regulation of supply and demand, and AI global operation dispatching. In many service scenarios such as local catering, local retail, local e-commerce and near field services, the CLS system enables efficient real-time order dispatching and accommodates the expectations of merchants and users for fast and reliable intra-city delivery services by supporting complex delivery networks (triple delivery networks covering different geographical levels, including shop level, business district level and city level).

The Company continuously introduces innovative solutions, shares our technological capabilities and data insights with merchants, and creates a more user-friendly and differentiated service matrix to improve operational efficiency. The Company conducts big data analysis on the historical operation data of merchants, gives advice on the delivery scope for their stores, provides information technology support and store operation solutions to help merchants realize digital transformation. In the future, the Company plans to provide more customized services and technical support to merchants, such as providing SaaS cloud solutions to merchant customers, supporting the integrated order management and scheduling with mini-programs and Apps, and strengthening the ability to provide integrated intra-city on-demand delivery supply chain logistics solutions.

In 2021, the Company's R&D investment reached RMB193 million. The Company will continue to increase investment in research and development to further promote technological innovation, optimize the cost and efficiency across the industry, bring customers ultimate service experience and to create more value.

Protection of Intellectual Property Rights

As a technology-driven service enterprise, intellectual property is the cornerstone of our business. The Company attaches great importance to the work related to intellectual property, strictly abides by the *Patent Law of the People's Republic of China* and *Trademark Law of the People's Republic of China*, and has formulated systems such as *SF Intra-city Trademark (Trade Name) Management System* and *SF Intra-city Patent (Software Copyright) Achievement Management System* to standardize patent management and trademark (trade name) use and ensure that there are rules to follow in managing the protection of intellectual property rights.

In order to prevent the leakage of core technologies, the Company protects and safeguards the Company's patents, trademarks, copyrights and domain names by a range of means such as online monitoring and offline actions.

The Company conducts training on intellectual property rights from time to time to enhance employees' awareness of intellectual property rights protection. In 2021, the Company conducted seven intellectual property training sessions in different forms, and invited external law firms to provide face-to-face offline training for employees.

Service Quality

In order to better guarantee service quality and respect consumers' rights and interests, the Company places value on user privacy protection, keeps strengthening network and information security management, and resolutely avoids user information leakage. The Company promises to practice responsible marketing and put an end to false marketing promotion. By adopting a quality and efficient service model, the Company continuously improves service quality and user satisfaction, and creates value for users.

Data Security and Privacy Protection

As a technology-driven company, the Company provides services and data support for users via Internet technology. Information security is the foundation of the robust development of our business, so the Company puts it in a critical position, and strictly complies with *the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, Regulations on Security Protection of Critical Information Infrastructure*, and other relevant laws and regulations, and has established a complete information security management system to carry out comprehensive information security control in five sectors, namely security policy, personnel security management, information asset management, information system development management and event management.

In 2021, the Company has obtained the national information security level protection filing certificate, and initiated the ISO 27001 Information Security System certification. There was no information leakage in the Company during the Reporting Period.

Privacy protection management

In order to provide safe and reliable platform services, the Company has formulated the *Privacy Policy of SF Intra-city*, which is applicable to both users and riders. Through our website, APP, official account and mini-programs, users and riders are clearly informed of the principles of personal information protection, the collection and processing methods and the protection measures and mechanisms of personal information, as well as the basic standards of personal information protection, enabling users and riders to feel at ease to use all services.

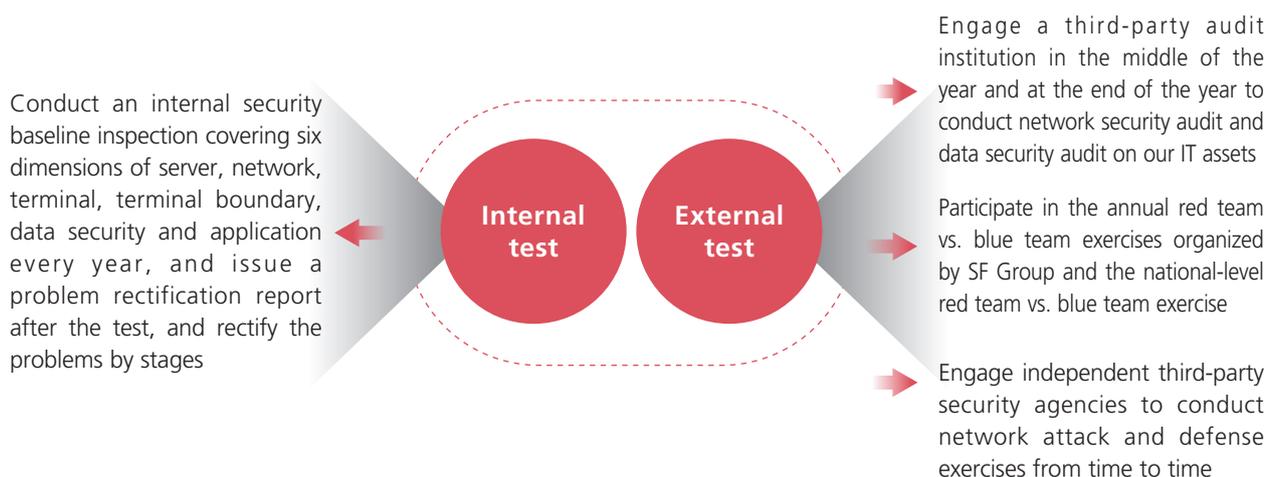


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In order to reduce security risks in the entire life cycle of private data and further improve the data protection capability of our system, the Company has formulated the *Information Security and Privacy Management Strategy Manual* and *System Privacy Data Security Management Specification*, which clarify the data security protection requirements in eight aspects including collection, transmission, storage, use, sharing and transfer, processing, system authority and security audit of privacy data. In addition, the Company has carried out strict classification and division management of all data assets, and issued systems such as *Management System of Data Classification, Identification and Disposal* and *Guidelines for Information Security Rules of Big Data Services* to strictly control the risk of privacy leakage and minimize data risks.

Network security test

The Company regularly conducts internal and external tests on data privacy and network security to check our network risk prevention level. By analyzing and reflecting on the problems exposed in the process of test, the Company updates and strengthens risk prevention measures in time, and enhances the protection capability of IT assets.



