

2018 ZTO Express (Cayman) Inc. ESG Report

ZTO Express (Cayman) Inc.

2018 ESG Report



About the Report

○ Introduction

This annual ESG report is the first public release by ZTO Express (Cayman) Inc

○ Coverage

The report covers ZTO Express (Cayman) Inc. and its subsidiaries. For reader's convenience, "ZTO Express", "ZTO", "the Company", and "We" are also used to address the Group

○ Time frame

The report covers the period from January 1, 2018 to December 31, 2018 (Please note that part of the content maybe out of this time frame)

○ 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)

○ Data

All the data in the Report come from ZTO Express (Cayman) Inc.'s public files and statistical reports, which have been reviewed by the relevant departments. Financial data in the report are based on RMB, unless otherwise stated. To the best of our knowledge, the report does not contain any false records, misleading statements or material omissions

○ Information

Company Website: www.zto.com

Headquarters Address: 1685 Huazhi Road, Huaxin Town, Qingpu District, Shanghai

Postal Code: 201708

Telephone: 95311

Company E-Mail: ir@zto.com

***Bringing Happiness to
More People through Our Services***

Contents

- 01 About the Report
- 05 Chairman's Letter
- 07 About ZTO

11 Environment

- 12 Green Packaging
- 14 Green Transportation

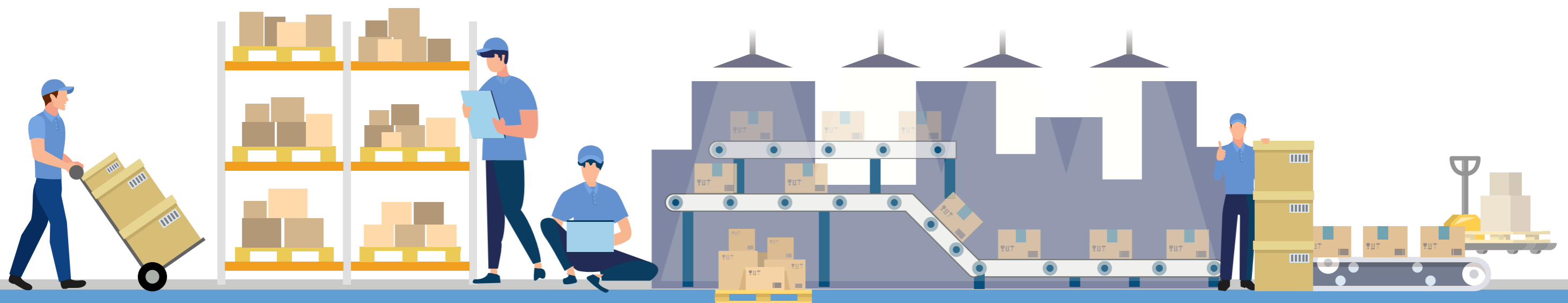
15 Social Responsibilities

- 16 Safety Precautions for Employees
- 18 Delivery Safety
- 19 Economic Empowerment
- 22 Nurturing our Employees
- 26 Creating Jobs Through Innovations
- 28 Connecting Industries with Customers
- 37 Enthusiastically Supporting Social Responsibility

41 Corporate Governance

- 42 Committees of the Board of Directors
- 44 Directors and Senior Management
- 46 Code of Business Conduct and Ethics

47 Looking Ahead



Chairman's Letter

For five consecutive years, the Chinese express delivery industry has maintained its status as a large and rapidly growing industry, achieving over 10 billion incremental parcels a year alone in 2018. The express delivery industry plays a critical role in reducing distribution costs and supporting the development of many related industries. Express delivery is still a young industry, and is integrating into daily life to become one of the new necessities in China. It enables consumers to buy more and better products at lower cost; it helps merchants to spend more time on sales and marketing and creating product value; it is improving the distribution efficiencies and reducing logistics cost across the whole country, making our manufacturing and agricultural industries more competitive. China's express delivery industry has demonstrated its capability to sustain high growth by connecting more producers and consumers, thus creating more social value.

ZTO came a long way. We delivered 8.5 billion packages in 2018, and for the second consecutive year we were the largest express delivery company in the world by parcel volume. Our domestic market share grew to 16.8%. Among the best in the industry, our service quality continue to improve by measures of industry common KPIs. We continued to enhance our management capability through refined management framework and information systems. We rapidly expanded our "eco-system" across eight adjacencies as we continue to build a mature "express delivery+" service platform. Furthermore, ZTO explored new logistics opportunities with our partners and drove industry-wide improvements. ZTO is among the last entrants into the space and, after 17 years of focus and effort, we have caught up with and now surpassed our peers. Today, ZTO is an empowering platform that optimizes social resources and creating social value.

Everyone at ZTO supports our mission of "Bringing Happiness to More People through Our Services". We have evolved from making a living for ourselves to serving others and now to serving the society. First of all, our entrepreneurial platform has helped more than 400,000 people to obtain employment or start their own business as our network partners who can begin building wonderful new lives for themselves. Second, ZTO has helped many industries to optimize their supply chains, both upstream and downstream, by assisting in the establishment of a comprehensive, low-cost and high-efficiency supply chain management system. This has helped industries as varied as manufacturing, e-commerce, retail and more to reduce costs, increase efficiency, improve service quality and create value. As a result, we have brought more people back to their hometowns as entrepreneurs by assisting them in selling the agricultural products of remote areas to people all over the country, thus contributing to poverty alleviation and rural revitalization. Finally, by continuing to build an "empowerment platform" that is increasingly environmentally aware and considerate of the benefit of the society, ZTO has gathered more resources, connected more people, empowered more people, and achieved integrated development, cooperation and win-win amongst all partners. As its express delivery business matures, ZTO is actively building an expansive ecosystem that will transform us into a comprehensive logistics supplier that will help the whole society to improve logistics efficiencies and reduce costs. ZTO has taken the initiative to fulfill its social responsibilities, for instance by working to develop a more "green" express delivery service that is safe, beneficial to economic development, and value-add for society.

ZTO went from being motivated by self-interest to serving others and to serving the society. We have come to realize that an enterprise must be dedicated to "serving the society and the people" so as to be successful in also serving itself. While all the staff at ZTO will not forget our original aspirations, we have taken on a larger mission. We will respond to market needs and demands, increase our level of commitment, carry out practical tasks, drive development, and keep striving to build ZTO into a world-class comprehensive logistics supplier. We believe that in the near future, as we further improve our capabilities, a great enterprise that is globally competitive with the international express delivery giants will rise in the Chinese express delivery industry.




About ZTO

Introduction to the Company

Founded on May 8, 2002, ZTO Express is a logistics conglomerate integrating multiple services including express delivery, international express delivery, express shipping, commerce, cloud warehousing, aviation, finance, Artificial Intelligence and media. On October 27, 2016, ZTO Express became publicly listed on the New York Stock Exchange, and was the largest IPO in the U.S. capital markets that year. As the first Chinese express delivery company listed in America, ZTO Express created unprecedented worldwide visibility for the Chinese express delivery industry. As of December 31, 2018, ZTO Express had over 30,000 service outlets and over 4,500 direct network partners, covering at least 98% of the cities, townships and villages in China; it owned more than 5,500 trucks including over 2,800 high-capacity trailer trucks; and it also operated more than 2,100 line-haul routes, 86 sorting hubs, and 120 sets of automated sorting systems. On our peak service day, the “Singles Day” that occurs on November 11, ZTO Express received more than 150 million orders and shipped nearly 88 million packages.

In fiscal year 2018, ZTO delivered 8.5 billion packages. This growth of 37.1% was 10.5 percentage points higher than the industry average growth of 26.6%. ZTO achieved revenue of RMB17.6 billion, up 34.8%, and its operating profit reached RMB4.3 billion, up 15.6%. In 2018, ZTO's market share rose to 16.8%, growth of 1.3 percentage points that was the best in the industry. In addition, Horizon Research Consultancy Group's survey data showed that customer satisfaction with ZTO Express was the greatest among the “Tongda” operators¹.

Note: 1) “Tongda” is a term referring to the major express companies: ZTO, YTO, STO, Yunda, and Best Inc.

