

2021 BEST Inc. ESG Report



ABOUT THIS REPORT

Introduction

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

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.

Time Frame

The report captures the Company's ESG initiatives in 2021, unless otherwise stated.

Reporting Guidelines And References

- 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)

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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04



ENVIRONMENT

01

Green development has become a must for the logistics industry. BEST always promotes green logistics solutions by emphasizing pollution reduction at all aspects, such as reducing carbon emissions and plastic use, and meeting government's environmental protection requirements.

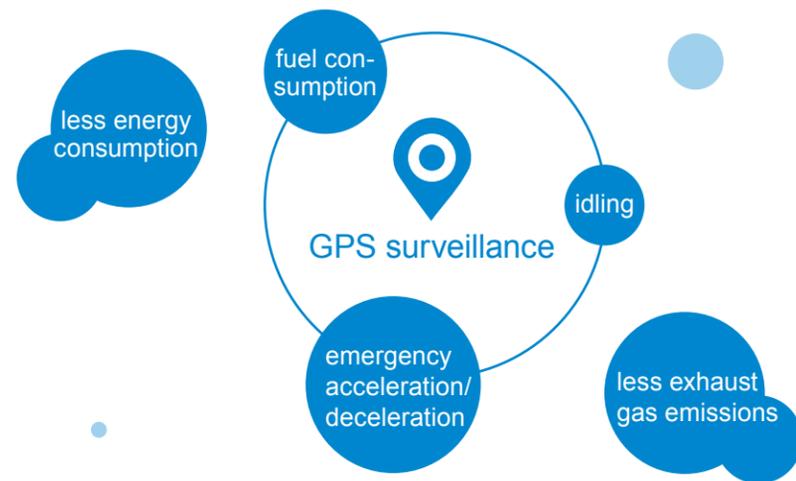
- C-link System
- Blockchain Technology in Transportation



C-link System

In 2021, BEST adopted the C-link system to manage some of its vehicles. With the help of big data, the system can secure less energy consumption and exhaust gas emissions. It can also monitor vehicles' fuel consumption, emergency acceleration/deceleration, and idling, via GPS surveillance.

Other features include location/speed/route monitoring, fault alarms, etc. For any vehicles that have an emergency breakdown, the system can match the vehicles with nearby service stations based on vehicle location and configuration while notifying the service stations of the vehicles that have broken down.



C-link system that manages vehicles

- Location
- Speed
- Route
- Fault Alarms



Notifying the service stations of the vehicles that have broken down

More efficient transportation

Blockchain Technology in Transportation

Blockchain is a distributed database (DDB) technology that is decentralized in nature. All data or information stored in a blockchain are tamper-proof and traceable and can be transparently viewed. BEST data is well-documented in a renowned domestic blockchain platform claiming a world-leading position in the number of blockchain patents. As cargo owners, supply chain service providers and carriers are “on chain” by the platform, and all data is shared in real time. All related parties can view and check the data via the authorized persons, promoting business management efficiency while reducing ongoing risks and saving a large amount of paper documents arising out of transportation.

Currently, initial progress has been made in low-carbon environmental protection due to implementing the blockchain-based paperless transportation solution. In 2021, BEST has successfully saved over RMB460,000 and abates 80 tons of carbon emissions in the year by shrinking annual consumption of 5.8million sheets of A4 paper.



COMMUNITY

02

- Fighting against The Covid-19 Pandemic
- Free Delivery
- Helping The Vulnerable



Fighting against The Covid-19 Pandemic

CASE STUDY

One-yuan Charged for A Truckload of Face Masks

In the summer of 2021, the COVID-19 pandemic relapsed in many places nationwide. Hubei Meishunhe Medical Technology Co., Ltd. mobilized its resources for face mask production to support community-based pandemic prevention and control in Wuhan. Conscious that the face masks were donated to communities, the Head of BEST Huangshi Yangxin Service Station immediately arranged transportation for the face masks and charged one Yuan, as a symbolic gesture to show support in the fight against the virus.

CASE STUDY

Protective Suits Delivered within 24h

During the wave of the COVID-19 pandemic that broke out in July 2021, Zhangjiajie was the most affected area in Hunan Province. In response to the call from the local government, BEST Zhangjiajie Sangzhi County Service Station applied for suspension of operations on July 31. However, employees soon resumed logistics and express services upon receipt of an emergency notice the following afternoon (August 1). The county's pandemic prevention and control headquarters designated BEST to deliver 90 cases with 1,800 protective suits to the local disease prevention and control center from Changde, Hunan within 24 hours (August 2). The courier had to act urgently due to the short time frame.