Information security incident management

In order to standardize the Company's emergency response to information security incidents, the Company has developed the *Manual on Information Security Incident Management* and established an emergency response mechanism to ensure the safe and stable operation of the information system and business continuity. The Company clearly classifies information security incidents into cyber attack incidents, harmful program incidents, information leakage incidents and information content security incidents, and sets up special plans for various types of information security incidents. The Company categorizes the information security incidents as: Level 1 events (major), Level 2 events (medium-risk) and Level 3 events (low-risk) through evaluation of the emergency of the incidents. Accordingly, the Company reports the incident rating results to the Emergency Response Leadership Team and establishes the whole process of information security incident response and handling from reporting, processing, investigation, summary and improvement, rewards and punishments to notification.



100% participation in network and information security training

The Company conducts information security awareness presentations for employees at least twice a year, covering information security liaison officers of all departments, and then each liaison officer conducts presentations for department employees to achieve 100% coverage of the employee training on network security and information security.



Responsible Marketing

Brand Upgrading

In order to facilitate sustainable business development, the Company actively takes diverse marketing means and is committed to enhancing the popularity and positive image of the Company among consumers. In 2021, the Company focused on brand strategy upgrading, spokesperson marketing and other brand rejuvenation and upgrading work, and adopted the youthful marketing to shape our brand positioning of “Professional high-end on-demand delivery”.

The Company announced the brand upgrading strategy

On September 17, 2021, the Company announced the brand upgrading strategy to launch a new brand logo. The red and black color scheme of the SF brand is maintained in the new logo, and the icon continues to use the combination of black hexagons and red checkmarks. The red check mark in the center is bold and highlighted, giving people an impression of safe and reliable guarantee of delivery service.



SF Intra-city Launched a New Brand Logo

Marketing Risk Management

Being no stranger to risks in marketing, the Company attaches importance to the value of fairness in marketing ethics and the protection of consumers’ rights and interests. The Company avoids any false, misleading, fraudulent, unfair or vague marketing by establishing a comprehensive and strict brand marketing management mechanism, and observes the *Advertising Law of the People’s Republic of China* and other relevant laws and regulations, and has formulated the *Social Media Management System of SF Intra-city*, which requires personnel of the marketing department to get familiar with and implement the system skillfully, and adopted a range of internal and external monitoring and management measures to standardize the brand management, operation, content audit and other related work.



Marketing training with about 100 attendances

In 2021, the Company conducted 5 training sessions of responsible marketing, with about 100 attendances, which further enhanced the professional quality of relevant personnel.

Customer Satisfaction Improvement

On-demand delivery is essentially a service, and user satisfaction is the engine to drive the Company's rapid business growth. It is our riders that directly serve merchants and consumers, so their service quality is key to user satisfaction. The Company believes that only when riders' needs are fulfilled can they provide satisfactory service to customers together with the Company and become customer trusted partners. The Company focuses on developing the organization's ability to empathize, agree and resonate with individuals, to inspire riders' confidence in, identification with and devotion to the service industry they are engaged in. Such identification enables riders to provide heartfelt services that exceed user expectations.

In order to effectively improve customer experience, in terms of management mechanism, the Company sets up the customer service experience department which consists of the customer service management group, the online experience group and the research and analysis group to gain insight into customer needs by listening to users' feedbacks, and coordinate closed-loop product optimization, launch and promotion in an attempt to provide premium, intimate customer services. In addition, the Company has put in place the rider service supervision mechanism and the rider appeal review standards to ensure the fairness of customer complaint handling.

With an aim to standardize the processes of customer complaint acceptance and claim settlement, the Company has formulated 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 mechanism to rapidly handle and properly solve the problems.

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In terms of services for key corporate customers, the Company provides special one-to-one pre-sale, after-sale, claims full-process services from pre-sales, after-sales, to claims and brand customization services, and help solve our customer's problems of business transition. The Company will adhere to the "customer-centric" concept and continuously improve internal capabilities to provide better and more user-friendly services for users.

Supply Chain Management

The Company has established a supply chain management system that matches its business process and development scale to efficiently support the current business and future development and changes. In pursuit of the core values of honesty, understanding and communication, promotion and optimization, the Company is committed to building a responsible supply chain, ensuring high-quality delivery of products and services, and establishing close cooperative relationship together with upstream and downstream partners to jointly build an industry ecosystem of win-win cooperation.

Supplier Management

The Company constantly improves the whole-process supplier management system, and has formulated the *Administrative Measures for Supplier Introduction*, *Procurement Management System*, *Administrative Measures for Supplier Certification for Intra-city Centralized Procurement* and *Operational Guidelines for On-site Audit of Suppliers*, to clarify the requirements for qualified suppliers, standardize the process from supplier registration to management, actively maintain supplier relationship, and drive suppliers to grow together.

Supplier Introduction

The Company regularly reviews and analyzes the business scale, credit, operation, financial condition and other qualifications of suppliers, and introduces qualified suppliers who have passed the review and certification based on the on-site review and investigation. In 2022, the Company uses the supplier relationship management (SRM) system to manage suppliers, including supplier self-service registration, certification management, grading and classification management, contract management, performance management, etc., to effectively improve our communication and collaboration ability with suppliers.

Supplier Evaluation and Assessment

The Company evaluates suppliers from the aspects of initial evaluation, on-site audit, sample evaluation and small batch test, strictly controls the standards and quality of suppliers, and continuously reviews the cooperative suppliers to ensure that they meet the requirements. In addition, the Company has incorporated the environmental protection requirements of ISO 9000 certification and *Restriction of Hazardous Substances* (RoHS) into the on-site review requirements for production suppliers, and implemented the concept of green procurement.

Supplier Elimination

In case of any violation of business ethics, the Company will adopt “zero tolerance” principle, and remove the relevant suppliers from the list of qualified suppliers and blacklist them.

Honest Procurement Management

The Company follows the basic principles of fair, just, honest and transparent procurement, and ensures that the whole procurement process realizes “transparent admission” 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 has formulated the *Integrity Terms and Conditions*, prohibiting any form of extorting, offering or accepting bribes in economic relationship between us and suppliers, and promotes suppliers to sign the *Integrity Terms and Conditions* simultaneously. The Company specifies the supplier’s reporting channels in the framework master agreement, the sub-agreement and the bidding documents. If the supplier finds any behavior affecting fair trade or other non-compliant acts, it can report and complain. In 2021, the signing rate of the *Integrity Terms and Conditions* by all suppliers managed by the Procurement Management Department reached 100%.