Core Philosophy

Corporate Culture
Confidence, trust, responsibility, openness, transparency and sharing

Mission
Bringing happiness to more people through our services



Core Values
Shared success, trust and accountability, innovation and entrepreneurship

Vision
Become a respected enterprise with dignity, sustainability and longevity for centuries to come

Corporate Goal
Become a leading comprehensive logistics services provider in the world



Honors & Awards

2018 Chinese Express Delivery Industry's Dark Horse Award

China EMS News Office



2018 Chinese Express Delivery Industry's Social Responsibility Award

China EMS News Office



Chairman Lai Meisong won the "2018 Chinese Express Delivery Industry's Contribution Award"

China EMS News Office



2018 Chinese Express Delivery Industry's Mulan Award

China EMS News Office



2018 Chinese Express Industry's Technological Innovation Award

China EMS News Office



Chairman Lai Meisong was awarded the honorary title "2018 Annual Influential Zhejiang Merchant"

Guided by Publicity Department of Zhejiang Province, sponsored by Zhejiang Radio and Television Group, organized by Zhejiang Qianjiang Evening News and Zheshang Magazine



Won the designation of a "Five-Star Fleet"

The Sub Committee for Freight Transport of China Federation of Logistics and Purchasing



Won the title "Specialized and Innovative" as a small to mid-sized enterprise (2018-2019) in Shanghai

Shanghai Municipal Commission of Economy and Informatization



2018 Annual Trade Headquarters

Shanghai Municipal Commission of Commerce



2018 Annual National Advanced Logistics Enterprise

China Transportation Association



2018 Annual Top 100 Chinese Logistics Enterprises

China Transportation Association



2018 Annual New Power Award as a Pioneer of Technological Innovation

Shanghai United Media Group – The Paper



2018 Annual Award as an Innovative and Entrepreneurial Talent Team in Qingpu District

Talent Work Leadership Group of Qingpu District, Shanghai



2018 Annual Top 100 Outstanding Enterprises in Qingpu District

People's Government of Qingpu District, Shanghai



CHAPTER 1: ENVIRONMENT

With the rapid development of the express delivery industry, we are confronting issues such as wasted resources and environmental pollution. In these modern times, the governing Party and the entire country are actively promoting evolution towards more environmentally-friendliness, which demands higher levels of sustainability from our industry as we develop. ZTO Express is fully implementing President Xi Jinping's mandate of building an "eco-friendly society" through its sustainable development concept called "green express delivery". Under this concept and with closer attention and technological innovations, ZTO Express is making progress in areas of energy conservation, environmental protection and emission reduction in packaging, transportation, office work and more. Through our pursuit of environmental protection, we are helping to build a beautiful China.



Green Packaging

ZTO is expanding its use of e-waybills, environmentally-friendly packaging bags, environmentally-friendly fillers and other "green" packages. It is also taking the initiative to recycle express delivery packaging materials, and is guiding and assisting consumers to recycle and reuse unused packages, which reduces resource waste.



The ZTO Shanxi Management Center started a campaign that encouraged customers to bring their own packaging and enjoy a 1-RMB discount.



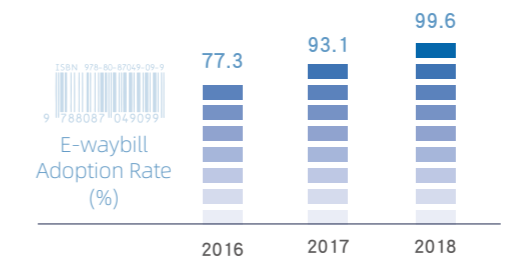
The ZTO Sichuan Management Center carried out a delivery package recycling campaign. By donating 1 RMB for each package recycled, ZTO Express sent a total donation of 100,000 RMB to help teachers in difficulty at the People's Elementary School in Panlong Town, Nanbu County.

E-waybills

ZTO Express promotes the uses of e-waybills at all its service outlets. Compared to a traditional waybill, an e-waybill uses two sheets of paper instead of four, and each sheet is smaller in size, which reduces paper consumption by over 70% per package. Printing errors or other damage do not cause the e-waybill to be wasted, as long as the bar code is legible; therefore, e-waybills significantly reduce paper waste. By the end of 2018, e-waybills adoption rate has reached to 99.6%, saving about 50,000 tons of paper for the year.

~50,000 tons of paper saved in 2018 with e-waybill vs. paper waybill on 8.5 billion parcels

equivalent to saving 150,000 cubic meters of timber in 2018



Environmentally-friendly packaging bags

Through year-end 2018, ZTO Express used more than 3 million biodegradable packing bags. Those bags are high quality, reliable, and biodegradable. With combined synergistic effects of light, heat, oxygen, microorganisms and water, oxidation and microbial consumption take place, resulting in full disintegration and thus causing no harm to the environment.

~100x longer useful life than traditional disposable bags



Zhang Zongjun is head of the ZTO service outlets in Renqiu, Cangzhou, Hebei. He independently developed the new environmentally-friendly packaging bag that won the National Intellectual Property Administration's certificates for "practical new patent" and "exterior design patent."



The new "green bag" can even be refurbished to extend its usable life; therefore, it is effective in reducing pollution related to express delivery packages. In 2018, use of these environmentally-friendly packaging bags was promoted at service outlets in many regions including Hebei, Beijing and Guangdong.

Biodegradable packing bags

Through year-end 2018, ZTO Express used more than 3 million biodegradable packing bags. Those bags are high quality, reliable, and biodegradable. With combined synergistic effects of light, heat, oxygen, microorganisms and water, oxidation and microbial consumption take place, resulting in full disintegration and thus causing no harm to the environment.



~3 million biodegradable bags were circulated across our major sorting hubs in 2018

Environmentally-friendly fillers

In order to increase the rate of resource recycling, ZTO Express actively promotes the use of recyclable packing and filling materials such as newspaper, reusable inflated plastic film bags and bubble bags.

Green Transportation

ZTO actively promotes environmental protection in transport and delivery. Our long-haul vehicles meet the National IV and V Emission Standards for Motor Vehicles. Each vehicle is equipped with cutting-edge GPS and GIS systems that ensure adherence to carefully planned transportation routes hence improved energy efficiency. ZTO also utilizes high-capacity tractors, electric vehicles and other environmentally friendly equipment, which help us to further our goals in energy conservation and emission reduction.

High-capacity trailer trucks



~40,000 tons less CO₂ emissions by a fleet of 2800 high capacity vehicles
 or equivalent to CO₂ produced by **~8,000** passenger cars
 or CO₂ absorbed by **~400,000** trees

Compared to a diesel vehicle, a high capacity trailer could reduce NO_x emissions by at least **50%**

ZTO Express advocates the use of high-capacity trailer trucks and it now owns more than 2,800 such vehicles. Compared to traditional 9.6-meter vehicles, these trucks reduce fuel consumption by roughly 55% and pollutant emissions by at least 70% per parcel. The fleet at its current size reduces annual carbon dioxide emissions by approximately 44,184 tons. Furthermore, ZTO utilizes diesel exhaust fluid. In contrast to a traditional diesel truck, a ZTO vehicle using diesel exhaust fluid can reduce nitrogen oxide emissions by at least 50%.

"New Energy" vehicles



Cruising range of **70km** per charge

High delivery capacity with minimal pollution

ZTO Express promotes the use of electric vehicles for pick-up and delivery. Our electric vans are 12 to 14 cubic meters with a range of 70 km, and have capacity for up to 3,000 packages. With these vehicles, we realize high delivery capacity while achieving zero pollution and a "green last-mile delivery".

CHAPTER 2: SOCIAL RESPONSIBILITIES



Safety Precautions for Employees

The State Post Bureau stresses that measures must be taken to steadily eliminate risks and to effectively prevent and control serious accidents. ZTO Express actively implements the decisions and arrangements of the CPC Central Committee and the State Post Bureau regarding the prevention and elimination of major risks. By implementing these directives, ZTO improves work safety, helps to maintain social and public security, and helps the country secure long-term stability.

ZTO Express proactively implements work safety policies that emphasize “safety first, focus on prevention, and treat accidents comprehensively”. ZTO has established a sound work safety management system, and it continuously enhances every outlet's safety awareness and skills, thus promoting a safe working environment.

Organizational Safeguards

ZTO Express has established an effective work safety management system. A Work Safety Committee leads the safety effort across the company, while the Safety Monitoring Center supervises compliance. All sorting centers have a work safety head and safety officer. All station managers are responsible for work safety.

In order to guarantee safety in the organization, the Work Safety Committee implements our efforts via a three-level system. At the front lines are the safety officers, who are supported by a mid-level Work Safety Leadership Group, while at headquarters is the Work Safety Management Committee. We use a vertical responsibility system and horizontal management system that tracks all details, gets instant feedback, can put a plan into action immediately, and can immediately implement decisions. The three-level system includes an early-warning safety precaution mechanism and a system for the efficient dissemination of safety information. This all combines into an effective safety and protection mechanism with strong organizational safeguards.

