

 **BEST Inc.**
Empower business Enrich life



2020 BEST Inc. ESG Report

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ABOUT THIS REPORT

1. Introduction

This is the third Environmental, Social and Governance (ESG) report released by BEST Inc.

2. Focus

The report covers BEST Inc. and its subsidiaries and consolidated affiliated entities. For readers' convenience, "Company", "we", "us", "our" and "BEST" refers to BEST Inc. and its subsidiaries and consolidated affiliated entities.

3. Time frame

The report captures the Company's ESG initiatives in 2020, unless otherwise stated.

4. Reporting Guidelines and References

The information contained in this report is provided in accordance with one or more of the established ESG reporting guidelines below:

- Sustainability Reporting Guidelines (G4) by the Global Reporting Initiative
- China Corporate Social Responsibility Reporting Guidelines (CASS-CSR4.0) by the Chinese Academy of Social Sciences
- Guidance on Social Responsibility Reporting (GB/T36001-2015)
- Guidance on Classification of Social Responsibility Performance (GB/T36002-2015)

5. Data

All data in the report comes from BEST's public filings, internal statistical reports, administrative documents and reports, and third-party evaluation interviews. All financial numbers in the report are in Renminbi (RMB), the legal currency of the People's Republic of China, unless otherwise indicated.



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Letter from the Chairman



The year 2020 was an extraordinary year, which brought a number of challenges before the mankind around the globe. While bringing challenges on the one hand, it also provided opportunities.

In wake of COVID-19, tens of thousands of colleagues stood up to face challenges bravely, assuming their duties and responsibilities, joined hands in times of difficulties and forged ahead to meet the set goals of BEST.

In 2020, we refocused on our core business, reshaped the organization, further strengthened the coordination of various businesses, sought breakthroughs in refined operations and digitalization, and continuously improved efficiency and profitability, with a view to creating values for franchise stations and partners. While constantly optimizing our businesses and services, we also leveraged our strengths to actively undertake social responsibilities: We engaged ourselves in the fight against the pandemic and contributed in disaster relief measures, mobilized our transportation resources for the prevention and control of the epidemic, delivered over 1,000 tons of relief materials for free and opened up the green channels to transport donated materials received from the charities based abroad. It was during this year, when BEST was listed among the Top 100 in "2020 China's Best Employers during COVID-19" by Hurun Report. We participated in a number of charitable activities including helping the disabled and providing education funds, supporting the disadvantaged groups. In order to help win the battle against poverty alleviation, we implemented China's national policies of "delivering packages to countryside" and "delivering packages to villages". We constantly improved our distribution networks in townships and villages, and explored the industrial poverty alleviation model of "logistics + e-commerce + agricultural products". While doing so, we gave full play to the advantages in network coverage, warehousing, transportation and service stations, and helped the development of e-commerce in rural areas.

In 2020, China duly proposed a "dual circulation" development pattern in which domestic economic cycle played a leading role while international economic cycle remained its extension and supplement. We responded positively to the country's call for "extending express deliver services to both domestic and foreign markets" and accordingly set up networks in Thailand, Vietnam, Malaysia, Cambodia, and Singapore. By applying the mature domestic logistics model to Southeast Asia, we could provide Chinese companies the logistics support to facilitate their operations globally. Through the rapid development of our Southeast Asia's express networks, we assisted the development of the area's logistics and digital economy.

In 2020, we marched ahead and stayed true to our original aspirations. We were selected as Top 500 Private Enterprise in China and were honored with China's Top 100 Private Service Enterprises award. We will uphold the original aspirations of transforming the logistics industry with technologies, establish a smarter and more efficient supply chain, and help partners reduce operating costs and increase efficiency. To realize high-quality development, BEST insists on guiding logistics with information, improving efficiency with innovation, advocating full-chain green logistics solutions featuring low-pollution, low-emission and high-efficiency. Besides, we work with upstream and downstream enterprises in the industry chain to ensure environment protection and thereby promote implementation of green development.

Where of what's past is prologue. In 2021, we will continue to improve the company's ESG governance structure and related policies. Under the guidance of BEST's core values of "Customer-Oriented, United, Pioneering, Upright, and Responsible", we continue to take our advantage in logistics and proactively assume and fulfill social responsibilities. At the same time; we will continue to maintain high-quality development, improve timeliness and service quality, and optimize user experience. We will further continue to strengthen technological innovation to provide customers more convenient, high-quality and efficient services in days to come.

In 2021, let us work together to create a better future with quality services!