In 2021, the Company formulated the *Transparent Procurement Notice*, and planned to publish this document in 2022 and promote it to suppliers through online systems and other channels. In the future, the Company will conduct integrity training for suppliers based on the requirements of this document to further improve the construction of integrity in the supply chain and create a transparent business environment.

SOCIAL RESPONSIBILITY

Good corporate culture is the fertile ground for nurturing the Company to thrive. The Company treats employees and riders as our precious wealth, and makes many efforts in the rights and interests protection, diversified training and occupational health and safety of employees and riders, so as to build a broader career stage for outstanding talents and ensure decent work and happy life of every employee and rider. Moreover, the Company actively calls on our employees and riders to join public welfare undertakings, so as to convey full positive energy, enhance the sense of social identity and achieve self-value.

Employee Management

The Company comprehensively implements the “people-oriented” concept, fully protects the rights and interests of employees, establishes and improves the recruitment, compensation and benefit system of employees, and uses its utmost efforts to provide employees with a safe and healthy, diverse and inclusive working environment and a broad career development platform, creating a vital and happy work environment.

Employee Rights & Interests

The Company respects and recognizes the value of every employee, protects the rights and interests of employees through a sound human resource management system, and strives to foster a fair and just workplace atmosphere and a diversified and inclusive corporate culture for all employees.



Recruitment and employment

The Company abides by the *Labor Law of the People’s Republic of China*, the *Law on the Protection of Minors* and other laws and regulations, establishes and continuously improves internal management systems such as the *SF Intra-city Recruitment Management System* and the *Regulations on SF Intra-city Employee Attendance Management*, to clarify the management responsibilities of organizations of the Company at all levels, and standardize the whole process of talent management.

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The Company adheres to the recruitment principles of “fairness, impartiality and openness”, treats every employee equally, regardless of their gender, region, nationality, religion and other factors, and fully respects and embraces the diversity of employees. In 2021, the total number of employees of the Company was 2,083, including 889 new employees. The Company had 339 new female employees, accounting for 38% of the total new employees during the year.

The Company forbids child labor and rejects forced labor. When employees join the Group, human resources department connects with the network of the public security department to conduct strict verification of their identity to avoid employing child labor due to concealment. Following the requirements of internal management system, if any child workers are found, the Company will immediately stop their work, send them back to their original place of residence, ask their parents or guardians to sign a confirmation letter, and return the relevant documents to the human resources department for filing after they are sealed and confirmed by government agencies. The Company respects and safeguards the working will of every employee, ensures reasonable working hours and holiday treatment, and forbids forced work in any way. As of the end of the Reporting Period, there have been no incidents of child labor and forced labor in the Company.

The Company keeps focusing on and will further improve the special recruitment targeting veterans, disabled people and other groups, in a bid to attract more people in need of jobs and create more employment opportunities for our society.



Compensation and benefits

The Company respects and returns the value of employees, and provides employee with competitive salary, and attracts talents through flexible salary adjustment mechanism, bonus incentive for value contribution and diversified benefit system, to ensure decent labor remuneration for employees. In order to ensure the efficient operation of the compensation and benefit payment mechanism, the Company has formulated 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 to provide effective incentives for employees.

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The Company has set up a variety of benefits, including basic benefits (endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund), statutory holidays, transportation allowances, meal allowances, etc. Meanwhile, the Company also provides employees with talent transfer benefits and excellent performance benefits to subsidize employees dispatched to non-local workplaces and reward outstanding employees.



Care for employees

The Company believes that security and happiness are important factors to substantiate employees' work enthusiasm. The Company rigorously follows the *Law of the People's Republic of China on Work Safety* and *Regulations on Work-related Injury Insurance*, attaches great importance to the health and safety of employees, and spares no effort to ensure the occupational health and safety. In addition, the Company pays close attention to the physical and mental health of employees. The Company regularly holds various employee care activities and sets up employee care facilities to provide support to employees' physical and mental health, enhance employees' sense of belonging and strengthen team cohesion.



Employee satisfaction

The Company listens carefully to every employee's voice and cooperates with professional consulting companies to conduct third-party satisfaction survey, so as to understand employees' opinions and suggestions on the Company. The Company conducts surveys in terms of organization, work, development, reporting and atmosphere, identifies the areas to be improved according to the evaluation report issued by the third party, and incorporates the improvement work into the work plan. In 2021, the employee satisfaction of the Company reached 85%.

Training and Development

The Company continues to improve its talent training system and promotes and appoints outstanding talents through diversified channels. In 2021, the Company set specific targets for outstanding talents, improved organizational efficiency, ensured sufficient and high-quality talent reserves through talent system construction, and facilitated the Company's sustainable development and helped employees to achieve their personal career goals.

Employee training

The Company attaches great importance to the improvement of employees' professional ability and provide employees with abundant training resources. The Company establishes training programs with specific directions and clear planning for all types of employees such as new employees, professionals and future leaders, and makes efforts to build a talent reserve pool to enable employees and the Company to grow together.

Categories of participants	Training plan	Training target
Future leaders	<ul style="list-style-type: none"> • Training for new local leaders • Training for management trainees • Training for district leaders • Training for site leaders • Training for reserve site leaders 	<ul style="list-style-type: none"> • Enrich professional ability • Improve performance and output
Professionals	<ul style="list-style-type: none"> • Training for module leaders • Training for operation and business professionals 	<ul style="list-style-type: none"> • Improve professional ability • Enrich talent pool
New employees	<ul style="list-style-type: none"> • Training for new employees from social recruitment • Training for college students 	<ul style="list-style-type: none"> • Accelerate the process of workplace adaptation • Deepen the identification with corporate culture

Key Talent Team Building System of the Company

In order to allow new recruits to quickly integrate into the Company and grow, the Company sets up a training program for college students featuring "inclusion, integration, and innovation", and formulated the *Measures for Intra-city Buddy Management*, in which "Buddies" and tutors who can provide guidance throughout the internship, job rotation and post setting periods are allocated to new employees, which is designed to explore the potential of new people, and help college students to undergo a successful transition from the college environment to the work environment.

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The knowledge, skills and excellent experience within the Company are valuable intangible assets. In order to effectively develop, precipitate and disseminate them, the Company has compiled the *Management System of Lecturers and Textbooks of SF Intra-city*, which clarifies the development, management and incentive measures of teaching materials, and standardizes the selection, certification, management and other processes of lecturers, promoting the construction of teaching materials library and the training of lecturers, and laying a foundation for the knowledge management of the enterprise and the establishment of a learning organization. As of the end of the Reporting Period, 106 internal lecturers have been possessed by the Company.