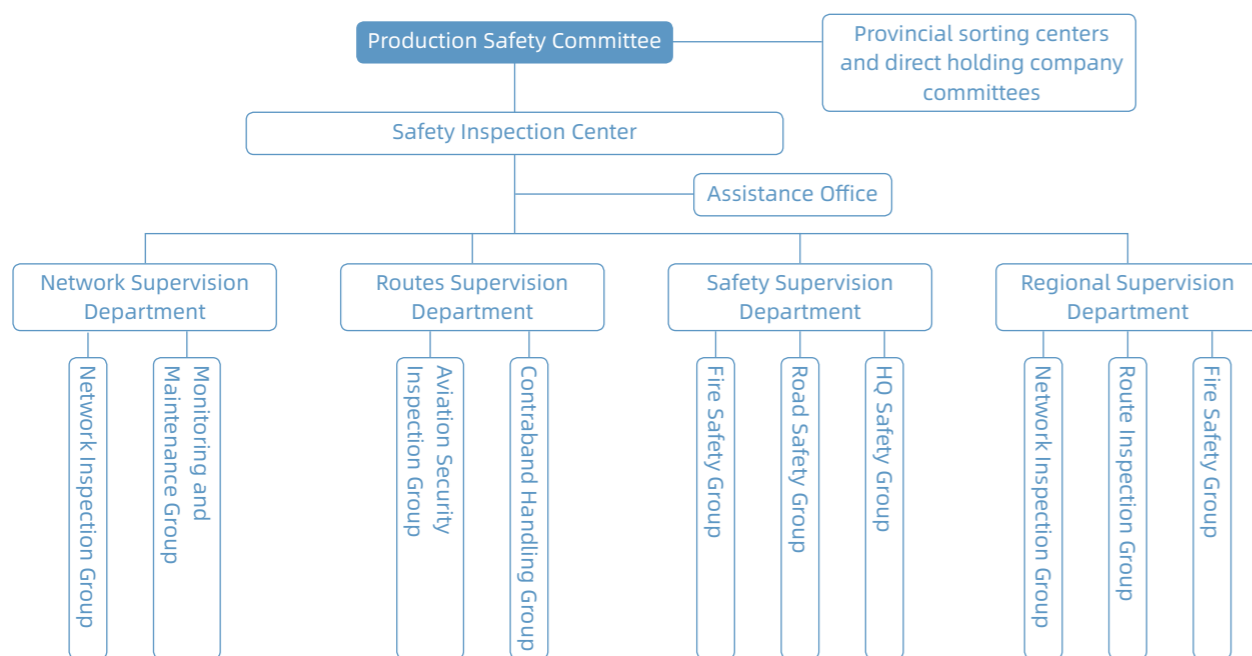
Technological Safeguards

ZTO Express works to guarantee safety through technical safety precautions, a data-centered business, and standardized operations. ZTO has already achieved this in its sorting functions, where the data focus and standardized and automatic operations have greatly diminished its reliance on manual operations, thus reducing non-standard operations and work accidents. ZTO can quickly identify safety hazards, give early warnings, and effectively investigate and handle hidden risks. By promoting e-waybills and information tools such as “ZTO Arrival” and “ZTO on Hand”, ZTO has increased the real-name registration rate of packages to about 99% by the end of 2018. We have also achieved effective balance between operational efficiency and safety precautions with conveyor-type safety inspection machines and their supporting systems.

Institutional Safeguards

To standardize its work safety system, ZTO Express has improved its 21 work safety regulations and systems as well as its 18 operational safety rules, such as its Work Safety Responsibility System, Work Safety Accountability System, and Rules of Safety Supervision and Punishment. ZTO created a safety emergency management mechanism under its Emergency Treatment Mechanism for Major Work Accidents (Crisis Control), which standardizes the emergency management and response procedures for work accidents, establishes a safety precaution system, checks safety hazards on a regular basis, and rigorously guards against work accidents. In 2018, ZTO carried out 16,859 safety checks at all the stations and achieved a hazard correction rate of 96.6%.

ZTO Express has established a crisis control system and public opinion monitoring system that makes use of internal and external resources in order to continuously strengthen its crisis prevention and control capabilities. For security and emergency management at special events, the Company developed a specific emergency response mechanism along with a sound information reporting and processing mechanism that guarantees the safety of express delivery during important national events.



ZTO Production Safety Supervision Structure



ZTO Guangdong Province Management Center Safety Responsibility Signing Ceremony

Publicity and Education

ZTO has been actively carrying out safety education and quarterly drill practices to establish and strengthen employees' safety awareness, knowledge and skills, as well as to improve their ability to handle emergencies. Safety education includes initial training, operator safety training, peak season training, and promoting and updating safety knowledge through ZTO magazines and Wechat group chats. In 2018 alone, ZTO carried out 6,053 safety training sessions for 358,072 participants, and 310 emergency drills for 36,262 participants.



Fire Drill at ZTO Taiyuan Sorting Center

Delivery Safety

ZTO has strictly implemented the "People's Republic of China Postal Law", "Postal Industry Safety Supervision and Management Measures", "Express Delivery Safety Operational Regulations" and other laws and regulations. It also ensured that the three systems (Real-name System, Open-box Inspection System, and Machine Inspection System) are in place to further assure delivery safety.

Real-name System

ZTO has established frameworks such as "Express Real-name Registration", "Implementation of Real-name Handbook", and "Real-name Delivery Rule" to ensure execution of the real-name system. The company organized training sessions for salespersons to learn how to implement these rules. Meanwhile, we have monthly inspections and penalty mechanisms in place to further ensure that the real-name system is adopted. By the end of 2018, the online real-name registration rate reached 99%.

Open-box Inspection System

Open-box inspection is the first line of defense to prevent the distribution of prohibited items. ZTO has posted the list of prohibited items at every outlet and has been promoting the concept of delivery safety to customers. During the inspection process, all ZTO couriers are required to implement the Open-box Inspection System procedures and to stop prohibited items from entering ZTO's delivery system, thus ensuring a safe and compliant delivery environment.

Machine Inspection System

To ensure accurate security inspection results and inspection efficiency, ZTO not only constantly updates security inspection equipment, but it also jointly develops independent advanced inspection machines along with NUCTECH. This allows ZTO to achieve 100% machine inspection for every package and further ensures the safety of the delivery environment.

Ensuring the Safety of Express Mail During a Major National Event

Case Study

ZTO made extraordinary efforts to ensure the safety of express delivery during the National People's Congress and the Chinese People's Political Consultative Conference (known as the "Two Sessions") between February 21 and March 17, 2018. ZTO strictly implemented three delivery safety systems and executed the highest security standards by checking every single package that was circulated in China. We designated 9 security inspectors and 3 security inspection machines at our Shanghai sorting center to solely focus on the security inspection of packages being transferred to Beijing. Meanwhile, we designated 45 security inspectors, 2 prohibited item inspectors, and 10 leap-over inspection machines at the Beijing sorting center to closely inspect every express delivery package.



“ The new leap-over inspection machine is able to inspect one million express delivery packages every day, which greatly increased our work efficiency and saved employees' time and effort. During "Two Sessions", we did not miss any prohibited items. When a prohibited item was detected, we would then handle it according to the law.

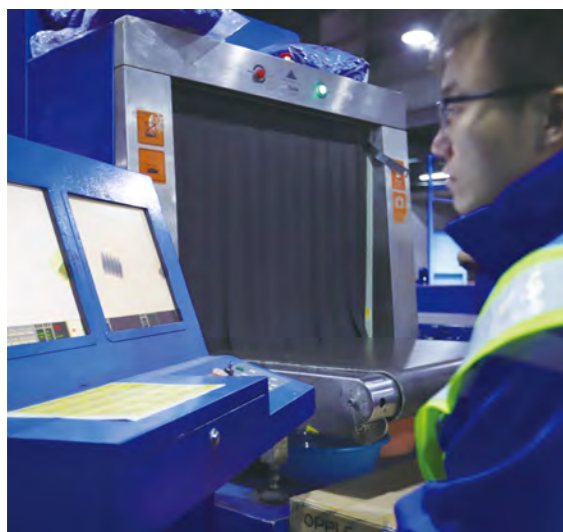
—Lianjun Zhou, Director at ZTO Beijing Security Center

Triple Inspection for Every Delivery During a Major Expo

Case Study

The first China International Import Expo was held from November 5 to 10, 2018 in Shanghai. In order to ensure the safety of express delivery during the Expo, ZTO produced a “Safety Work Plan for Special Events” and formed a special work group to implement the plan in all provincial and municipal centers and outlets.

During the Expo, ZTO elevated the security inspection measures and tripled the security inspection procedures in our Shanghai sorting centers. The first line of security inspection strictly followed the joint notice published by the State Post Bureau, the Ministry of Public Security, and the Ministry of Security. The notice required the use of inspection machines to check 100% of parcels shipped, and to visibly mark the parcels as inspected. Second, ZTO set up temporary security inspection sites with professional machines and inspectors to perform a second inspection of all packages. All prohibited items detected were returned or temporarily detained. Meanwhile, delivery staff was asked to perform a third security check to ensure that all delivery channels were monitored and controlled.



Serving Impoverished Rural Areas

ZTO serves rural areas, enabling the sale of specialty products from impoverished regions and thus helping to create economic opportunity. In these areas, the Company also formed specialized delivery teams that assist farmers in adopting modern agricultural methods.

“Express Delivery+” Helps Shanxi Farmers to Earn Revenue of 3 million RMB

Case Study

Linxian is a nationally-designated impoverished county, making it a targeted county for the country’s economic empowerment initiative. Linxian is also widely known as “the home of red dates.” In 2011, the planting area for red dates in Linxian exceeded 132,000 acres. However, due to transportation challenges, cultivated dates could not be sold or delivered. To solve this problem, ZTO used its resources to create an “express delivery + red dates” model that enabled farmers to promote direct sales of the red dates.

Specifically, our Shanxi Management Center coordinated with local factories to manage every step of the process, from cleaning the dates to packaging and delivery. To solve the transportation problem, ZTO set up two sortation hubs to ensure timely delivery of the red dates. In addition to red dates, ZTO also enhanced its value proposition by offering other service ideas to red date growers, such as “Dates + Walnuts” and “Dates + Kiwis”. In February 2018, ZTO partnered with other red date processing centers in order to expand marketing channels and thus create more economic opportunities in those areas.



Economic Empowerment

ZTO is supporting Educational Assistance and Employment Assistance to help achieve its goal to promote economic development. In addition to assisting with the sales of specialty agricultural products in targeted areas, the Company is utilizing its extensive network to provide a platform for local people to find employment. Furthermore, ZTO supports local education by setting up schools and donating supplies in those impoverished regions.