Johnny Chou

Chairman and CEO of BEST Inc.

June, 2021



01 ENVIRONMENT

- Reusing and Reducing
- Green Packaging
- Low-carbon Transportation

Green development has become a must for the logistics industry as over 80 billion parcels were delivered across China in 2020. BEST always promotes green logistics solutions by emphasizing plastic reduction at all aspects, reducing carbon emissions in the transportation, and meeting government's environmental protection requirements.

Reusing and Reducing

BEST adopts an energy-saving and eco-friendly approach in the design of office areas, sites, sortation centers and warehouses. We take our operations' impact on the local environment and the efficient use of natural resources very seriously. Our sortation centers and warehouses are located near city borders and transportation hubs to limit the transportation time and fuel required. We install clerestories and daylight bands on the roof to provide natural lighting in order to reduce power consumption. We encourage our employees to be creative in incorporating environment protection efforts into their daily work activities. For example, we have installed sound-activated, electromagnetic water flow controllers and LED lights in various locations including canteens, dormitories, and sortation centers to save resources. At the end of 2020, BEST Express received the DNV's certification of Environmental Management System (EMS) under ISO 14001. The standard requires organizations to establish and maintain an EMS in line with the international standards.

Green Packaging

A huge amount of paper is wasted in the consumption of conventional express waybills. Moreover, conventional sorting bags contain materials which are not naturally degradable. In recent years, BEST has put into use reusable sorting bags and increased the use of digital waybills to reduce resource consumption and contribute towards environment protection in our daily work.

Reusable sorting bags

BEST has designed reusable sorting bags by utilizing its own technical advantages and RFID Internet of Things technology while adhering to the strategy of "Green Express" construction of the State Post Bureau of China and reduce the operating pressure of the service stations. This has made BEST to become the first logistics enterprise in the express industry to independently develop the eco-friendly bag circulation management system.

The RFID-equipped bags help track information of express parcels and can be reused 40 times while traditional woven sorting bags can be reused maximum twice. At the end of 2020, BEST had utilized over nine million eco-friendly sorting bags with each being reused over 31 times.

In November 2020, BEST's Reusable Sorting Bag Project was awarded the excellent cases at the 3rd Logistics Packaging Technology Development Conference.



One-copy digital waybills

BEST has been widely promoting the use of digital waybills for its express and freight business over the years. A digital waybill is a type of logistics waybill printed on a thermal paper. Compared with traditional waybills, digital waybills can be printed 4 to 6 times faster and save printing materials and labor input by over 50%. Since June 2019, BEST started using One-copy digital waybills, which reduce the size of waybills by nearly half. Waybills with printing errors or other damage can be automatically recycled to reduce the waste. The digital waybill adoption rate for BEST Express had reached nearly 100%.



Green recycling bin

Green recycling bins are a new way to recycle packages of express parcels. By the end of 2020, BEST had distributed a total of 6,000 green recycling bins to the express service stations and BEST Neighbor convenient stores across the country.



Low-carbon transportation

Smart delivery route planning

BEST leverages high-capacity transportation solutions for our long-haul routes. In 2020, BEST launched Digital Route Management Platform. The platform can match vehicles and cargo automatically, plan the route to facilitate trucks' capacity to the maximum, with a view to increase energy efficiency and reduce fuel consumption.

Use of new energy vehicles

BEST Express actively promotes the use of new energy efficient and environment-friendly vehicles throughout its logistics network. On the one hand, it has made mandatory for all its stations nationwide to use electro-tricycles in line with specifications; while on the other hand, it purchases more vehicles meeting "Limits and measurement methods for emissions from light-duty vehicles (CHINA 6)" standard, with the sole objective of saving fuel and reduce emissions.

Promotion of transportation with dumping trailers

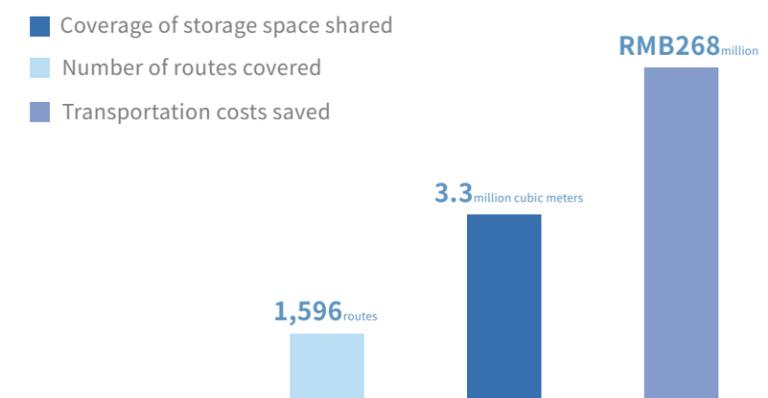
BEST's information system of dumping trailers can match tractor head and trailer with flexibility. As each tractor head and trailer have been provided with GPS, the information system automatically arranges scheduling and dispatching according to route, frequency, vehicle load and the number of tractors and trailers in each area.