Wang Shijun, head of the service station, deployed an emergency plan on short notice. He recalled and assigned five key employees on vacation with detailed tasks, such as employee pandemic prevention and control, routing and loading/unloading, before coordinating and securing the delivery overnight with a certificate of service issued by the Zhangjiajie Municipal Postal Administration. At 22:30 on August 2, a full load of protective suits were stocked in the warehouse of the local disease prevention and control center, thanks to the efforts of Wang Shijun and other BEST staff.



Free Delivery

CASE STUDY

Response to The Henan Disaster

On July 20, 2021, torrential rains battered many areas in Henan Province. The BEST Henan Branch instantly established an emergency group in charge of safety inspections and reactions, as well as support and relief to disaster-stricken service stations and delivery persons.

Pooling together all transportation resources nationwide, BEST Inc. delivered supplies to those in need and waived charges. Leveraging its own logistics resources, BEST was also key in securing logistics delivery for reconstruction after the disaster.



Photo of first responders prior to departure



Free delivery of daily necessities

CASE STUDY

Response to The Yunnan Disaster

A 6.4 magnitude earthquake broke out in Yangbi County, Dali Prefecture, Yunnan on May 21, 2021, with an epicenter at a depth of eight kilometers. BEST Yunnan and Qinghai Branches immediately mobilized local resources, manpower and materials, to contribute to disaster relief and reconstruction at the forefront. In earlier May 22, a BEST rescue team comprising five volunteers from hubs and sortation centers arrived at the county, wholeheartedly joining in local transport of supplies and disaster relief. Informed of the local shortage of relief supplies, tents, water and food in particular, BEST Inc. donated nearly RMB50,000 for procurement and delivery of supplies to the affected areas via BEST Charity.



Helping The Vulnerable

In China

Quality Agricultural Products

BEST initiated Agricultural Excellence in 2018, a project allows local agricultural products to be more accessible nationwide.

As part of the project, in August 2021, BEST commenced establishing nearly 7,000 town- or village-level express service stations across 118 counties in Yunnan Province. As a rural express service network at this magnitude was initially taking shape in the province, parcels were delivered to villages within 24h upon arrival in relevant counties.

Up until December 2021, the project facilitated transportation for 100-plus agricultural products sourced from over 30 regions nationwide, with a total sale of ten million kilograms and income increase of roughly RMB 80million .



Staff entering mango parcel information in the system in a BEST Neighborhood Convenience Store in Huaping County, Yunnan.

Student Subsidies

Before 2021's Children's Day, Wenhai Primary School in Hangzhou made a donation of 280kg books to Machang Primary School at Kaili, Guizhou, as the BEST Zhejiang Branch served as a free courier. All books were procured with earnings from student donations at Wenqing Primary School.

Earlier in October 2020, BEST transported the school's one point eight tons of supplies, including clothes and schoolbags, to Guizhou free of charge.



Staff packing books at Wenqing Primary School



Group photo with Wenhai Primary school students and BEST staff

Overseas

Vietnam

BEST Vietnam's Assistance to Students And Children from Impoverished Families

In November 2021, BEST Vietnam delivered computers to 500 needy families in nine remote provinces for online learning during the pandemic thanks to cooperation from the local foundation. Concurrently, the courier also donated 5,000 cases of fresh milk to sick children in the Vietnam National Hospital of Pediatrics.

Vietnam

BEST Vietnam's Funding for Bridge Construction

Featuring a considerable water flow and prevalence of primitive bridges and suspension bridges, Mekong's Vietnam basin hinders local mobility and economic growth due to challenges for transportation. In 2021, the BEST Vietnam lent a hand to improve local transportation by appropriating VND 1billion (RMB283,100) to erect ten concrete bridges.

Also, later in June 2021, the local COVID-19 pandemic situation worsened. Cooperating with local hospitals, the express service provider delivered daily necessities and medical supplies packed in seven consignments from southern Vietnam to thousands of patients and medical workers locked down in the north of the country.



Groundbreaking ceremony of Hope bridge 157 in Chau Thanh District, Dong Thap province, Vietnam

Thailand BEST Assistance to Orchard Farmers in Thailand

The pandemic that erupted in the summer of 2021 took a heavy toll on local mangosteen sales in southern Thailand. Later in August 2021, BEST Thailand Branch co-staged a farmer support campaign with the DTL Law Office and some other local Chinese-funded enterprises. The courier volunteered to deliver eight tons of mangosteen procured by Chinese-funded enterprises from local farmers.