Economic Empowerment

ZTO has beefed up its economic development efforts through three areas of focus: industrial development, employment support, and educational support. Of the three aspects, the company was able to achieve the best results in industrial development due to ZTO’s massive scale and diversified resources. As of December 31, 2018, the Company owned more than 30,000 express outlets, 86 sorting centers, and 5,500 trunk vehicles. The Company has built a robust distribution network, connecting more than 98% of the cities and towns in China. In addition, ZTO has successfully developed an extensive “ecosystem” that includes ZTO International, Express, Commercial, Yuncang and Finance, as well as fully integrated industrial value chains spanning sectors such as e-commerce, manufacturing, agriculture, and information technology.

Through full utilization of ZTO’s unique “supply chain”, “information”, and “cash flow” management systems, ZTO is further developing the “Express + E-commerce” business model. One success example is agriculture, where we enable farmers to increase income by promoting specialty agricultural products grown in otherwise impoverished regions.

ZTO Uses Drones to Support Economic Development

Case Study

Located 20 kilometers away from an urban area and with an elevation of 900-1300 meters, Yupo is a typical mountainous area with little population. Due to the remoteness of the area and high cost of transportation, delivery is an issue for the village. In 2018, ZTO launched service to Yupo via drones, which significantly increased efficiency and improved accessibility, while also substantially lowering delivery costs. More importantly, this was a game-changer for Yupo; by linking it with the rest of the country, we created a new model for economic development. ZTO worked with local villagers to implement the drone project, for example by coaching them in how to handle maintenance and deliveries. Our combined efforts helped them achieve new employment and better income generation.





In January 2018, Feng Meng, General Manager of ZTO Sichuan Center, together with members of Sichuan Network Development Committee and Sichuan Chongnan Education Bureau, formally signed an agreement with ZTO under which the Company would help with educational support in the Southern region and donate 2.2 million RMB for schools.



In July 2018, ZTO held an education charity event and delivered more than 70 boxes of donated materials to schools in Yunnan Province. Through a number of charity events, since 2012 ZTO has gathered and delivered more than 10,000 books, along with other materials, to students from impoverished and/or remote provinces such as Yunnan, Tibet, and Xinjiang.



In September 2018, the ZTO Hunan outlet cooperated with the County Education Bureau to sponsor a charity event in Cili county, in which ZTO supported 30 students. Each student received 500 RMB academic scholarship.



In October 2018, the ZTO Sichuan outlet held a charity event in one of the schools, organizing a donation program on the National Poverty Alleviation Day. The donation program delivered donated school supplies, equipment, and scholarships.



In November 2018, ZTO donated 500,000 RMB to the Yunnan Economic Development program, as well as committing to free delivery for 30,000 pieces of clothing donated to the local Red Cross.

“

Education plays a big role in economic empowerment. ZTO believes that helping children in impoverished areas is critical. ZTO strives to bring together the efforts and energy of compassionate people in our society, in order to help those children realize their dreams.

—Jianfeng Zhang, Vice President at ZTO

”



Nurturing our Employees

The lack of a comprehensive system to protect the rights and interests of couriers has led to the loss of top talent within the logistics industry in recent years. It is a major problem facing the industry, and an important factor negatively impacting its development and growth. ZTO believes that its employees are its most important asset. ZTO is an employee-centric organization, working to protect the rights and interests of its staff. ZTO develops training programs to support career advancement, and cultural programs to create a more pleasant, team-oriented working environment.

Employee Support

Salary and Benefits

ZTO enters into labor contracts with and pays social benefits for its employees, contractors, and interns in compliance with labor law, contract law and other regulations. ZTO uses a salary system that includes performance-based compensation in order to give employees a fair and competitive environment. The Company protects employee vacation time and opposes any form of forced labor; we strictly enforce designated holidays and earned vacation time. ZTO also provides free shuttle buses, accommodation, subsidies, and holiday gifts, along with other benefits. In 2018, ZTO had signed contracts with 100% of its employees, contractors and other similar parties.

Employee Health

ZTO ensures a safe work environment for its employees and focuses on both daily work safety and safety in emergency situations. Through the establishment of many safety and labor protection standards, ZTO carries out health education for its employees and emphasizes best practices for work environment safety. ZTO provides protective gear such as safety helmets, ropes and shoes to its front-line operators and also organizes regular free medical examinations for employees.



Health Checkups for Employees



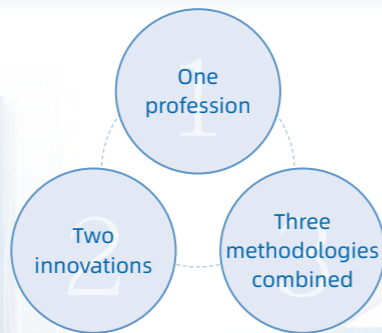
Emergency Training for Employees

Career Advancement

Employee Training Programs

In an effort to build a learning-oriented corporate culture and develop skill-sets that are valuable to both the employee and employer, ZTO has established a training program utilizing lectures, courses, and online training sessions. Each year, we select lecturers from our network, and by the end of 2018, we had trained nearly 300 qualified lecturers to lead professional training courses. Courses include public relations, professional advancement, and management. In 2018, ZTO offered 937 lectures (both online and offline) encompassing 40,539 hours and reaching 66,761 participants.

All materials are created by industry professionals and maintained for relevancy and accuracy.



ZTO's proprietary online learning platform, "Zhongxuntong", supports on-demand learning on mobile devices, enabling employees to use their free time for learning and self-improvement. Additionally, the Company also provides external professional development material/courses for managers.

Through "Zhongxuntong" and lecturers, in conjunction with external professional trainings, we provide an integrated platform that supports both online and offline learning and integrates headquarters, management centers, and service outlets into a single cohesive learning environment. The integrated platform allows us to combine industrial theory with practical knowledge, enabling efficient execution of our business strategies at all levels.

"Talent Plan"

Case Study

"Talent Plan" is a key element of ZTO's human capital strategy, and plays an important role in ZTO's career advancement program. With centralized training, theoretical study, research, and rotation of roles, this program has proven effective for developing talent.

In May 2018 in Shanghai, we held the first training session of "Talent Plan", targeting supervisory level employees. Over 70 participants from more than 30 provinces attended the four-day training.



ZTO Public Relations Training Session

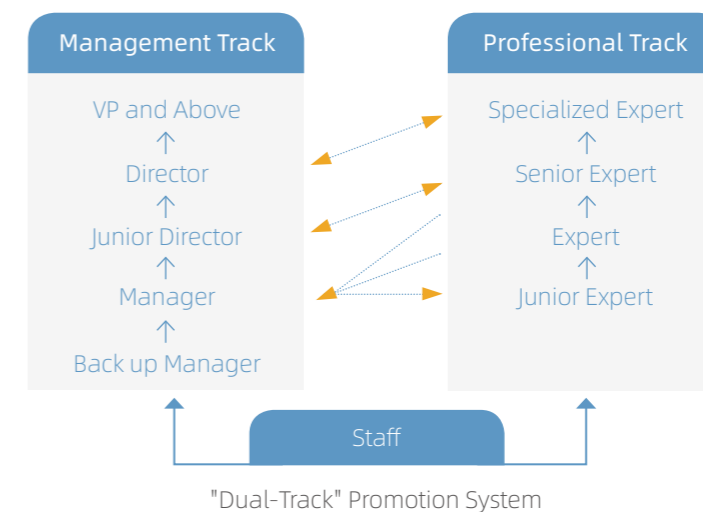


ZTO Corporate Values Training Session in Shangxi

Career Advancement

ZTO believes that career planning and advancement is critical to employees and provides a constructive mechanism for career development. ZTO strives to help its employees achieve their individual professional goals. The Company has set up a "dual-track" promotion system with a management track and a professional/specialist track, thus offering employees different avenues for growth. The Company also created an internal "talent" database to track employees by qualification and assign them to specific relevant training. Additionally, ZTO sponsors competitions for promotions and lateral moves twice a year for junior and mid-level staff, and once a year for senior staff. In 2018, ZTO organized such competitions for a total of 368 staff members.

ZTO organized such competitions for a total of **368** staff members.



Employee Wellness

ZTO emphasizes the importance of caring for employees, which includes physical health as well as job satisfaction and work-life balance. ZTO organizes a variety of cultural events, including family activities such as “Family 1+1”, which enhance the balance of work and life for employees. Furthermore, the company provides housing subsidies and benefits to the employee families. ZTO also organizes donations and home visits to help employees with difficulties. During periods of extreme heat that impact working and living conditions, ZTO offers extra care to front-line couriers.



Staff Basketball Game



Staff Ping-Pong Game



Group Wedding and Honeymoon in Sanya



Staff Birthday Party



Corporate Open Day for Employees' Parents



Party for Delivery Staff

Employee Representative Management

In order to safeguard the rights and interests of each employee, ZTO has established effective communication mechanisms that actively promote union organizing and employee representative management. The establishment of many unions (for example, one represents all female staff) has enabled employees to make their voices heard. The Company has feedback boxes for employees to address specific issues. Additionally, ZTO has established an employee relations department within the Human Resources function, which is tasked with negotiating and mediating disputes, thus reducing the cost involved in protecting employee rights.

Creating Jobs Through Innovation

ZTO executes its core values “Shared success, trust and accountability, innovation and entrepreneurship”, by creating jobs through entrepreneurship, which become available as we broaden our business ecosystem and expand regional network coverage. The Company creates diverse and specialized employment opportunities across China. In 2018 we added more than 1,000 outlets, which hired more than 10,000 local employees. ZTO also took the “Doubled Innovation” concept to the next level by encouraging more employees to become our network partners while inspiring them to innovate and promote the ZTO brand.