Since the launch of transportation with dumping trailers, BEST has saved 20-25% of transportation cost. At present, BEST has around 2,000 dumping trailers (based on the number of tractor heads), accounting for about 50% of the total number of vehicles, of which about 900 are used for the trunk line, and the ratio of tractor to trailer is about 1:2.

Integration of Freight and Express networks

With information technology BEST integrates Express and Freight transport networks, and sets up service stations of Freight at existing express sorting centers, to reduce energy consumption and carbon emissions.

By the end of 2020, the Freight and Express had shared storage space of over 3.3 million cubic meters, the Freight-Express-Integration initiative had covered 1,596 routes and saved about RMB286 million towards transportation costs.





02 Community

- Helping Farmers
- Supporting the Community
- Free Delivery
- Supporting the Education

In recent years, BEST has built BEST Neighbor convenient stores in villages and towns and rural areas to improve logistics networks there, and provide full support to e-commerce and express delivery services in rural areas.

Also, BEST Express has cooperated with media and charity organizations, including Zhejiang Online, One Foundation, "Mother's Smile" Public Welfare Program, and has successfully undertaken a number of charitable activities. Across 2020, BEST Charity invested a total of 1.85 million to organize and participate in nearly 20 charitable activities, which included, anti-epidemic aid, targeted poverty alleviation, donation to schools, and special group care.

Helping Farmers

By the end of December 2020, BEST Express had more than 49,000 service stations in China, with 100% coverage of provinces and cities, 100% coverage of districts and counties, and 93% coverage of villages and towns. It even covers China's remote areas including Xinjiang and Qinghai. In addition, it has over 30,000 of BEST Neighbor convenient stores in towns, townships and rural areas. Working on the existing mature logistics system, BEST has been constantly improving rural logistics infrastructures, and opening up rural logistics channels.



SERVICE STATIONS

49000+



100% coverage of provinces and cities,
100% coverage of districts and counties

100%



93% coverage of villages and towns

93%

Agricultural Excellence

In 2018, BEST launched the "Agricultural Excellence" project to help improve the income and livelihood of farmers in China's impoverished regions by promoting locally grown specialty agricultural produce. By providing tailored "e-commerce + logistics" solutions, we increased the accessibility and popularity of the produce and boosted their sales. By the end of 2020, our "Agricultural Excellence" project had launched special programs for more than 100 specialty agricultural products, and BEST Express had helping local farmers from over 30 regions generate over 65 million yuan of revenues.

Sugar Orange Sold Everywhere

In the autumn of 2020, Mayang County, Huaihua City, Hunan Province, dubbed the "hometown of Sugar Orange in China", witnessed extremely cold weather continuously and further a huge impact of the pandemic. This ultimately adversely affected sale of the oranges. With the help of the local government, BEST signed a logistics strategic cooperation agreement with Mayang County Electronic Commerce Association in November 2020 to promote Mayang sugar oranges through "Agricultural Excellence" project.



A Farmer from Mayang stands in front of his sugar orange trees

For the purpose, BEST Express has set up agency service points in eight main production and marketing villages of sugar oranges in the county. At the same time, it used the exclusive express sheet "Fresh Fruits" for parcels of Mayang sugar oranges, enabling them to be transported and delivered on priority. These fresh produces were delivered to Suzhou, Wuhan, Guangzhou, Hangzhou, Hefei, Jinhua and Shanghai on the next day through the seven direct transport lines. During the entire harvest season, BEST Express delivered over 150,000 orders, which was more than 725,000 kilograms of sugar orange from Mayang County.

[Case study]

The First Express Station in Village



Zhongba Village's first express station

On July 22, 2020, BEST Express' site in Zhongba Village, Xide County, Liangshan Prefecture was officially put into operation, becoming the first standard express station in Zhongba Village. Thanks to this express station, villagers no longer need to go to the downtown over 40 kilometers away to fetch parcels, and locals can sell local pepper and other specialties of the village to other places in the country.