BEST staff sorting out and packaging mangosteen parcels



Thailand BEST Sharing Happiness to Society in Thailand

Amidst the implementation of the BEST Sharing Happiness to Society Program, BEST Thailand made 20+ donations of daily necessities and medical supplies worth around THB 2million(RMB382,511), including oxygen generators, oxygen masks, sphygmomanometers, etc., to local primary medical workers and patients that contracted the COVID-19 virus in 2021.



BEST Thailand donated daily necessities to orphans in the country via the Bangkok-based children's foundation



BEST Thailand furnished local residents with COVID-19 with free oxygen generators and other medical supplies via the local media



BEST Thailand donated daily necessities to disabled children

CUSTOMERS & CLIENTS

03

As a smart supply chain service provider, BEST Inc., apart from automating integrated logistics and supply chain services, has also spared no effort launching and refurbishing hubs and sorting centers, to shape intelligent distribution and warehousing, and to boost technology applications, such as auto routing, AI-based customer service, and digital supply chain solutions.

- **Tailor-made Supply Chain Solutions**
- **Intelligent Customer Service**



Tailor-made Supply Chain Solutions

In 2021, BEST SaaS Department duly unveiled its SaaS services. Constructed from BEST's mighty research and development capacity and logistics practice, the SaaS department is instrumental in promoting intelligent applications of digital technologies in national and international EC platforms, logistics service providers, and retailers.

It offers a wide selection of portfolios, including the Youyi ERP for e-commerce SMEs, Wangniu cloud data warehouse system, Qianyi ERP specialized in cross-border business, Qiancang WMS software for overseas warehouses, and Bailing convenience store chain management system.



CASE STUDY

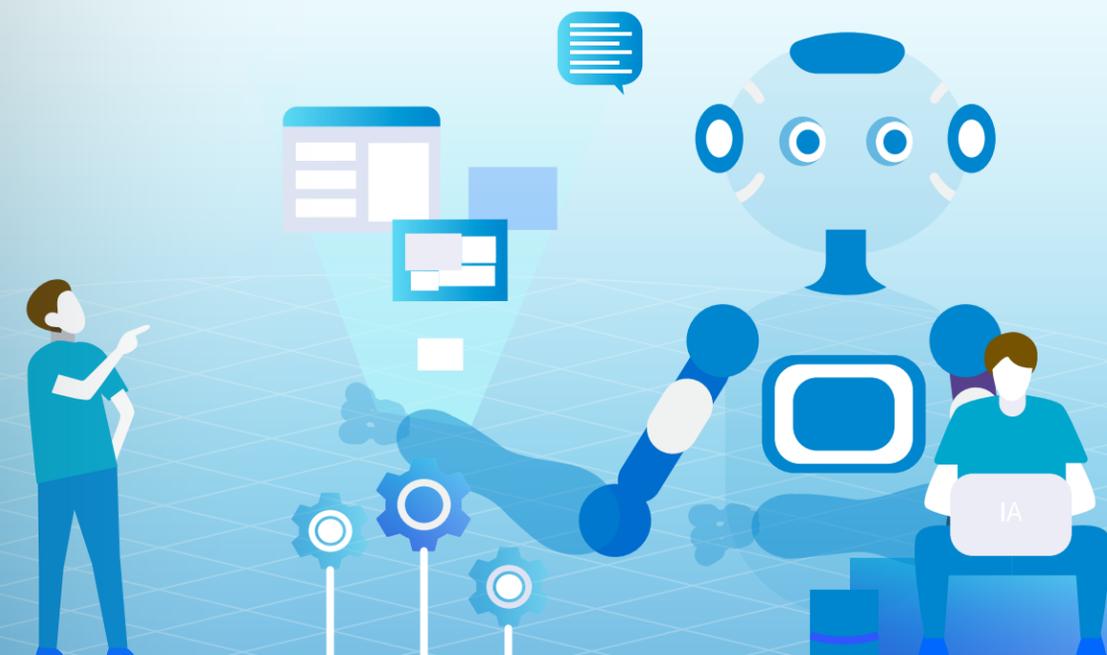
Tailored for cross-border service providers, the Qianyi ERP system has now aligned vendors with dozens of leading cross-border e-commerce platforms, hundreds of top logistics service providers and warehouses across the world, easing purchase-sales-inventory management and front-end sales operation & management that require much lower costs in time and manpower. In addition, the system can also optimize programming and cost structures of vendors by featuring automatically identifying preferential rules at overseas e-shopping sites.