Shared Success - From Courier to Innovator

Case Study 

In 2006, Wei Geng joined ZTO with only 6 months of work experience, but was named the innovator and manager for three outlets in Anhui province. When he first joined ZTO, each of the three outlets was handling fewer than 40 packages per day. Wei explored the reasons for such low volume, isolated the issues, and increased investment in solutions for the three outlets. He expanded floor space, brought in more vehicles, broadened the market being addressed, and focused his team on marketing. After three years of hard work, local schools, malls, residents in the area had all become ZTO clients. Annual revenue grew to more than a million yuan from only 10 thousand yuan three years ago.

Leveraging his personal experience as front-line courier, Wei listened carefully to the advice from front-line staff and created a decentralized operating structure. With the decentralized structure in place, he was able to share authority and pay commissions to the delivery staff based on the performance of their own contracting areas. He encouraged all couriers to proactively expand their markets, and supported them with coaching, vehicles, and financing for upfront store leases. Wei strongly believes in a transparent reward system, which creates a fair foundation for achieving success together.



“

I have always considered express delivery as a true profession. ZTO helped me to get to where I am today. I believe in ZTO's powerful platform and the “Shared success” concept. I also believe that as long as everyone's expectations are in synch, we can achieve more, and everyone's life will be better.

—Wei Geng, Manager of three ZTO Anhui Hefei Outlet

”

From Banking Staff to ZTO Boss - A "20-something" Female Entrepreneur

Case Study 

Longli County in Guizhou province is an impoverished area. Despite people in the area being unfamiliar with express delivery, a young lady named Wenlan Ye took a risk by resigning from a stable banking job to join ZTO Guizhou Longli four years ago.

Wenlan started with only one computer, one data collector, one pedicab, and a floor of 50 square meters. During the past four years, Ye emphasized customer satisfaction and relationship. She demonstrated excellence in ensuring service quality, solving problems for clients, and saving their time. Wenlan also printed ZTO's logo and phone number on all packages, effectively creating mobile advertising. In order to improve delivery speed, she coordinated with other outlets to purchase logistics vehicles and opened special lines in Guizhou Province to speed up line-haul transit. Seeing small- and micro-businesses growing rapidly in rural areas, Wenlan seized the opportunity by opening 5 new outlets, thus supporting the rapid development of rural e-commerce.

Through Wenlan's dedication to innovation and quality management, her initial outlet expanded to storage space of 100 square meters, an additional floor, a staff of 21 workers, and two vehicles. This increased capacity enables Wenlan to handle more than 1000 packages every day, which is 40 times more than four years ago. Hers is the number one outlet in Longli.



“ My goal is to expand our daily parcel volume by four times by 2020, and to share the benefits of success with my staff. Our success indicates that my decision to join ZTO four years ago was the right one!

—Wenlan Ye, Manager at ZTO Guizhou Longli Outlet

 Connecting Industries with Customers

According to the "Provisional Regulations on Express Delivery", our industry is an important part of the modern service economy, which supports online commerce and creates new consumer demand. The industry plays an important role in enabling growth the growth of new industries, thus creating new economic opportunities for people. The express delivery industry is innovating to build an "express train" for agricultural products and mobile warehouses for manufacturing and is also creating a bridge for cross-border e-commerce. ZTO Express understands its responsibilities, and is focused on its role in inter-industry, cross-regional and urban-rural linkages, which help it to meet market requirements in a timely manner. The Company also seeks to optimize the economics of distribution, thus expanding domestic demand and promoting employment. AT ZTO Express, we are committed to achieving long-term corporate and social development.

Supporting e-commerce

The emerging "Internet+" trend is driving coordinated development between the express logistics and e-commerce industries in China. The express logistics industry is improving efficiency through its strong focus on lowering costs, wide coverage and large scale. This is driving more rapid expansion of e-commerce and enabling new marketing channels for merchandise sales.

To further enable the joint development of e-commerce and express logistics, ZTO Express is capitalizing on the opportunities presented by e-commerce to optimize our delivery capacity and develop new service offerings. We introduced our "Cloud Warehousing" to launch a warehousing business and build around it a supply chain platform ecosystem. Our logistics industrial park is currently under construction. Once completed, the new industrial park is intended to enable ZTO to provide high-quality integrated warehousing services for e-commerce providers, supporting the growth of their industry. In addition, the company continuously upgrades its own transportation vehicles, increases its investment in self-operated sorting centers, actively introduces intelligent equipment and technology, thus reducing the operating costs of the entire network through multiple initiatives. ZTO is committed to effectively supporting the development of small and medium e-commerce platforms. By the end of 2018, the company had over millions of e-commerce partners, including T-mall, Taobao.com, BeStore, Yunji, JD Mall, Pinduoduo, ALOG, Yumifang, Xtep and many other well-known e-commerce brands.



ZTO Cloud Warehousing

ZTO Cloud Warehousing Technology Co., Ltd. is a supply chain management company created by ZTO Express (Cayman) Inc.. Its offers warehousing services, cross-border e-commerce services, cold chain management, and financial services. With the concept of "Internet + warehousing" at its core, ZTO Cloud Warehousing uses information technology and network coordination to achieve omni-channel inventory management, thus delivering orders to customers as quickly as possible. By integrating warehousing, distribution and transportation, ZTO Cloud Warehouse creates a flatter supply chain and improves the efficiency of warehousing and transportation. We plan to recruit 92 franchisees in 64 cities in 19 provinces, as well as franchisees in the large cities of Beijing, Shanghai, Tianjin and Chongqing. These franchisees will be organized to form a multi-level system featuring core city warehouses, regional city warehouses, and widely distributed 3rd- and 4th-level warehouses. As this multi-level structure matures, ZTO Cloud Warehousing will represent a new style of logistics for the e-commerce industry.



ZTO Cloud Warehousing Distribution Map

ZTO Logistics Industrial Park

The ZTO Logistics Industrial Park serves many functions and it actively strengthens cooperation with government departments and attracts e-commerce tenants. This large-scale e-commerce community enhances the loyalty of their customers through the efficient express delivery enabled by the advanced warehousing, logistics and other ancillary services offered by the park. The park promotes the growth of e-commerce in the region, thus driving more employment and a stronger economy.



On May 10, 2018, we held a ground-breaking ceremony for the ZTO Express (Hengyang) Intelligent E-commerce Industrial Park, located in the city of Hengyang in Hunan Province. The industrial park covers an area of 8.67 hectares and will be developed at a cost of 500 million yuan. Upon opening, 200 e-commerce merchants will move in, forming a large-scale e-commerce industrial cluster. The annual express parcel throughput should reach 200 million pieces. Average annual revenue is estimated at 250 million yuan, with an annual tax payment of 15 million yuan. The park is planned to become our Xiangnan Headquarters and Settlement Center.



On September 13, 2018, ZTO Assistant Vice President Zhao Wei was invited to participate in a development event for the Nanchong Modern Logistics Park in Sichuan Province. Mr. Wei signed a declaration of investment of 500 million yuan to build the ZTO Express Southwest (Nanchong) Intelligent Technology E-commerce Industrial Park.

Supporting Related Industries

The rapid development of the express delivery industry would not be possible without the support of related industries such as integrated transportation, internet and information technology, financial services, equipment manufacturing, real estate, and packaging materials. The growth of express delivery in turn brings new opportunities for growth in the broader logistics industry as well as in all the supporting industries.

ZTO Express has employed important business concepts to drive growth, including innovation, coordination, greenness, openness, sharing and security. Specifically, the Company continues to increase its investment in technological innovation and environmental protection. At the same time, the Company continues to strengthen its network system through 1) increasing transportation capacity; 2) introducing IT information systems, automated sorting and transmission equipment and new energy vehicles; 3) purchasing environmentally-friendly packaging cartons, woven bags and sealing tapes, and 4) constructing new sorting hubs and warehouse distribution centers. Importantly, ZTO Express is committed to driving the growth not only of its own business, but the industry as a whole and of the related supporting industries. For example, in 2018, the company purchased around 1,000 high-capacity trailers and 62 sets of automated sorting equipment.



JAC delivered 120 of its K7 series trucks to ZTO Express, and signed a follow-up procurement strategy agreement at the event site.



ZTO Express and AutoX are jointly promoting the application and commercialization of driverless technology for the logistics and express delivery industries.

Serving Cross-Border Trade

With a large distribution network in place in China, ZTO Express is turning its attention to global distribution. The Company officially launched the "ZTO International" website, established overseas transit warehouses, set up overseas logistic routes and formed strategic agreements with national postal groups and other large express/logistics companies. Cooperation with strategic partners has enabled ZTO Express to achieve its objective of "product internationalization and service globalization".

We signed strategic agreements with USPS, France Post, Turkey Post, Dutch Post, Dutch Airlines, Cambodia Post, Turkish Airlines, and more. We also established the China-Europe Supply Chain Management Co., Ltd. with the Hungarian National Postal Service.

We launched private parcel delivery route in the EU, the United States, Japan, South Korea, New Zealand, ASEAN, the Middle East, Africa and more.

More than 30 overseas warehouses have been set up in Hong Kong, Macao and Taiwan, the United States, the European Union, Japan, South Korea, Australia, Southeast Asia and other parts of the world.