For the convenience of employees participating in the Company's training during the pandemic prevention and control period, during the Reporting Period, the Company mainly carried out online employee training, with total training duration of 26,206 hours.



Employee development

The Company builds diverse promotion channels to provide a solid platform for employees' personal development and provides them with more career development opportunities. The Company adheres to the basic principles of fairness and impartiality, evaluates employees' performance in accordance with the *Employees Performance Management System of SF Intra-city*, and takes the results as an important basis for personnel management decisions such as reserve promotion, post adjustment, training and excellence evaluation. The Company sets up three promotion channels: annual regular promotion, rapid development of outstanding talents and exceptional promotion, and standardizes the promotion assessment requirements and processes. For the channels of rapid development of outstanding talents and exceptional promotion, the Company sets no seniority limit for candidates, and upholds a talent-oriented principle.

The Company also sets up professional training and development programs to provide employees with professional certification, advocate "one specialty and multiple abilities" of all employees, and to strive to obtain opportunities for promotion to talent reserve by upgrading their professional certification level. The Company encourages employees to participate in vocational certification training or obtain higher academic qualifications, sets up relevant reimbursement system to support employees, and gives priority to those with higher qualification and certification in promotion assessment.

Rider Management

Every day, the riders who crisscross the city are the creators and guardians of a high-quality life for the residents. In 2021, the Company had over 606,000 active riders. The Company is committed to building a rider-friendly platform and shaping a fair and impartial culture.

Rider Experience

The Company creates a friendly working environment for riders, treating riders with care and respect. The Company provides training and care for riders, motivates them to grow continuously and comprehensively optimizes rider service.



Rider training

Through systematic rider training and refined operations, the Company helps riders acquire the qualities and skills required for working in the service industry and become professional riders in modern society.

The Company sets up corresponding skill training courses according to different business types and order categories, and combines offline training with online examination to ensure that the trained riders can master and effectively apply the knowledge and skills they have learned. Especially, the Company requires that new riders shall receive pre-task training and pass the qualification test before the first delivery task. The training includes the introduction of the delivery process, demonstration of the use of SF Intra-city Rider APP, communication skills and safety precautions, in order to ensure that they have a good command of service instructions before taking up the post. Meanwhile, training progress indicators are incorporated into the rider evaluation system to motivate riders to actively participate in training courses.

During the Reporting Period, the Company established a team of 879 lecturers for rider training. During the year, about 190,000 different training sessions were conducted, a total of 1,652,736 skill tests of various nature (including safety training) were taken by the riders, with a pass rate of 99%.



Rider incentive

How to effectively protect the work rights of riders and strike the balance between rider service evaluation and income is an issue that is being explored across the on-demand delivery industry.

In order to give more positive incentives to riders, the Company has taken the lead in launching an industry-first comprehensive rider rights and incentives system in 2021, creating a brand-new comprehensive rights experience for our riders. The “multi-dimensional benefits incentive system” consists of “SF Intra-city coins”, “benefits vouchers” and “service points”. Riders can continuously improve service points through daily check-in, order acceptance, service evaluation, task completion and so on, collect SF Intra-city “coins” and exchange for specific benefits vouchers. The accumulated SF Intra-city “coins” can also be used to offset service points deduction arisen due to certain categories of complaints or minor misconducts. The Company hopes that through the establishment of a leading rights and incentives system, the possible psychological pressure and anxiety of riders can be alleviated, so as to ensure reasonable platform rewards to our riders, and riders have more opportunities to have their voice heard.

In addition, the Company has also set up a clear and multi-dimensional “Road to Glory Promotion Plan” for riders, which includes four development channels, namely the management development channel, professional development channel, self-media development channel and rider lecturer channel, allowing each rider to choose their own growth path according to personal preferences and achieve self-fulfillment in their careers.



Rider services

Riders are the Company’s primary partners. The Company believes that, if they develop a sense of value, feel concern and care from our platform, riders will be able to devote themselves to better service and “delivery with warmth” to every user with full enthusiasm.

The Company respects the feedback from front-line riders to continuously optimize rider service practices. The Company conducts a monthly survey of riders' satisfaction, and implements service optimization measures according to the survey results. The Company optimizes the rider delivery process, integrates and classifies the abnormal scenarios of riders in stages from taking orders online, picking up parcels at the door, signing for delivery confirmation, to earnings withdrawal and exit into abnormal reporting items, and opens up various business order channels to improve rider delivery experience and efficiency. Meanwhile, the Company screens high-quality riders, combines the rights and control system of riders, endows high-output and high-quality riders with corresponding scheduling and activity rights, improves the experience of delivering orders for outstanding riders, and gives guidance and support to underperformed riders to improve the quality of their delivery service.

The Company's rider service has always been of the highest standard in the industry and is widely recognized and praised by users. The Company's fulfillment-in-time rate reach to 95%, which can maintain a stable and efficient delivery quality even in abnormal weather and peak hours.

Smart helmets help riders free their hands

In order to enhance the rider's delivery experience and better ensure their safety, the Company cooperated with a technology company to launch a new smart helmet in 2021. The helmet provides the rider with an "on-call" intelligent assistant. The rider only needs to verbally activates the voice assistant to issue execution instructions. It not only saves time, but also effectively avoids potential injuries caused by the use of mobile phones while riding.