Supporting the Community

In Qixingguan District, Bijie City, Guizhou Province, BEST Neighbor convenient store not only sells grocery to the local residents, but also purchase agriculture produces from the farmers nearby. Bijie's special local products, like pork, sausages, peppers and seasonal vegetables are sold there.

Wu Yitian is in charge of the local BEST Express. He launched a local pig breeding & purchase project in 2018. The project invites customers to order local pigs in advance at the BEST Neighbor convenient stores and piglets would be then fed by the households in the Dananshan Miao Village in Bijie. At the end of the year, fresh pork, bacon and sausage were collected and sold to customers who had placed the orders. This venture directly increased the village's income by about RMB 600,000 that year. Later, Wu Yitian established a farming and breeding base in a nearby town, where he planted vegetables and fruits and initiated a chicken purchase project. At the end of the year, he sold over 4,000 chickens. The average monthly income of more than 10 households raising chickens exceeds RMB 3,000, directly bringing them out of poverty.

At the beginning of 2020, Qixingguan District of Bijie City passed national acceptance and officially got out of poverty, helping 190,000 local people in financial distress to get out of poverty. Wu Yitian was awarded the title of "2020 Most Attractive Courier" because of his efforts to promote "hematopoietic poverty alleviation".



Wu Yitian (the third from left) is delivering chicken with villagers



Ma Shengjun (right), director of State Post Bureau visited Wu Yitian's station in Bijie

A Logistics 'Oasis' in China's Westernmost City



Cao Yang works at his station

Tumxuk, a small city on China's western border in the Xinjiang Uygur Autonomous Region, had no express delivery before. Cao Yang, 33, as the local head of BEST Express, started the first express station there.

Dedicated to developing local express delivery, he has literally walked thousands of miles in the skirts of Tumxuk City to inform the local people about e-commerce and logistics, who were unaware of them.

In 2018, in response to the national call for to poverty alleviation and e-commerce to help farmers, Cao Yang was assigned by the local government as the head of "Express Go to Countryside" project, and was entrusted with the task of trunk line and service station development. The objective was to deliver parcels to maximum number of remote residents in Xinjiang. In cooperation with local poverty relief offices, he set up the "BEST Neighbor convenient stores" in some townships to provide convenient services, delivery of goods, sale of small commodities and payment of living expenses, which not only provided job opportunities to the local people, but also solved the problem of "last-mile services".

BEST Express Thailand Demonstrated Social Responsibility

In 2020, BEST Express (Thailand) Co., Ltd. actively organized and participated in various local activities to fight the epidemic. It donated medical equipment worth more than 1.5 million baht to hospitals through National Assembly of Thailand, donated a total of 2,500 epidemic prevention kits to six-wheel truck drivers in Uthai Thani Province, and distributed masks and free food to the poor in Bangkok. In terms of business, BEST Express provided courier posts for local tuk-tuk drivers and horse-drawn carriage drivers, whose income plummeted due to the pandemic.

On January 27, 2021, BEST Express Thailand also delivered 4,500 sets of "Spring Festival Package" for the Chinese Embassy in Thailand. The Packages contained pandemic prevention supplies and Chinese New Year greeting cards, which were specially provided to the local Chinese compatriots.

In addition, BEST Express has been engaged in events for the benefit of public welfare at many places in Thailand, and participated in local charity activities, including donating food and drinking water to the flood-affected people of Lai, Yasothon and Lampang provinces; and donated materials to Thai Blind Foundation to blind children, and deaf-mute children.



Spring Festival Package to be delivered



Thai horse-drawn carriage drivers now work as couriers

Free Delivery

Fighting against Flood and Drought

In July 2020, many places in China witnessed heavy rainfall continuously with frequent flood disasters. BEST Express and Freight tried their best to deliver parcels in time, while getting involved in flood-fighting and emergency rescues.

BEST Anhui Branch actively mobilized resources to send 15,000 woven bags for flood control; and some stations together voluntarily organized a team help, by donating and delivering bottled water, instant noodles, and woven bags. In addition, BEST Express Hubei Branch also set up a flood control commando comprising of dozens of people. Once the water level of Han River section reached 29 meters, they would patrol the area 24 hours.



BEST employees prepare flood-control supplies at midnight

BEST Freight brings “Mother's Smile” to Yushu

In late July 2020, BEST Freight delivered a batch of free medical supplies to provide medical treatment to children with cleft lip and palate from poor families in Qinghai.