ZTO International

ZTO International is an important part of ZTO Express (Cayman) Inc.'s ecosystem. Since inception in 2014, ZTO International has been focused on building a comprehensive business dedicated to express logistics by integrating its overseas warehouses and network with cross-border e-commerce. Furthermore, the Company aims to promote the strategic deployment of its services globally, providing diversified and integrated logistics solutions for domestic and international customers.



On April 5, 2018, ZTO Express officially entered into a strategic partnership with Cambodia National Post and Cambodia Post Electronic Solutions Co., Ltd. Among other things, the two parties agreed to jointly develop logistics resources, an e-commerce platform and an EMS international business.



On May 6th, 2018, the ZTO Express Cambodia Sorting Center held a grand opening ceremony in Phnom Penh. The ceremony was important for promoting the internationalization strategy of ZTO Express in Cambodia, and for signaling ZTO's commitment to serve Cambodia's social and economic development as well as improving quality of life in the country.

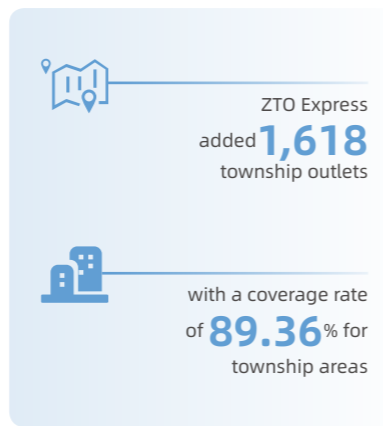


On June 11, 2018, ZTO Express signed a contract with Turkish Airlines and Pacific Airlines to establish a joint venture company dedicated to further developing global air transport services by integrating the valuable resources of each company.

Rejuvenating Rural Markets

Express delivery has become the main channel for promoting agricultural and industrial products from remote regions. It plays an important role in 1) driving the development of rural e-commerce, 2) transforming how goods are distributed, 3) supporting employment and economic development, and 4) thus encouraging rural areas rejuvenation. In 2018, Document No. 1 of the Central Government proposed building what they called a "Rural 1, 2, 3" policy to drive integrated development. The plan proposed constructing a modern agricultural product "cold chain" warehousing and logistics system, creating a public service platform for agricultural product sales, and driving the modernization of rural distribution.

As a leading express delivery company in China, ZTO Express actively promotes standardized development of township-level service outlets, and seeks to further develop express delivery services under the "Rural 1, 2, 3" policy. ZTO is committed to meeting the vast rural population's need for delivery services in this new era and has taken advantage of the "Internet +" trend to launch an agriculture-related e-commerce platform, sales channels and priority services such as "fresh delivery" and "time-definite delivery" that ensure high-quality products and establish brand awareness for specialty agricultural product. In 2018, ZTO Express added 1,618 township outlets, with a coverage rate of 89.36% for township areas.



Annotation

"Rural 1, 2, 3"

01

The early economic activity of human society consisted mainly of living off the land. That is, they mainly engaged in agricultural production activities. At the time, this was the primary "industry".

02

During the industrial revolution, production and manufacturing activities that processed the products of the primary industry became the main economic activities. This is often referred to as the secondary industry.

03

In the last few decades, as the industrial revolution became mainstream, new industries such as e-commerce, transportation, finance, information and scientific research emerged. These new industries serve both the primary and secondary industries, and are referred to as the "third industry".

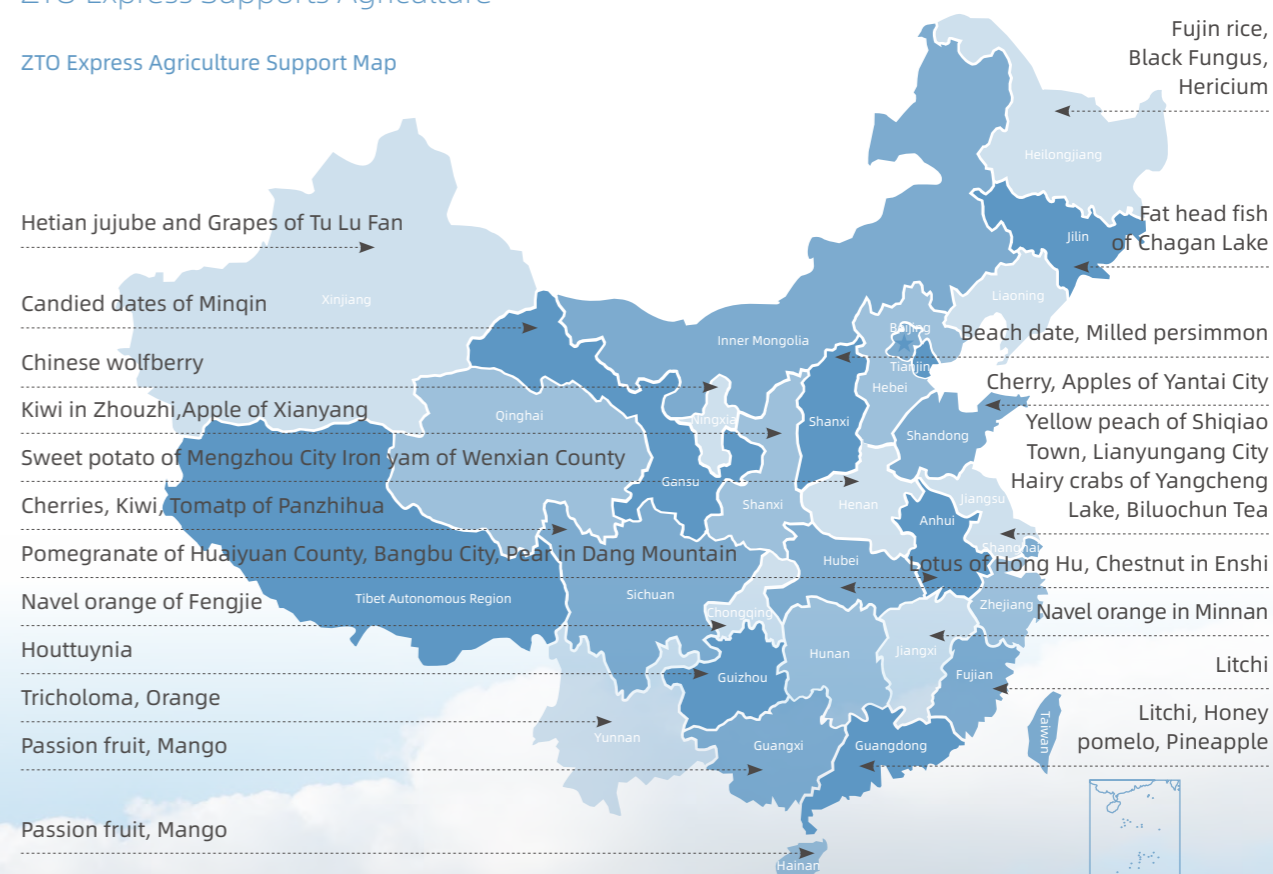
ZTBest

"ZTBest" is the only e-commerce and value-added service platform under ZTO Express (Cayman) Inc.. By integrating the Group's online and offline resources, it provides customers with integrated supply and demand services.



ZTO Express Supports Agriculture

ZTO Express Agriculture Support Map



"From Farm to Fork"... One-stop Direct Delivery of Mangoes

Case Study 


Late June is the peak season for the sale of mangoes. By utilizing e-commerce to find customers, ZTO express-ships mangoes from the city of Bai Se in Guangxi Zhuang to customers all across the country in a timely manner.

Fresh fruit is a demanding product to ship, due to strict requirements. In order to keep the mango fresh during transportation, ZTO created a special design for the container: a double-layer, pressure-resistant, resilient box with a vent to ensure ventilation. ZTO Express also launched a "green channel" to enable efficient mango shipments. This included 1) prioritizing information transmission, 2) setting up special delivery routes, 3) increasing the number of trains, and 4) prioritizing delivery. The effectiveness of this special service is shown by its efficiency: it takes only 72 hours to transport a mango from the fields in Tian Yang County to Shanghai, which is 2,000 kilometers away! ZTO Express has the infrastructure and ability to offer this type of specialized delivery service.

The mango industry in Guangxi province has grown rapidly in recent years. During the mango season, more than 10 million "mango express deliveries" were made within 54 days in the whole region. The traditional "wholesale/retail" model has transformed into the "e-commerce + express" model. The "one-stop direct" delivery service allows growers to keep a larger portion of revenue from sales and distribution at the place of origin. Local farmers are thriving due to the growth of the mango industry in Bai Se. As a leader in mango express delivery in the area, ZTO Express has played a vital role in positively impacting the local economy.



The Yellow Peach of Zaoyang Jumps on the "Express Delivery" Train

Case Study 

With an abundance of peaches and peach gum, the city of Zaoyang in Hubei province is known as the "Hometown of Chinese Peaches". August is typically the peak season for local yellow peaches, but heavy rains in August 2018 hurt farmers' peach sales. To help local farmers restore sales, ZTO's Zaoyang Branch formed a relief team named "The Yellow Peach Transportation Line". The team collaborated with fruit farmers, rural e-commerce providers and orchards to resolve transportation-related issues. The team set up operating points in several orchards, mobilized staff to help with material handling and packaging, and extended courier service to the orchards, enabling the yellow peaches to get on a "special express car." In 2018, our Zaoyang outlets assisted fruit farmers in shipping more than 10,000 boxes of yellow peaches.



