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管治篇

GOVERNANCE

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



Promoting the high-quality development together

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

Standardizing the organizational construction to build a solid fort

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



Strengthening party member education through online and offline ways in combination

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



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

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



Standardizing corporate governance

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

The Company convenes and holds general meetings in strict compliance with relevant laws and regulations, treats all investors equally, engages lawyers to attend the general meeting as observers and issue legal opinions on the holding and voting procedures of the general meeting, and gives full respect to and protects the legitimate rights and interests of all shareholders. The Company's controlling shareholder strictly regulates its behaviours, exercises the shareholder's rights through the general meeting, and does not interfere with the Company's management or decision making directly or indirectly bypassing the general meeting and the board. In 2021, SF Holding held 5 general meetings.

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

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

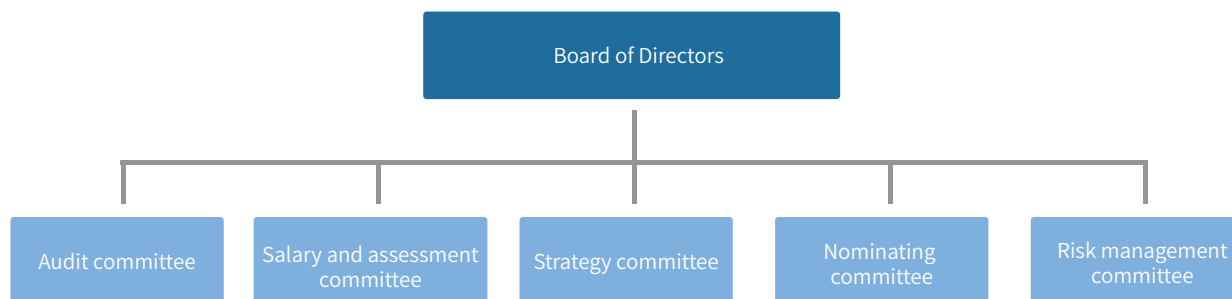


Figure Board Composition of SF Holding

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

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

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

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

Internal control and risk management

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

Risk management system

In accordance with the *Basic Standards for Enterprise Internal Control*, the *SZSE No. 1 Self-discipline Supervision Guidelines for Listed Companies – Standardized Operation of Main Board Listed Companies* and other laws and regulations, and with reference to the *Enterprise Risk Management Framework and the Articles of Association of SF Holding Co., Ltd.*, the Company have formulated the *Management System of Company Risk Control* and the *Management System of SF Holding Crises* to ensure the effective identification and monitoring of risks in a systematic manner.

SF has established a risk management organizational structure led by the Risk Management Committee of the Board of Directors. The Risk Committee under the Risk Management Committee of the Board of Directors is a professional body for the overall planning and control of group risks, mainly responsible for the establishment of the Group's risk management system, major risk prevention and major crisis response. The Risk Committee reports to the Risk Management Committee of the Board of Directors quarterly and annually. The Group's Chief Risk Officer (CRO) is responsible for implementing the company's risk management strategy, guiding and evaluating the establishment and improvement of risk management mechanisms across functions, BGs (Business Groups), BUs (Business Units) and other regions. The Group's Risk Control and Compliance Office coordinates risk control and compliance work. The leader of each functional department, BG, BU, and the region is responsible for related risk control in their work area, introducing risk management measures and implementation rules. They are also responsible for identifying, evaluating and controlling daily risks. ESG risks are also managed under this risk management organizational structure.