In 2021, over 10,000 stores were launched on Qianyi, averaging over a million transactions daily. Research findings list the software among the most popular cross-border EC ERP programs in East China.

Intelligent Customer Service

As information in cyberspace takes on characteristics of sharing, personalization, real time and big data, users ascribe great importance to the problem-solving capabilities with responsiveness and accuracy in service quality assessments. In the wake of a constant surge in new business demand and user population, BEST originates an intelligent robot service system using advanced AI technologies. Alleviating pressure from call centers and reducing down labor costs, the new system delivers online customer services that mimic real people.

Rolled out in 2018, the BEST AI robot renders customer services online or by phone, using key technologies, such as voice recognition, natural language processing, and intent recognition. Currently, 81.9% of complaints have been effectively resolved via BEST's online interactive service channel. After years of consistent work on algorithmic iterations and corpus updating, BEST's phone voice interaction feature has updated three times in 2021. Nearly 80% of problems can be solved in the first incoming call. In 2021, BEST's AI robot served over 6.5million customers online in total.



WORKPLACE

04

- Staff Composition
- Employee Development
- Employee Activities
- Protection of The Rights And Interests



Staff Composition



By the end of December 2021

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. According to the data in 2021, the number of high-potential key retained staff, high-potential talent and core talent in BEST stood at 309, 515 and 664 respectively.

BEST Academy

In 2021, BEST Academy held 6,394 training sessions, including 234 online, 4,261 face-to-face and 1,899 mixed training sessions.

Experience Sharing

Essential for optimizing structures of all BUs are lessons and methods drawn from organizational experience. A new program *Organizational Experience* is tailored for internal trainers in BEST Academy. In 2021, the 30-session program enrolled 785 employees in total. The program is centered around two perspectives: organizational needs and personal needs. Structured around a set theme, each BU posits its organizational needs in accordance with core practices of present key jobs and evaluates those exemplary; and seeded trainers to demonstrate the personal needs visualized in a bottom-up approach in class competition. All 334 outstanding cases have percolated down within the organization.

Mini MBA

The Year 2014 marks the inception of the Best Partner- Mini MBA Program, which was intended to help BEST franchisees seek superior development. The three-year training program was brought to fruition with elevated management and operation levels of franchisees. Winding up the Cloud Order Fulfillment Centers (Cloud OFC) Mini MBA Program in September 2021, 12 trainees graduated and earned their diplomas. At the graduation ceremony, awards were presented to six best trainees by Ms. Mary Liu, BEST Senior Vice President of Human Resources, Administration and Procurement.



Mr. Shao-Ning Johnny Chou, Chairman & CEO of BEST Inc., and Ms. Mary Liu, BEST Senior Vice President of Human Resources, Administration and Procurement, awarding a Certificate of Merit and medal to one of the best trainees

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 2021, BEST had entered into a long-term strategic cooperation with over 200 colleges and universities to conduct out school-enterprise talent training and further the integration of industry and education.



Meeting with China Federation of Logistics and Purchasing for a logistics textbook writing

Employee Activities

BEST establishes a variety of informal and humanized communication channels for employees, and carries out other staff care activities on a regular basis.

Campaigns

In 2021, BEST Inc. staged its summer band tournament. Of the over 20 BEST bands that were finalized in the qualification trials, the top three bands were determined by professional assessments and online voting results. The participants included the company's management, office workers, primary operators, as well as franchise employees. A total of 230,000 votes were cast for the competition online.



Poster of 168 Club, winner of the first summer band tournament

Protection of The Rights And Interests

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 distribute cold drinks and bonus to the couriers and operators who are still working. Similarly, during the winter season BEST provides cold-proof articles and winter subsidies to its employees.



Employees of sortation centers at an intensive physical examination

CORPORATE GOVERNANCE

05

- Board of Directors And Its Committees
- Work Safety
- Quality Supervision



Board of Directors And Its Committees

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 six directors, of which two are independent, two non-executive and two 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 Ms. Xiao Hu and Mr. Lin Wan). The remaining two directors (currently 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. Mr. Mark Qiu is the chairman of the audit committee. Mr. Mark Qiu is the founder, CEO and managing director of China Renaissance Capital Investment Inc. (CRCI).

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.