The medical equipment and consumables, weighing about 570 kg, were sent to Bayi Hospital in Yushu, Qinghai Province, for the “Mother's Smile” Public Welfare Program. Launched in 1990, the program is specially run to provide free medical treatment and relief to children with cleft lip and palate and head and facial deformities from poor families. So far, it has offered free repair surgeries to more than 30,000 children from poverty-stricken families. Since 2014, BEST Charity has been joining hands with the “Mother's Smile”. In addition to donating funds, BEST Charity also cooperates with BEST Freight to transport medical supplies free of charge.



Award from China Women's Development Foundation

Supporting the Education

In 2020, BEST helped 2,300 poor children by donating money for education, and carried out public welfare cooperation with schools in Thailand through its overseas branch.

Assistance to “the first lesson in new semester”

Located 2,500 meters above sea level in Erhe Township, Liangshan Yi Autonomous Prefecture, Sichuan Province, Naizuku Primary School is the only primary school in Naizuku Village, with 200 teachers and students. In August 2020, BEST and Baichuan Public Foundation jointly launched the caring activity “First Class in the New Semester”, donating and delivering materials to Naizuku Primary School and giving around RMB 1,000 to each local volunteer teacher as teaching subsidy.



BEST employees take pictures with teachers of Naizuku Primary School.

Help needy kids in Liangshan entering kindergartens

In June, 2020, BEST donated RMB 100,000 to finance and support the promotion of the project of kindergarten education in Yisa Community, Butuo County, in Sichuan Province, and helped 1,500 local poor children get enrolled into kindergartens. The assistance covers several fields, including school aid, medical assistance, assistance for the disabled, assistance for orphans, assistance for the poor and infrastructure construction.



BEST Public Welfare Action in Thai Schools

On December 30, 2020, BEST Express (Thailand) entered into an academic memorandum of understanding with Surat Thani Technical College to provide internship positions for the college's advanced vocational certificate courses, including logistics and supply chain management.

To cultivate children's career awareness, BEST Express opened stations in the Northern Region School for the Blind and Anusan Sunthon School for the Deaf in the kingdom, to not only provide express services to the school, but also vocational classes for senior students.





03 Workplace

- Developing and Retaining Talent
- Employee Well-being
- BEST Employees

BEST adheres to the concept of “investment in talent and technology”. Providing a complete training curriculum system for employees, BEST helps staff and franchisees with their career goals. It also emphasizes on school-enterprise cooperation, and organize corporate cultural activities on a regular basis.

Developing and Retaining Talent

By the end of December 2020



Employee development

BEST has developed a professional talent management system and carries out talent inventory on a regular basis to improve the efficiency of talent management and ensure availability of adequate BEST talent pool and the improvement of talent team.

By the end of December 2020



BEST University

To help the enterprise use internal strength, BEST University introduced training course of Extracting Organization Experience in 2020 for internal trainers of enterprises. A total of 44 sessions of training were held nationwide, covering 1,086 people. After the end of the course, 310 cases and 90 online courses were collected.

In 2020, BEST University held 7,465 training sessions, including 490 online, 5,071 face-to-face and 1,904 mixed training sessions. A total of 204,143 people attended the training. The collective class hours of training stood at 19,238.27 hours.

School-enterprise cooperation

BEST has always valued the introduction of talent so much that it has established further cooperation with a number of colleges and universities for internship, employment of excellent graduates and cooperative education, with an objective to reserve a large number of professional talents for the company. By the end of December 2020, BEST had entered into a long-term strategic cooperation with over 180 colleges and universities to conduct out school-enterprise talent training and further the integration of industry and education.

Vocational skills competition

On October 24, 2020, the 3rd National Competition Finals “Competition for Training” of BEST Express kicked off in Foshan, Guangdong Province. The competition was held in two parts: theory and practice. Over 400 contestants took part in the finals and a total of eight employees won the awards.



Employee Well-being

BEST strives to provide employees with a safe and comfortable working environment: The office area is equipped with complete security and fire protection system and video security monitoring. In addition, BEST organizes free physical examinations for its employees annually, holds health lectures and free medical consultation in regular intervals, and provides labor protection equipment, like reflective working clothes, safety helmets and safety ropes, for front-line employees to ensure their safety while they are at work.

During the summer season, BEST will distribute cold drinks and bonus to the couriers and operators who are still working. Similarly, during the winter season when it cold, BEST will provide cold-proof articles and winter subsidies to its employees.



Activities



BEST establishes a variety of informal and humanized communication channels for employees, and carries out other staff care activities on a regular basis. These include, anniversary celebrations, basketball league matches, fun games and other activities.