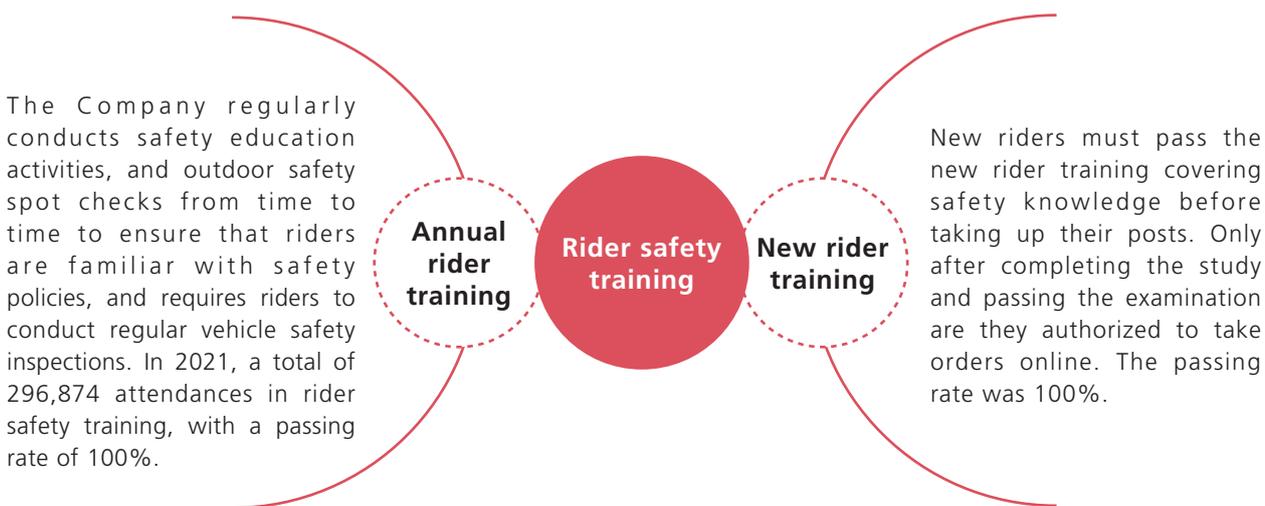
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Health and Safety

The Company believes that riders' work safety and health are of paramount importance. Since its inception, the Company has always followed the principle of "safety first", developed safety criteria for the workplace and work process, continuously improved the guarantee system and established the rider safety management framework of the Company, consisting of a rider safety service team at the headquarters and local to take charge of related execution.

CLS system can balance the riders' workload throughout the day, providing efficient and balanced work schedule for riders. The Company sets a daily upper limit on the number of orders to be fulfilled for each rider, and reserves buffer time for riders by evaluating the real-time number of orders on hand, real-time delivery routes, experience and ability in order delivery and their order delivery records. Through the CLS system, riders are restricted from accepting overdose orders, and reminded to rest for 20 minutes for every four hours of delivery, to ensure the health and safety of riders and prevent accidents caused by overwork. Benefited from the overall safety measures, the safety accident rate of the Company's riders improved by approximately 14%.

In order to improve the safety awareness of riders, the Company also provides safety knowledge training courses, and requires riders to fully master what they have learned, with a passing rate of 100%.



At a time when pandemic prevention and control has become normalized, the Company has set up a rapid pandemic response team to provide management and support, offered riders tighter protective equipment, including protective masks and disinfectant, and comprehensively upgraded the pandemic prevention standards for the delivery process to ensure the safety of users and riders.

Serving the Community

The Company has always insisted on using corporate strength to assume more social responsibilities and give back to the community by creating rider public welfare activities and participating in the fight against the pandemic and disaster relief. At the same time, the Company actively participates in the various public welfare activities of the SF Foundation, and under the guidance of the articles of association and management system of the Foundation, it will enhance the influence of public welfare in corporate culture.

Rider Public Welfare

The man of virtue, while establishing himself and pursuing success, also works to establish others and enable them to succeed as well. Riders' dedication has boosted the rapid development of the Company, and the Company also give back to riders and their families. In helping riders to solve their problems, the Company adopts three sets of measures, namely local delivery outlet manager relief, spiritual relief and economic relief.

The local delivery outlet manager has the responsibility and obligation to help the riders in his or her management area. For some problems need to be solved by higher level, riders can report them directly to the superiors through the customer service hotline and forum, and if counseling is required for emotional or psychological problems, riders can also call 24-hour free psychological consultation hotline; finally, for riders with financial difficulties, the Company has launched the *SF Intra-city Public Welfare Program* to provide riders with financial assistance and help solve their family difficulties.

Rider care measures

- An online automatic quick response system of the SF Intra-city Rider App and a rider hotline round the clock are set up to help riders solve problems of abnormal order delivery in time.
- The online rider communication group is established and is directly connected with the local delivery outlet manager so that riders' inquiries and complaints are responded to without delay.
- The Company provides professional online psychological counseling service, regularly publishes mental health articles, carries out a psychological assessment, and offers psychological guidance and help to riders according to the hotline and assessment results.
- The Company launches the "Millions Riders Care Initiative" in collaboration with SF Foundation to provide care for the children of riders, including Education Grants, One-on-One Online Counseling, Children's Serious Illness Relief and Family Difficulties Relief.

The Company set September 17th each year as Riders Day. Since 2019, it has successfully held three sessions of Riders' Day, in a bid to practice caring actions, protect the hard-working riders, and express gratitude to riders for their devotion on a regular basis. In 2021, the Company held a total of over 5,000 sessions of care activities, such as "Cool in Summer", "Warm in Winter", "Rider Appreciation Day" and "Annual Riders Day", involving over 300,000 riders.

The 3rd "917 Riders Day"

On September 17, 2021, the Company held the "917 Riders Day" event with the theme of "Good Will Be Rewarded". The event was divided into three chapters: "Good Riders Come from Good People", "Good Platform Will be Rewarded" and "Good Family Will be Rewarded for". Over a hundred riders from across the country were invited to the venue and the event was broadcast live, allowing all riders across the country to witness the annual grand occasion held especially for them. In addition, the Day further deepened the practical meaning of the "Good People Culture" which was highlighted by four events, namely "Rider's Road to Glory Plan", "AI Equipment Upgrade", "My Intracity, my family" and "Emergency Rescue Plan".



Disaster Relief in the Front Line

When disaster strikes, help comes from all sides. The Company actively responds to the call of the state and society, develops an emergency rescue plan, joins the emergency rescue committee of China Volunteers Association, and sets up the service team of the Company to carry out emergency rescue. In case of emergency, users can make a one-click call through SF Intra-city's program or APP platform to get help. Meanwhile, the Company's riders constantly appear in the front line of disaster relief delivery, and countless warm and good deeds incarnate from the Company.

Helping Henan city, riders are acting

In July 2021, Henan Province suffered from extreme heavy rainfall. Zhengzhou city, Xinxiang city, Hebi city and other cities suffered severe disasters. The Company urgently assembled 500 riders, to actively respond to demands for support.

- **Delivering meals to help the rescue**

On July 23, 2021, the Wei River in Hebi burst its banks, the Company rapidly sent riders to participate in the rescue work while ensuring their safety. After knowing the poor conditions and the lack of warm meal in the disaster area, the Company contacted restaurants and resident troops, and delivered 300 meals to the disaster area by 9:00 a.m. on July 24, 2021 and distributed them to the affected residents and soldiers. Our rider said, "Although we could not change the current situation, we really make contributions as much as possible by giving the frontline soldiers from all over the country a hot meal."