A Star Courier Creates a "Road to Riches" for the Countryside

Case Study 

Panxi in Sichuan Province is located in a valley abundant with light and warmth, great for growing. However, due to surrounding forests and rugged roads, many high-quality local products can only be sold to local buyers at low prices, and many even go unsold and rot in the ground. Seeing the difficulty of selling local specialty products in her hometown of Daliang Mountain, Guangmei Sun left her job in teaching and took over our Xi Chang Branch, starting her career in express delivery.

After three months researching the e-commerce business model, Guangmei set up an e-commerce group to address the issues. The group organized the picking, packaging, and after-sales of fruits such as cherries and nectarines. It contacted local farmers to arrange for delivery. Specially organized teams studied rural e-commerce and applied their learning to design a shock-resistant box, thus reducing in-transit damage. In addition, Guangmei opened his own shop online and registered on WeChat a number of local Panxi products; such WeChat marketing dramatically helped increase the prominence of Panxi's locally famous products. Guangmei also mobilized local Xi Chang Branch staff to become selling agents, and leveraged the network platform to recruit another 20 agents nationwide, who helped to promote the sales of native DaLiang Mountain products.

In 2018, Guangmei demonstrated the power of her "Express + E-commerce" model. In March, tomatoes in the Miyi County of PanXi suffered sales challenges. She immediately organized 9 people to help pick and sell, free of charge to the farmer, thus selling 30,000 kilograms of tomatoes. In early April, she signed a contract with local fruit farmers to establish a mango market, selling nearly 500 kilograms of mangoes. In early May, onions produced in the area suffered due to the closure of a major highway. Guangmei helped sell 30 tons of onions through various channels.

Guangmei Sun, an otherwise ordinary courier, drove the villagers down a "road to riches" using her "express + e-commerce" model. She won the title of "Star Courier" in a national government event that recognizes effort above and beyond normal duty.



Chuantang Yang, Vice Chairman of the National Committee of the Chinese People's Political Advisory Conference and Party Secretary of the Ministry of Transport warmly shakes hands with Guangmei Sun.

“ I have a wish...it is to roll up my sleeves and work hard, leading the villagers to prosperity by sending the local products of Daliang Mountain to the whole country and the whole world by express delivery!

—Guangmei Sun, Head of ZTO's Xi Chang Branch



On September 2, 2018, we held the launch event for snow peach shipping in Lijiang. ZTO Express created a customized logistics solution for snow peach shipments that included innovations in cold chain, direct train, automated sorting, production collection and insurance. This solution ensures that snow peach shipments are safe, convenient and efficient.



By leveraging its vast resources and partnering with e-commerce and fruit supply chain enterprises to offer the highest quality delivery service, ZTO has achieved over 40% market share in shipments of mangoes from the Panxi region. Every year, ZTO ships more than 4 million mangoes from Panxi to locations all across China.

Enthusiastically Supporting Social Responsibility

ZTO Express considers operating in a socially responsible manner to be a core objective. ZTO supports this objective with the full commitment of all its resources. We enthusiastically donate money and material to disaster areas, helping affected people to rebuild their homes. We mobilize employees to participate in volunteer service, using practical action to advance social well-being. We promote and commend good employees and good deeds. In general, we foster a caring and socially aware corporate culture that makes a positive impact on society.

Disaster area assistance

ZTO Express attaches great importance to disaster assistance. When natural disasters strike, the company will quickly execute its emergency response plans. We organize disaster relief teams to carry out rescue operations in the affected area, including free delivery of relief supplies and guaranteed delivery of basic materials.

ZTO Express Assists during the Shouguang Flood

Case Study

The Shouguang area in Shandong province has always been rainy, but in August 2018 the typhoon Wambia caused the worst flooding since 1974. A great number of houses collapsed or were washed away. After the waters receded, the ZTO Shouguang Branch immediately opened a special relief line, supplying at our own expense more than 40 cartons of bread and 30 cartons of bottled water. The supplies were transported to the towns of Yingli and Shangkou, where damage was most serious. ZTO also mobilized its network to contribute in many other ways. In order to show our concern, we called on employees in all of our outlets to donate disaster relief materials and provide free transportation. We set up a team of 12 disaster relief volunteers to assist in road repair and unloading. We collected employee donations to support reconstruction. Finally, we increased the number of trucks and sorting operators in the area in order to expedite the delivery of relief materials to the region.



“

After the disaster, volume in the Shouguang Branch doubled from the usual 12,000 packages a day. To expedite the delivery of care packages and relief material, we sorted and delivered those urgent parcels first, before handling the normal daily packages.”

—Qiu Lei, Operations Manager of the Transshipment Center in Weifang, Shandong

Our branch was always prepared to assist in the event of a disaster. Being a courier in our Shouguang Branch, I hope to utilize our platform to better assist my hometown.

—Yunlei Zhu, Manager at the Shouguang Branch

”

ZTO Assists After Flooding in the Shantou area of Guangdong

Case Study

Extreme rainfall during August 2018 caused massive flooding in Chaonan, Chaoyang and other regions of the Shantou area of Guangdong. After assessing the situation, our Shantou Branch immediately collected various daily necessities and mobilized donations from employees. We coordinated with local charities to organize teams to transport all kinds of disaster relief materials to the affected areas, free of charge. In addition, county-level ZTO outlets in Shantou actively responded. The Chaonan outlets quickly organized rescue operations, leasing 12 forklifts and dispatching two large trucks to transport materials. They also used kayaks to deliver materials to trapped residents, and successfully rescued many trapped residents.



Volunteering

As our company grows, we make significant efforts to give back to the communities we serve. We support our communities in many ways, such as organizing activities that support the elderly and support charities. We use our spirit of volunteerism to “give back” to society.

Double Ninth Festival: Love and Respect our Elders

Case Study

Respecting senior citizens is a traditional Chinese virtue. In order to support this virtue, in October 2018 our Shaodong, Hunan Branch helped to organize charity activities around the theme of “Double Ninth Festival: Love and Respect our Elders” in a Senior Care Home located in Jieling Township of Shaodong County. During the event, employees of our Shaodong Branch sent care packages to six local nursing homes, which helped to relieve shortages of supplies at the local nursing homes. This event helped the senior residents of the homes know that they were still loved and respected by society.



On June 7, 2018, our Tongliao Branch provided care packages for students taking the national college entrance examination. We also offered additional support at the test sites to support the candidates.



On August 1st, 2018, our Ji'an outlets sent medications and other protective, cooling items to assist public servants working during an intense heat wave.



On December 5, 2018, our employees participated in the “2018 International Volunteer Day” sponsored by the Ethics Committee in the township of Huaxin in the Qingpu District of Shanghai.

Good Citizenship

ZTO Express encourages employees to be socially responsible. We recognize and promote good citizenship through our communications over the Internet, social media and other channels. We reward and promote good citizenship through many types of recognition: stories of good deeds, “Top Ten” and other similar Awards, recognition of exceptional people, and friendly competitions among couriers. These activities all serve to build a sense of purpose that benefits society, as well as our industry and company.

A Courageous Rescue from a Burning Building

Case Study

On the evening of May 26, 2018, a fire broke out at a private house in the town of Jinji in Guangxi province. At the time of the incident, one of our couriers, Jimu Tang, was busy at work when he heard a child’s cry for help. He quickly put down his work and rushed to the scene of the fire, where he could see the fire raging more fiercely as it consumed the shop on the first floor.

With the fire raging, it was impossible to attempt a rescue through the front door. However, knowing the surrounding terrain and architecture, Jimu took several people to the school next door, where they were able to overturn a 2 meter high stone wall and enter the shop from the rear. There they found the child as well as other residents trapped by the fire. With the thick smoke and low visibility, Jimu made his way to a bathroom where he soaked his clothes and used them as a protective mask. He was then able to bring the child to safety...and then re-enter to burning building twice more to rescue four more trapped residents!

In July 2018, Jimu’s heroic acts were recognized by the Guangxi Civilization Office. He had entered the burning building three times and saved five lives. He was honored nationally as a hero in the Central Government’s “Chinese Heroes” list. ZTO also recognized his courage by naming him one of our “Top Ten Couriers”, an important recognition in a company with hundreds of thousands of employees.



“

People in my hometown know of the fire, and thought I was crazy to risk my own life to save the others. I did not think twice about acting; to me it was completely natural to try to save the lives of those trapped residents.”

– Jimu Tang, ZTO courier in the town of Jinji in Guangxi

”

Toddler Water Rescue

Case Study

On November 7, 2018, a three-year-old girl from the town of Dingbao in Guangdong Province accidentally fell into a river. A 22-year-old ZTO courier named Linqing Lu discovered the girl, and immediately jumped into the water to save her. The local Xinyi ZTO branch commended Linqing for her courage, and gave her a reward of 1000 yuan. She also received a certificate of honor and a 2000 yuan reward jointly from the ZTO Express Party Committee, the Trade Union and the ZTO Mutual Fund.



“

I am also a mother, so understand the horror of seeing a small child in the turbulent water! Although I was quivering with fear, my heart was strong and I knew what I had to do. The voice in my head said ‘Save this child!’