- In 2020, BEST organized many large-scale activities like “Brothers and Sisters Who Brave Winds and Waves” Male and Female Teams Selection, basketball league match and basketball baby contest and fun sports meeting for anniversary celebration.
- Before the “Double 11” in 2020, BEST released its company song "Best Family" where employees working at different places made audios and videos based on the song, with an aim to cheer up the team before the peak season.

Free gym

- In 2020, BEST opened a free gym at its headquarters, equipped with exercise rooms, bathrooms and dressing rooms. In addition, it purchased various fitness equipment and devices, and invited professional coaches to impart yoga training, fighting and Pilates.



BEST Employees

Courier saved people without expecting anything in return



Liu Liangyi, director of the Personnel Department of the State Post Bureau, presented him the award.

Lin Haiyuan is in charge of the agency of BEST Express Beifeng Branch in Quanzhou, Fujian Province. During the “Double 11” in 2019, he saved a sanitation worker who was being chased by a person with a knife on his way to deliver parcels. In the fight, his left palm was stabbed and was subsequently hospitalized for over a week. However, during his stay in the hospital, he refused the red envelope (honorarium) from the sanitation worker, saying “it was a trivial and there was no need to reward me”. He also “fled” the hospital several times because he was worried about the parcels and would not feel reassured until the parcels of the area had been delivered in time. In addition, BEST Express’ couriers Cao Yang and Wu Yitian, and Hebei courier Wang Tongling, who died during a bravery act for a just cause, were selected among the top 50 most attractive couriers.

Women courier saved drowning child bravely



On the afternoon of September 12, 2020, Fang Yinghong, a courier of BEST Express in Funan, was busy in his routine work of sorting and packing when she was suddenly told by her son that a 4-year-old child had fallen into water in a ditch, which was near the express station. Although she could not swim, Fang Yinghong, jumped into the water and held child up tightly. The water was up to her neck before she carried the child to the bank. After saving the child, Fang Yinghong was awarded the title of “little bee special award” by BEST Express headquarters, and was rewarded RMB 3000 in cash; BEST Express Anhui Branch awarded her another RMB 2,000.



04 CORPORATE GOVERNANCE

- Board of Directors and Its Committees
- Internal Risk Control
- Supervision of clean governance
- Work Safety and Quality Supervision

Board of Directors

The leadership and direction provided by the Board of Directors benefit our stakeholders and create value and protection for our shareholders. Our Board of Directors actively engages the management in setting company policies and strategies, overseeing execution of strategies, evaluating performance of the company and management, as well as reviewing and approving major administrative matters. The Board ensures that management effectively executes operations, complies with laws and regulations, and behaves ethically.

As of the date of this report, our Board is composed of 7 directors, of which 3 are independent, 2 non-executive and 2 executives. They are widely experienced within their own specializations and capabilities. Pursuant to the articles of association of the company, Mr. Shao-Ning Johnny Chou, founder of BEST, has the right to nominate two directors (currently Mr. Shao-Ning Johnny Chou and Mr. George Chow), while Alibaba/Cainiao, a major shareholder of the company, has the right to nominate two directors (currently Mr. Jun Chen and Mr. Lin Wan). The remaining three directors (currently Ms. Quan Hao, Mr. Wenbiao Li and Mr. Mark Qiu) are independent directors.

The Board of Directors has established an audit committee, a compensation committee, and a corporate governance and nominating committee. The audit committee consists solely of independent directors, while the compensation committee and the corporate governance and nominating committee each includes one independent director. Functions of each committee are described below.

Audit Committee

The audit committee is entrusted with: overseeing the accounting and financial reporting processes and the audits of financial statements; selecting, evaluating and supervising independent auditors of the company; overseeing the internal accounting controls and audit procedures of the company; reviewing and approving related party transactions; reporting regularly to the board of directors. Ms. Quan Hao is the chairman of the audit committee. She is an independent director with over 25 years of experience in professional accounting and auditing. The company has set up a department for internal controls. The department manager reports directly to the audit committee. The internal control department, along with outsourced consulting firms, performs independent and continuous tests on financial reporting, operation system control, IT controls as well as major policies and procedures of the company. The internal control department must report to the audit committee at least semi-annually.

Compensation Committee

The compensation committee is responsible for: supervising the compensation policies of the company, evaluating the performance of directors and executive officers; determining the compensation of executive officers; reviewing the execution of share incentive plans. The independent director Mr. Mark Qiu is the chairman of the compensation committee. Mr. Mark Qiu is the founder, CEO and managing director of China Renaissance Capital Investment Inc. (CRCI).