- **Delivering emergency medicine speedily**

On July 24, 2021, a batch of medicines donated by pharmaceutical companies was delivered to Zhengzhou City by SF, which helped to solve the skin infection caused by water damage of the victims and frontline flood relief workers. After receiving the materials, the Company immediately provided delivery support, overcame the difficulties of water and power cut, large volume and weight of materials, quickly settled the materials, and delivered the medicines to the needed patients within one hour in the whole city.



- **Supporting the front line in anti-flood rescue**

On July 24, 2021, Xinxiang City, a flood-stricken area, was in urgent need of volunteers to support front-line flood fighting and emergency rescue. After seeing the help information, riders in Puyang rushed to the Yellow River Estuary for support. In the face of the flood, they went upstream, and carried sandbags to intercept the flood; after the situation was eased, they rushed to the next supporting site to help carry relief goods, delivering personal contribution to disaster relief and emergency rescue.

- **Assisting in emergency repairs and power restoration**

The electricity supply system in the affected area was seriously damaged due to the flood. The Company actively responded to the needs of the State Grid, supported the transportation of emergency rescue materials of State Grid Henan Company, and delivered electricity maintenance equipment to each power outage community to assist in emergency repairs and power restoration.

Jointly fighting the COVID-19 Pandemic

In the face of the severe situation of the prevention and control of the COVID-19 pandemic, stabilizing the supply of household goods is a matter of vital interest of the people and the general stability of society, while the smooth flow of on-demand delivery services can enable livelihood supplies to reach residents more quickly. Since the outbreak of the pandemic, as the largest independent third-party on-demand delivery platform in China, the Company has been standing on the front line, fighting the pandemic with the whole society, giving full play to the platform's advantages in terms of delivery capacity protection, material transportation, merchant cooperation with the government and merchants to allocate resources, optimize delivery capacity dispatching and mobilize riders to participate in the fight against the pandemic. The Company has served as an infrastructure to help maintain people's livelihood and contributed to the city's function, demonstrating undertaking of social responsibility.

Supporting local pandemic prevention

- In Shijiazhuang, the pandemic rebounded and clustered infections appeared. Affected by this, when it was inconvenient for citizens to come and go, the Company quickly organized delivery capacity to solve the needs of people's livelihood and escort the people of Shijiazhuang.
- When the Yantai Government issued an order to "complete the first round of nucleic acid test for all people in the urban area within 48 hours", more than 3,000 medical staff rushed to the front line of nucleic acid screening and sampling. The Company fully supported Yantai Federation of Trade Unions to the condolence work of medical staff, emergency dispatch of rider resources in the whole city, and formed a rider team to provide free delivery services for condolences.
- When the pandemic broke out in Xi'an, the Company prepared condolences and sent them to the pandemic prevention personnel of the community and party and government agencies for free. The Company cooperated with McDonald's to distribute 280 meals to Shaanxi Provincial Hospital of Traditional Chinese Medicine, to send more care to those who are struggling in the severe winter, and to dispel the haze caused by the pandemic.



Rider spirit of “Good People Will Be Rewarded”

Cheng Nan (程楠), helped a woman with 37 weeks of pregnancy, who was stranded alone in Wuhan, by delivering baby products and daily necessities for free for many times. He was awarded the title of “Anti-pandemic Pioneer of the Year 2020” at the 2020 China Intra-city On-demand Delivery Industry Summit hosted by China Federation of Logistics and Purchasing. Thanks to his hard work, Cheng Nan has been promoted to assistant local delivery outlet manager through the rider development channel.

Yang Yi (楊溢), a Party member and ex-soldier, volunteered to participate in the whole nucleic acid testing work in Shenyang, and served more than 2,300 people in the severe weather when the temperature plummeted to below -10 degrees and it continued to rain and snow, making contributions during the critical period of the pandemic fight.

Ding Xiaoqiang (丁小強), lives in a community in Shanghai where the pandemic is serious. There are 178 residential buildings with over 3,000 households in the community. He volunteered to join the community volunteer team to help to deliver medicines, vegetables and other supplies to residents, distribute anti-pandemic protective supplies, disinfect the buildings and dispose of household waste until the early hours of the morning every day.

Since the outbreak of the COVID-19 pandemic, the Company’s employees and riders from various cities have volunteered to serve on the anti-pandemic frontline, demonstrating the rider spirit of “Good People Will Be Rewarded”.

During the COVID-19 pandemic, the Company was brave to shoulder the heavy responsibility. The Company takes advantage of our rapid response and high-quality delivery to actively participate in the fight against the pandemic, takes the prevention and control of the pandemic as an important task and effectively fulfills the Company’s social responsibility with practical actions, which has been praised by many parties in many places.

ENVIRONMENTAL RESPONSIBILITY

Under the concept of green development, the Company continues to improve the environmental management system, constantly improves the efficiency of resource utilization, actively controls the impact of the Company's operations on the surrounding ecological environment, and proactively responds to the opportunities and challenges brought by climate change. The Company takes the initiative to build a green and low-carbon business model, and spreads our influence to partners by providing green services, in an effort to achieve the common sustainable development of the business and the environment.

2022 Environmental Targets

Emission goal	Lower GHG emission intensity in 2022 than in 2021
Energy use efficiency	Lower office electricity intensity in 2022 than in 2021
Water use efficiency	Lower office water intensity in 2022 than in 2021
Waste generation	Lower office waste intensity in 2022 than in 2021

Climate Change Adaptation

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (SFB) in 2015, responsible for preparing uniform guidance for companies to use to assist companies in making voluntary climate-related financial risk disclosures. The Company is highly aware that climate change will bring various risks and opportunities to our business. With reference to the recommendations of TCFD, we voluntarily disclose relevant content through a consistent, comparable, reliable, clear and efficient framework, and will gradually improve the disclosure content in the coming years.



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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 strategy formulation organization consisting of the Board of Directors and the Audit Committee is responsible for the identification, prevention and control of ESG risks (for more information about the risk management framework and the risk identification and assessment process, please refer to section “ESG Risk Management”).

Strategy

From the perspective of our own business type and operations, the Company identifies the physical risks and transformation risks with great impact and possibility and looks for potential opportunities.