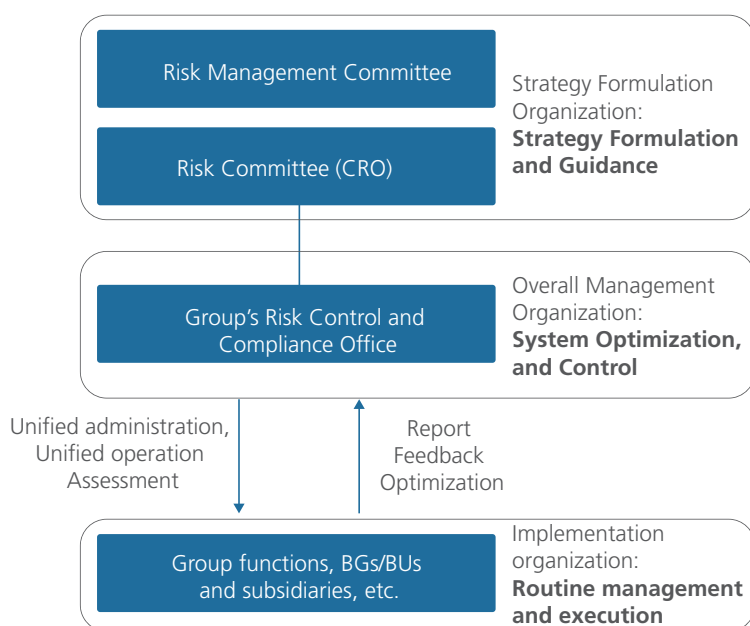


Figure SF Holding's Risk Management Organizational Structure

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

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

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

ESG risk management

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



Business ethics management

SF Holding attaches great importance to the management of business ethics and determines the management mechanism led by the Audit Committee of the Board of Directors. The Chief Audit Executive (CAE) manages our business ethics affairs and regularly reports to the Audit Committee. The Company created the 369 Code of Conduct for primary-level managers. It eliminates three violations of business ethics, requires six affairs to be made public, and establishes nine guidelines for managers to lead by example in business ethics management. Meanwhile, the Company is sorting and formulating the *SF Holding Anti-Corruption and Compliance Manual* on the basis of our past experience, in an attempt to provide the guidance on employees' honest conducts. During the reporting period, SF Holding had no legal action in respect of improper competition and anti-monopoly.

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

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

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

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



Integrity management system

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



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

SF Holding strictly abides by the *Anti-Unfair Competition Law of the People’s Republic of China* and other laws and regulations, and have formulated systems such as the *Rewards and Penalty Management Regulations* and *Reporting Management Measures*. The company clearly sets out the definitions of “corruption act,” “conflict of interest” and “convenience fee” in the *SF Holding Integrity Handbook* and the *Administrative Measures for Relatives Avoiding* to avoid conflict of interest between public and private sectors.

The Company has established a group-level prevention and control system from the Board of Directors, the Audit Committee, the regulatory department of the headquarters to the business areas. It also has built three lines of defense simultaneously in business areas to realize the integrity management system across all networks and posts of management. Outside the two-level three defensive lines we have set up the Senior Executive Disciplinary Inspection Committee led by our Chief Executive Officer (CEO), Chief Human Resources Officer (CHO) and CAE, along with the Employee Disciplinary Inspection Committee. These committees are responsible for managing the integrity of senior management and other employees, respectively.

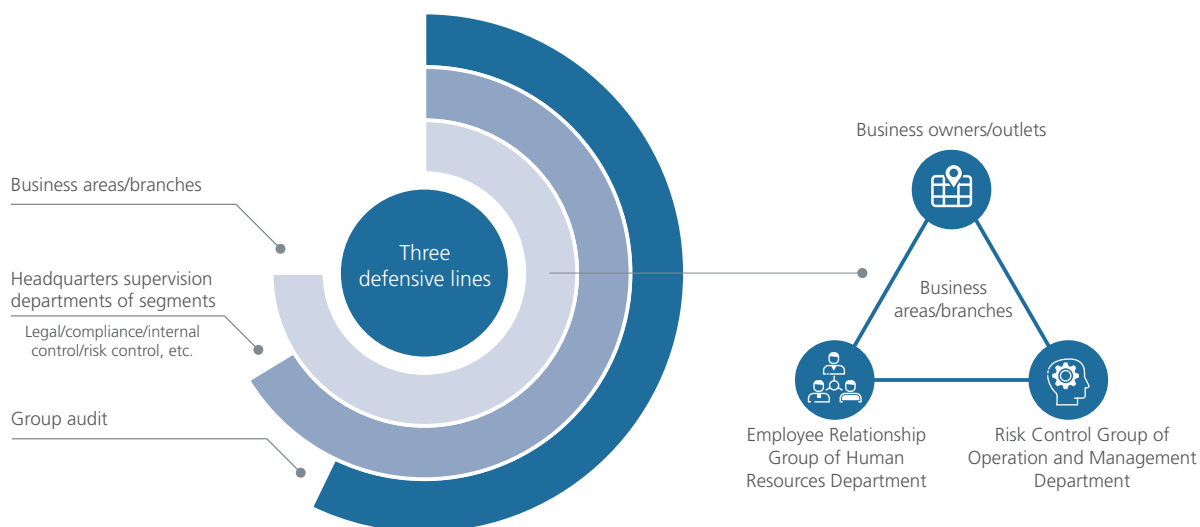


Figure SF Holding’s Defensive Lines for Integrity Supervision

Anti-corruption measures

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

Anti-corruption training

At SF Holding, we are committed to preventing violations through clear communication and guidance. Our *Integrity Handbook* (in Chinese and English versions) and our *Employee Handbook* define our expectations for acceptable internal and external behavior, providing guidelines of acceptable behavior with corresponding penalties. We provide all employees with a clear and reliable code of conduct to standardize their behavior and advocate professional integrity.

SF Holding has established an integrity culture system to promote the company's anti-corruption atmosphere actively in forms of system interpretation, integrity briefing, anti-corruption announcement, etc. We carried out positive publicity on integrity culture and anti-fraud case warnings for grassroots employees and management of business areas through online cases and offline training. We also conduct anti-corruption induction training for new employees and encourage them to confirm and sign the *Letter of Commitment to Anti-corruption* annually. In 2021, the signing rate of the *Letter of Commitment to Anti-corruption* was 92.9%.