Corporate Governance and Nominating Committee

The corporate governance and nominating committee is responsible for: nominating candidates for independent directors; reviewing the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity; making recommendations to the board on corporate governance and compliance matters. The chairman of the corporate governance and nominating committee is Mr. Shao-Ning Johnny Chou, the chairman of BEST.

Summary of the Composition of the Committees

	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
Mr. Shao-Ning Johnny Chou			Chair
Mr. Jun Chen			
Mr. George Chow		Member	
Ms. Quan Hao	Chair		
Mr. Wenbiao Li	Member		Member
Mr. Mark Qiu	Member	Chair	
Mr. Lin Wan		Member	Member

Directors

Ages of directors are as of April 11, 2021.

Directors and Senior Management	Age	Gender	Position/Title
Mr. Shao-Ning Johnny Chou	59	M	Chairman of the Board
Mr. Jun Chen	48	M	Director
Mr. George Chow	54	M	Director
Ms. Quan Hao	63	F	Independent Director
Mr. Wenbiao Li	55	M	Independent Director
Mr. Mark Qiu	57	M	Independent Director
Mr. Lin Wan	46	M	Director



Internal risk control

Internal control and risk management



Based on Internal Control Integrated Framework and Enterprise Risk Management Integrated Framework published by Committee of Sponsoring Organizations of the Treadway Commission (COSO), with regards to the characteristics of the industry and the company, BEST adheres to the principles of the risk-oriented model, and has established systematic internal controls and essential internal supervision mechanisms on multiple levels, including the overall company, IT general controls, all business processes and system applications. BEST has clearly set up internal controls, organizational structure of risk managements, responsibilities and limitations. Audit committee also assists the board of directors in reviewing the designs and effectiveness of the groups, internal controls and risk management.

The company has set up policies and standard procedures suitable for each business segment with regards to its different features, providing specifications and guidance for the company's routine operations. Different policies should be updated intermittently based on their effectiveness in practice; personnel specified to be in charge of business execution should perform timely internal controls; audit department of routine operations should follow up and review management risks periodically; internal audit department should periodically review the enforcement of core internal controls, publish real-time review results internally and supervise the improvements of business department, while reporting to the audit committee on the latest development of internal controls. In 2020, BEST showed that internal control was effective in internal control evaluation report, management self-evaluation report and the internal control audit report.

Supervision of clean governance



BEST advocates the corporate culture of honest and law-abiding management and tries to cultivate the business environment of honest and clean governance. According to the listing rules and relevant national regulations, BEST Anti-Corruption Regulations were formulated in accordance with the ground reality of the company, with a view to prevent corrupt practices and punish the corrupts, strengthen corporate management, reduce corporate risks, standardize the professional conduct of employees, maintain working style of integrity and diligence, safeguard the legitimate rights and interests of the company and its shareholders, and to ensure sustained and sound development of the company.

BEST has a "zero tolerance" policy towards corruption. Any employee, who violates company's policies may be dismissed, and those suspected of breaking the law are liable to be handed over to the judicial authorities.

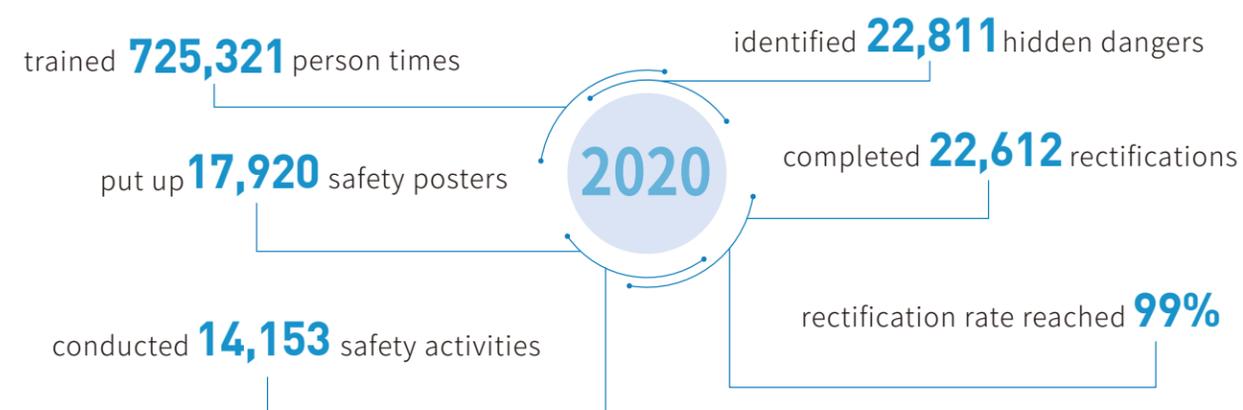
At the same time, BEST has established a supervisory committee to discuss and make decisions on the handling and reporting of major corruption cases, violations of laws and disciplines that harm the company's reputation, appeals against referral to judicial bodies, and matters that the CEO deems necessary to hold a supervisory committee meeting to discuss the issue. BEST has established a Clean Governance Supervision Department as the only dedicated and permanent department authorized to investigate corruption and serious violations of disciplines.