Type of risks	Potential impact
<p>Physical risks</p>	<p>Physical destruction or damage caused by climate changes to assets, supply chains, delivery chains, personnel safety, etc.</p>
<p>Acute risks</p>	<p>Risks driven by extreme weather events</p> <ul style="list-style-type: none"> • Severe supply chain disruptions are caused • Transport infrastructure is damaged and delivery are delayed • The power supply of the back-end system is unstable or the network is faulty, which affects services • Safety risks of riders 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
<p>Chronic risks</p>	<p>Environmental changes brought about by the shift of long-term climate pattern</p> <ul style="list-style-type: none"> • Summer temperatures continue to rise, increasing safety risks for riders • Hardware performance is affected, leading to the early scrapping of the Company’s existing assets • Business development in coastal cities is restricted

Table List of climate-related risks of the Company

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Type of risks	Potential impact
<p>Transformation risks</p>	<p>Broad changes in the external environment in terms of policy, law, technology and markets during the transition to a low-carbon economy</p>
<p>Policy and regulation risks</p>	<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 delivery costs due to energy price rise • Increased information disclosure risks
<p>Technical risks</p>	<ul style="list-style-type: none"> • The transitional cost of equipment replacement due to technology change, such as procurement, testing, training, etc. • The cost of communicating the environmental protection concept of green delivery to consumers
<p>Market Risks</p>	<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 • Customers deepen their understanding of low carbon and prefer green delivery services
<p>Other stakeholder impacts</p>	<ul style="list-style-type: none"> • During the low-carbon transformation period, the government's attitude towards products or projects affects the financing cost • Concerns about delays in the on-demand delivery sector in extreme weather may affect investment • Enterprises are required to regularly report and communicate on sustainable development and ESG-related issues

Table List of climate-related opportunities of the Company



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Type of opportunities	Potential impact
Energy	
 Response	<ul style="list-style-type: none">• On-demand delivery enterprises develop smart delivery to reduce operating costs• Enterprises save water and electricity resources and operating expenses• Enterprises set and disclose the internal environmental protection targets to shape a more positive corporate image
 Rise of new technologies	<ul style="list-style-type: none">• Develop smart operations to control delivery, operation, service and management in a more refined and dynamic manner
 Participation in green finance	<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 favorable financing rates from banks, reducing financing costs
Products and services	
 R&D and Innovation	<ul style="list-style-type: none">• The risk of future energy price rise can be reduced and resilience to climate risk can be enhanced• Reputation increases and demand for on-demand delivery services rises
 Changes in consumer preferences	<ul style="list-style-type: none">• Consumers with green preferences will increase their demand for green services and pay more attention to the sustainable development performance of the on-demand delivery industry• Enterprises can adapt to the changes in consumer preferences and enhance the research, application and publicity of green delivery• 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

Type of opportunities

Potential impact

Market

Changes in investor preferences

- 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

Risk Management

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, in order to reduce the impact of transformation risk through proactive measures.

To manage and respond to physical risks, the Company has developed an emergency response mechanism for bad weather and gives early warning of unusual weather via the SF Intra-city Rider App in a timely manner to ensure timely response when disasters occur, ensure the safety of employees and riders, and reduce personnel accidents and asset losses caused by physical risks. Moreover, through effective delivery capacity deployment, we mitigate the impact on the delivery service, and keep the fluctuation in our fulfillment in-time rate under bad weather within a controllable range.

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” for details) in its annual environmental, social and governance reports, and measure the Company’s achievements in addressing climate change through quantitative indicators. In addition, the Company will actively promote the setting of environmental goals and follow up on the accomplishment of the goals year by year.



Energy and Resource Use

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 packaging and green office, to reduce the environmental impacts of the Company's business operations and to deliver green, sustainable and on-demand delivery services.

Green Delivery

While providing high-quality, efficient and multi-scenario delivery services for hundreds of millions of merchants and individuals across the country, the Company pays special attention to whether the transportation process is green and low-carbon, and provides more consumers with "green services" and contributes to the national goal of carbon neutrality by building a more environmentally-friendly on-demand delivery system.

The main delivery capacity of the Company's on-demand delivery business consists of two-wheeled vehicles and four-wheeled vehicles. The two-wheeled vehicles are mostly owned by riders and their source of power is electricity; and four-wheeled vehicles include gasoline vehicles, diesel vehicles and new energy vehicles, most of which are outsourced. In 2021, approximately 96% of our active riders fulfilled their orders via electric two-wheeled vehicles or public transportation, with green delivery capacity covering more than 90% of the service scenarios.

The Company established a hierarchical delivery capacity model using big data analysis and algorithm upgrades to achieve precise coupling of capacity in the spatial dimension, and, based on the similarity and timeliness of orders, adopts two methods of grouped and dynamic order combinations to shorten the total delivery distance and improve delivery efficiency, reducing air pollutants and greenhouse gas emissions while saving energy.

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Energy type	Unit	2021
Purchased electricity	kWh	452,034.77
Total energy consumption	MWh	452.03
Energy consumption density	MWh/RMB million revenue	0.06

Table Energy consumption of the Company

Emission type ¹	Unit	2021
Direct GHG emissions (Scope 1) ²	tCO ₂ e	0
Indirect GHG emissions (Scope 2)	tCO ₂ e	262.63
Total GHG emissions (Scopes 1+2)	tCO ₂ e	262.63
GHG emission density	tCO ₂ e/RMB million revenue	0.03

Table Emissions generated by the Company

- 1 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 SO₂, NO_x, and PM.
- 2 The Company's own operation does not involve the GHG emissions from direct energy consumption.

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Green Office

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, the Company actively promotes the concept of green office, and takes a number of measures to improve employees' awareness of saving water and energy and reducing waste of office supplies to build a green and low-carbon office style, thus reducing environmental impact.

- The Company posts publicity reminders such as water and electricity saving and light and air conditioning switch reminders in public spaces and shared spaces to remind employees to pay attention to saving water and electricity anytime, anywhere;
- The Company manages the air-conditioning temperature and lighting intensity in a unified manner during working hours, and manually controls the operation of air-conditioning and lighting facilities during non-working hours;
- The Company comprehensively promotes paperless office, strictly controls the number of documents to be printed, encourages the modification of documents on electronic devices, and has launched an electronic seal system; if offline printing is necessary, the Company will try to use black and white double-sided settings;
- The Company has established the Office Site Configuration Guide, 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.