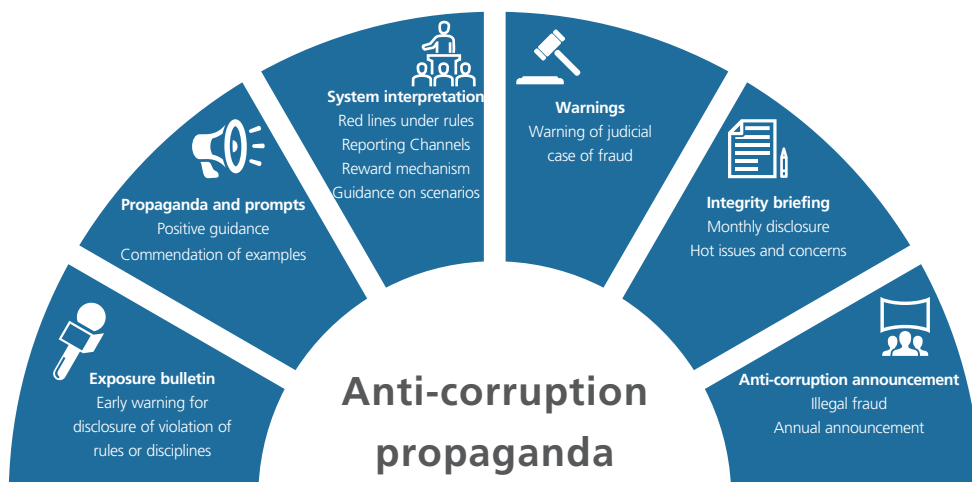


Figure SF Holding's Anti-Corruption Propaganda and Education

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

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

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

Reporting and handling corruption

SF Holding has formulated the *Reporting Management Measures* and the *Employee Communication Management Regulations* to encourage employees, suppliers, business partners and other stakeholders to supervise the integrity of the company's operations. The Company require relevant, informed persons to assume the responsibility for protecting and keeping confidential.

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

Table SF's Reporting Channels

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

Following the principle of “unified management, centralized handling and hierarchical responsibility,” the Company has formulated the *Employee Communication Management Regulations*, which clearly stipulates that the Audit Department of the Group makes overall planning of reporting management. Each business area is responsible for handling complaints in the region. Moreover, the Company has formulated the Reporting Management Measures to further clarify the closed-loop handling system from receiving reports, filing investigations, issuing investigation reports, handling responsible persons, and then closing and responding to ensure that the incidents are handled effectively. The Company also created the “Three Ones” principle to ensure the effectiveness of the incident handling process. It requires each department in charge to respond to the whistleblower within one working day, confirm whether to initiate an investigation within one week, complete the investigation within one month, reply to the whistleblower and publicize the results for effectiveness of the event handling process.

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

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

Whistleblowers protection

SF Holding prohibits the act of retaliation against whistleblowers per the Notice on Issuing the “Self-declaration of 842 Employees With No Worries” Independent Reporting Mechanism. The Notice clarifies that the organizations' heads are ultimately responsible for whistleblower protection and require them to take reasonable measures to guarantee whistleblowers' basic rights and interests. All personnel involved in the reception, acceptance and investigation of a report and subsequent disciplinary measures must protect the whistleblower's personal information and the content of the complaint along with the whistleblower's legitimate rights and interests. In 2021, SF Holding had no anonymous whistleblower whose privacy was disclosed.

Data security governance

As for information security and data compliance risks, SF Holding stays alert. The Company further perfects policies as well as management structure regarding data privacy and network security protection, and builds four security capacity systems in aspects of bottom line requirements, operation and maintenance measures, methodology and ecological scenarios, including the baseline for security capacity, security operation capability, DevOps³ security capacity and ecological security capacity, so as to ensure the standardized management of data security.

SF Holding strictly abide by applicable data collection and processing laws and regulations around the world, and comply with the data privacy and cybersecurity policies of different countries and regions such as the *Cybersecurity Law of the People's Republic of China*, the *Personal Data (Privacy) Regulations*, the *General Privacy Protection Law (GDPR)* of Europe, the *Personal Information Protection Law* of Japan, the *Health Insurance and Portability Act (HIPPA)* of the US, and the *Personal Information Protection and Electronic Documents Act* of Canada.

SF Holding has established three-tier data privacy and cybersecurity management organizations, including the organizations for decision-making, management and implementation, under which the data privacy and cyber security protection are managed. The technical committee, as the ultimate leadership organization, is responsible for information security decisions, appointments and instruction. One of the board members, the CEO serves as its chairman and is the highest responsible person for information and data security. All employees must sign the *Employee Information Security Undertaking* to make commitments to information security and privacy regarding company data, customer information and employees' personal information.

Cybersecurity

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

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

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

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

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

Information security

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

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

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