Till the end of 2020, the company established and implemented the Red Line Behavior Management Code of BEST Employees to further promote integrity, reduce corporate risks and standardize employee professional behavior.

Work safety and quality supervision

Work safety

BEST actively prevents risks to safeguard social and public security. In 2020, BEST established and improved its safety supervisor teams that extended to the front-line distribution organizations, with 353 part-time safety supervisors, 31 full-time safety management personnel, and 384 safety team members, realizing full-coverage management.



Quality supervision

In 2020, BEST completed 292 Quality Control Circle projects and 41 Lean Six Sigma projects in the name of enhancing organizational performance and increasing efficiency;

In October 2020, BEST Freight and BEST Supply Chain switched to the ISO9001 quality management system certified by DNV, an internationally renowned third-party certification body. BEST Express Fujian Branch and Hebei Branch also obtained the certification. Earlier, BEST Express' headquarters had been certified.



Smart logistics

BEST Express in 2020 increased its R&D investment in automation, information technology, smart hardware, big data and other aspects through smart logistics services. This ultimately helped in improving the overall timeliness and service quality. According to the satisfaction rate released by the State Post Bureau of the People's Republic of China, the performance of BEST Express in 2020 was at par with that in 2019. Further, Horizon Research's report showed that the satisfaction rate of BEST Express in second half of 2020 for accepting and collecting parcels increased year-on-year. The overall satisfaction rate of BEST Freight in 2020 increased significantly compared to that of 2019. Its Cainiao Logistics Index rose to the second place in the industry in September 2020, and the satisfaction rate of order placement, parcel collection, delivery, and after-sales parts witnessed significant growth.

Digital Route Management Platform

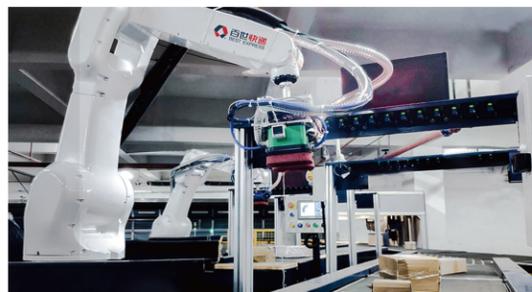
Relying on the technology, BEST has built a Digital Route Management Platform. Looking at the cargo volume data, the platform can intelligently predict the shipment volume in peak season and make adjustments accordingly. It can also leverage data from shuttle information system as well as on-site monitoring and briefing system to improve the feedback and early warning mechanism on traffic flow to optimize routes and smart delivery route planning. These helped improving the efficiency of transportation and relieve the pressure during the peak season. In 2020, the platform increased the theoretical production capacity by 1250,000/hour by adding 52 high-speed automatic sorting lines.

Smart Online Customer Service

By updating its online customers service, the Company's smart customer service robots is able to have multiple rounds of interaction with customers. Among all the chatbots, Bestie 3.0 is able to interact 24*7, and has served 40 million times throughout the year.

Hangzhou Sortation Center' Robotic Arms

In October 2020, BEST Express installed smart robotic arms at its Hangzhou hub. The arms can move up to 1,600 parcels/ hour to the sorting belts without human supervision, greatly reducing the reliance on labor while at the same time heightening operating accuracy.



Changzhou Sortation Center' s fully automated Sorting line

Booming e-commerce brought more large products to logistics business. Of different sizes and shapes, those bulky parcels require longer time to process on the sorting lines. In 2020, BEST introduced the Freight industry's first fully automated sorting line to its Changzhou sortation center, for higher efficiency and lower percentage of damage. The fully automated sorting line is suitable for parcels less than 70kg and with relatively regular shape, like small furniture and home textiles. With seven unloading ports, its fastest sorting efficiency is up to 2000 pieces/hour.