Resource type	Unit	2021
Water	m ³	5,762.05
Water consumption density	m ³ /RMB million revenue	0.70

Table Water consumption of the Company

Environmental Protection Activities

Committed to taking on more corporate responsibilities, the Company takes the lead to drive partners to accelerate the sustainable development of the on-demand delivery industry together through various activities.

In the 14th Five-Year Plan, China put forward the requirement of building a resource recycling system. As an advocate and practitioner of green environmental protection, the Company actively responds to national policies and starts promoting environmentally friendly service in the beverage takeaway delivery business.

For the thermal insulation bags used for the delivery of multiple cups of beverages, the Company cooperates with merchants to launch a recycling service to encourage merchants to recycle the thermal insulation bags. Moreover, riders thank and encourage users who use environmental protection services. In this way, the Company enables more users to improve their environmental protection awareness while optimizing the overall delivery process, and drives the trend of public green consumption to jointly create a green society.



Environmental, Social and Governance Report

ESG PERFORMANCE OVERVIEW

KPIs	Unit	2021
A. Environmental³		
A1: Emissions		
A1.1⁴		
A1.2		
Direct GHG emissions (Scope 1) ⁵	tCO ₂ e	0
Indirect GHG emissions (Scope 2) ⁶	tCO ₂ e	262.63
Total GHG emissions	tCO ₂ e	262.63
GHG emissions intensity	tCO ₂ e/RMB million revenue	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.
Total hazardous waste intensity	t/employee	

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

4 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 SO₂, NO_x, and PM.

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

6 The source of grid electricity GHG emission factor is the *Guidelines for Accounting Methods and Reporting of Corporate Greenhouse Gas Emissions – Power Generation Facilities (2022 Revised Edition)* issued by the Ministry of Ecology and Environment

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KPIs	Unit	2021
A1.4		
Total non-hazardous waste produced ⁷	t	2.36
Total non-hazardous waste intensity	t/employee	0.001
A2. Use of Resources		
A2.1		
Electricity consumption	kW·h	452,034.77
Comprehensive energy consumption	MW·h	452.03
Comprehensive energy intensity	MW·h/RMB million revenue	0.06
A2.2		
Water consumption	m ³	5,762.05
Water intensity	m ³ /RMB million revenue	0.70
A2.5		
Packaging used	t	312.65
Packaging intensity	t/RMB million revenue	0.04

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

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KPIs	Unit	2021
B. Social		
B1. Employment		
B1.1		
Total number of employees ⁸	Person	2,083
Total workforce by gender		
Male	Person	1,507
Female	Person	576
Total workforce by employment type		
Management	Person	31
Non-management	Person	2,052
Total workforce by age group		
29 and below	Person	905
30-49	Person	1,166
50 and above	Person	12
Total workforce by geographical regions		
Mainland China	Person	2,080
Hong Kong, Macau, Taiwan and overseas	Person	3

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

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KPIs	Unit	2021
B1.2⁹		
Overall employee turnover rate	%	19.73%
Employee turnover rate by gender		
Male	%	20.90%
Female	%	16.67%
Employee turnover rate by age group		
29 and below	%	23.09%
30-49	%	17.32%
50 and above	%	0.00%
Employee turnover rate by geographical regions		
Mainland China	%	19.76%
Hong Kong, Macau, Taiwan and overseas	%	0.00%
B2. Health and safety		
B2.1		
Number of work-related fatalities	Person	0
Rate of work-related fatalities	%	0.00%
B2.2		
Lost days due to work injury	Days	0

9 The formula for calculating the employee turnover ratio 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%.

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KPIs	Unit	2021
B3. Development and training		
B3.1		
The percentage of employees trained	%	98.70%
The percentage of employees trained by gender		
Male	%	99.20%
Female	%	97.40%
The percentage of employees trained by employee category		
Management	%	100.00%
Non-management	%	98.68%
B3.2		
The average training hours completed per employee	Hours	34.28
The average training hours completed per employee by gender		
Male	Hours	37.25
Female	Hours	26.51
The average training hours completed per employee by employee category.		
Management	Hours	21.19
Non-management	Hours	34.48
B5. Supply chain management		
B5.1		
Number of suppliers by geographical region		
China mainland	Units	611
Hong Kong, Macau, Taiwan and overseas	Units	30

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KPIs	Unit	2021
B6. Product responsibility		
B6.1		
Percentage of total products sold or shipped subject to recalls for safety and health reasons.	%	The Company only provides distribution 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 parcel	203
B7. Anti-corruption		
B7.1		
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the year ended December 31, 2021	Units	0
B7.3		
The number of people participating in anti-corruption training	Attendances	7,529

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ESG INDEX

Aspects, general disclosures and KPIs		Description	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.	Energy and resource use
	KPI A1.1	The types of emissions and respective emissions data.	ESG performance overview
	KPI 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 performance overview
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG performance overview
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG performance overview
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Green delivery
	KPI 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.	Green office

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Aspects, general disclosures and KPIs		Description	Disclosure paragraph
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy and resource use
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ESG performance overview
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG performance overview
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green delivery
	KPI 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.	Green office
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	ESG performance overview
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Energy and resource use
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green office
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.	Climate change adaptation
	KPI 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.	Climate change adaptation

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Aspects, general disclosures and KPIs		Description	Disclosure paragraph
B: Social			
Employment and Labour Practices			
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.	Employee Rights & Interests
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	ESG performance overview
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	ESG performance overview
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.	Health and safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	ESG performance overview
	KPI B2.2	Lost days due to work injury.	ESG performance overview
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and safety

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Aspects, general disclosures and KPIs		Description	Disclosure paragraph
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	ESG performance overview
	KPI B3.2	The average training hours completed per employee by gender and employee category.	ESG performance overview
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.	Employee Rights & Interests
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Rights & Interests
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Rights & Interests
Operating Practices			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supplier management
	KPI B5.1	Number of suppliers by geographical region.	ESG performance overview
	KPI 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.	Supplier management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier management



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Aspects, general disclosures and KPIs		Description	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
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	ESG performance overview
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer satisfaction improvement
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of intellectual property rights
	KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Data security and privacy protection
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.	Integrity management
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the year ended December 31, 2021 and the outcomes of the cases.	ESG performance overview
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Integrity management
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	ESG performance overview

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Aspects, general disclosures and KPIs		Description	Disclosure paragraph
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
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Serving the community
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Serving the community