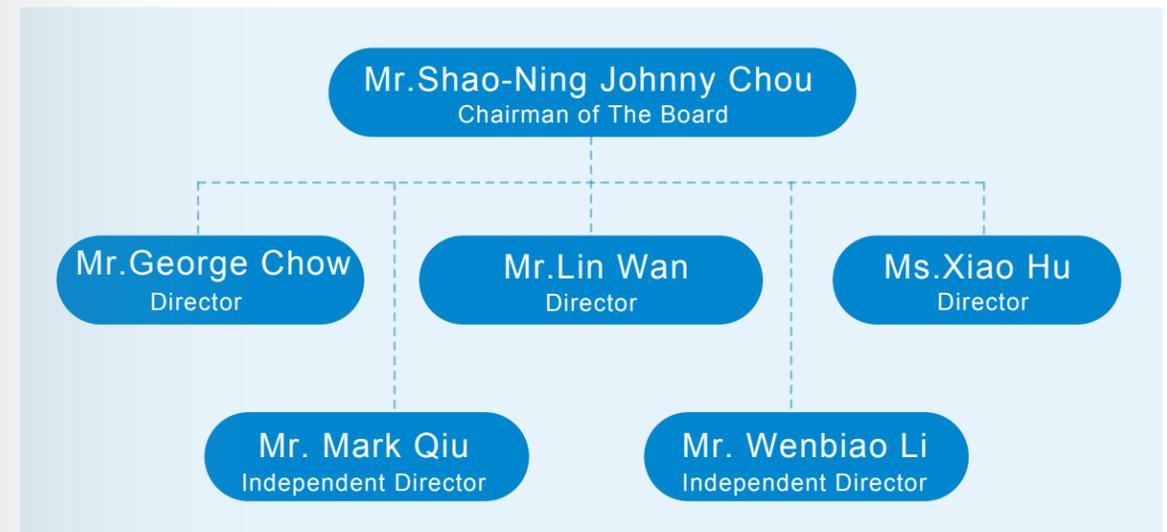
Compensation Committee

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.

Board Members



Mr. Shao-Ning Johnny Chou

Chairman of The Board Chairman of The Corporate Governance and Nominating Committee

Mr. George Chow

Director Member of Remuneration Committee

Mr. Lin Wan

Director Member of Remuneration Committee
Member of The Corporate Governance And Nominating Committee

Ms. Xiao Hu

Director

Mr. Mark Qiu

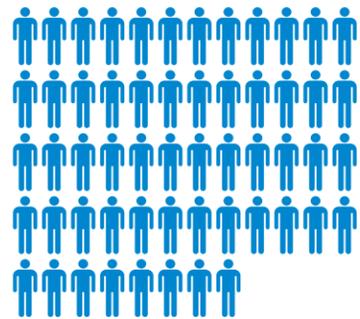
Independent Director Member of Audit Committee
Member of Remuneration Committee

Mr. Wenbiao Li

Independent Director Member of Audit Committee
Member of The Corporate Governance And Nominating Committee

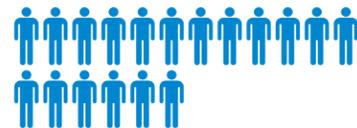
Work Safety

BEST actively prevents risks to safeguard social and public security. In 2021, BEST established and improved its safety supervisor teams that extended to the front-line distribution organizations, with 340 part-time safety supervisors, 21 full-time safety management personnel, and 362 safety team members, realizing full-coverage management. In the year of 2021, BEST conducted 8,087 safety activities, trained 377,240 person times, identified 16,827 hidden dangers and completed 16,758 rectifications, with rectification rate of 99.6%.



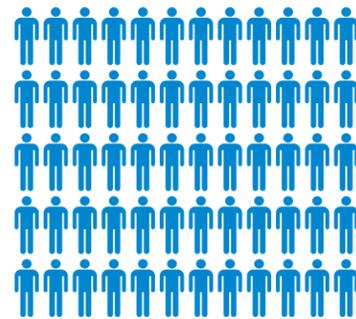
340

Part-time safety supervisors



21

Full-time safety manager



362

Safety team members

#Number of best Safety Officer team members by 2021

2021

Safety activities	8,087
Trained people	377,240
Identified hidden dangers	16,827
Completed rectifications	16,758
Rectification rate	99.6 %

Quality Supervision

In 2021, BEST completed 177 Quality Control Circle projects and 34 Lean Six Sigma projects in the name of enhancing organizational performance and increasing efficiency.

In September 2021, BEST Freight and BEST Supply Chain was certified by DNV, an internationally renowned third-party certification body.





Empower business · Enrich life

Headquarters Address Block A, Huaxing Modern Industry Park, No.18 Tangmiao Road, Xihu District, Hangzhou, Zhejiang Province, PRC

Website www.best-inc.com

Telephone (86) 0571-88995656

Email ir@best-inc.com