– Linqing Lu, ZTO courier at the Xinyi branch in the town of Dingbao, Guangdong

”



CHAPTER 3: CORPORATE GOVERNANCE



Committees of the Board of Directors

We have established three committees under the board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. Each committee has adopted a charter that guides its work. Each committee's members and functions are described below.

Audit Committee

Our audit committee consists of Herman Yu, Qin (Charles) Huang and Xing Liu. Mr. Yu is the chairman of our audit committee. We have determined that Herman Yu, Qin (Charles) Huang and Xing Liu each satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and meets the independence standards under Rule 10A-3 under the Exchange Act. We have determined that Herman Yu qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company.










Compensation Committee

Our compensation committee consists of Xing Liu, Frank Zhen Wei and Qin (Charles) Huang. Mr. Liu is the chairman of our compensation committee. We have determined that Xing Liu, Frank Zhen Wei and Qin (Charles) Huang each satisfies the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Frank Zhen Wei, Qin (Charles) Huang and Tsun-Ming (Daniel) Kao. Mr. Wei is the chairman of our nominating and corporate governance committee. We have determined that Frank Zhen Wei, Qin (Charles) Huang and Tsun-Ming (Daniel) Kao each satisfies the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees.

Summary of the Composition of the Committees

	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
Meisong Lai			
Jianfa Lai			
Jilei Wang			
Lin Wan			
Xing Liu			
Frank Zhen Wei			
Charles Huang			
Herman Yu			
Tsun-Ming Daniel Kao			

 Chair  Member

Meetings and Procedures of a Committee

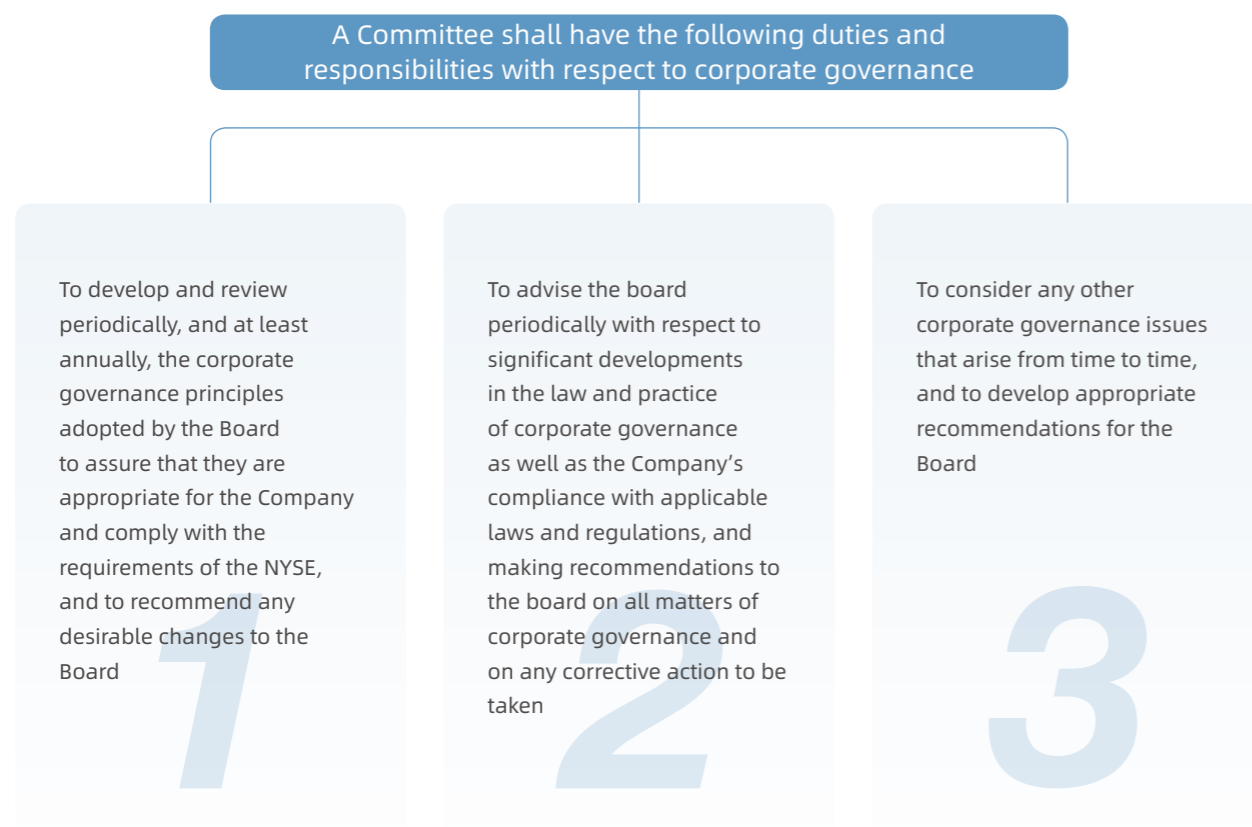
A Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than once annually. A Committee, in its discretion, may ask members of management or others to attend its meetings and to provide pertinent information as necessary.

A Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole. A subcommittee may consist of one or more members.

A majority of the members of a Committee present in person or by means of a teleconference or other communications equipment through which all persons participating in the meeting can hear each other shall constitute a quorum.

A Committee shall maintain minutes of its meetings and records relating to those meetings and shall report regularly to the Board on its activities, as appropriate.

Committee’s duties with respect to corporate governance



Directors and Senior Management

The following table sets forth information regarding our directors and executive officers as of December 31, 2018.

Directors and Executive Officers	Age	Position/Title
Meisong Lai	48	Founder, Chairman of the Board of Directors and Chief Executive Officer
Jianfa Lai	49	Director and Vice President of Operations
Jilei Wang	53	Director and Vice President of Infrastructure Management
Lin Wan*	44	Director
Xing Liu	48	Director
Frank Zhen Wei	47	Director
Qin (Charles) Huang	49	Director
Herman Yu	49	Director
Tsun-Ming (Daniel) Kao	53	Director
Hongqun Hu	50	Chief Operating Officer
Huiping Yan	52	Chief Financial Officer
Jianchang Lai	49	Vice President of Overseas Operations
Jingxi Zhu	38	Vice President of Information Technology
Renqun Jin	52	Vice President of Development Research Center
Jianfeng Zhang	36	Vice President of Public Relations

* Pursuant to the investment agreement we entered into with Alibaba and Cainiao, Mr. Lin Wan was appointed as our director.

Profiles of Independent Directors

Xing Liu

Mr. Xing Liu has served as our director since 2013. Mr. Liu is a partner of Sequoia Capital China. Prior to joining Sequoia Capital China in 2007, Mr. Liu had over nine years of experience in investment banking, technology and product development and consulting at Merrill Lynch, Xerox and GlobalSight. Mr. Liu currently serves on the board of directors of various Sequoia Capital China portfolio companies, including Vipshop Holdings Limited and China Online Education Group, each of which is a NYSE-listed company. Mr. Liu received an MBA degree from The Wharton School of the University of Pennsylvania in 2004, a master’s degree in computer engineering from Syracuse University in 1995, and a bachelor’s degree in management information systems from Fudan University in 1992.

Zhen Wei

Mr. Frank Zhen Wei has been our director since August 2015. Mr. Wei is a managing director of Warburg Pincus Asia, where he is primarily responsible for investments in the consumer and healthcare sectors in China. Prior to this, Mr. Wei was the Marketing Director at Renren.com from 1999 to 2000. Mr. Wei worked as an investment banking analyst at Morgan Stanley in Hong Kong from 1997 to 1999 and as a business analyst at McKinsey & Company in Shanghai from 1995 to 1997. Mr. Wei received a master's degree in business administration from Harvard Business School in 2002 and a bachelor of degree in science from the University of Texas at Austin in 1995.

Qin Huang

Mr. Qin (Charles) Huang became our director in October 2016. Mr. Huang is the founder, chief executive officer and chairman of Netbig Education Holdings Ltd., or Netbig, a leading education enterprise in China. Mr. Huang has served on the board of directors of Sohu.com Inc., a NASDAQ-listed company, since 2001. Prior to founding Netbig in 1999, Mr. Huang served as executive director and head of the Asia securitization group of Deutsche Bank, New York and Hong Kong, as well as senior vice president of Prudential Securities Inc., New York. He holds a master of science degree in computer science from the Massachusetts Institute of Technology in 1990 and a bachelor of science degree from the University of Science and Technology of China. Mr. Huang is also a Chartered Financial Analyst.

Herman Yu

Mr. Herman Yu became our director in October 2016. Mr. Yu has served as chief financial officer of Baidu, a NASDAQ-listed company since September 2017. Prior to that, Mr. Yu had been the chief financial officer of Weibo Corporation (Weibo), a NASDAQ-listed company, since March 2015. Prior to that, Mr. Yu worked at SINA Corporation (SINA), which is listed on NASDAQ, as chief financial officer from August 2007 to March 2015, as acting chief financial officer from May 2006 to August 2007 and as vice president and corporate controller from September 2004 to May 2006. Prior to joining SINA, Mr. Yu worked at Adobe Systems from January 1999 to September 2004, in the positions of chief auditor and corporate marketing controller. Mr. Yu also held various finance and accounting management positions at Cadence Design Systems, Inc. and VeriFone, Inc. Mr. Yu began his career with Arthur Andersen and is a California Certified Public Accountant. Mr. Yu is currently a director and chair of the audit committee of the board of directors of 58.com Inc., a NYSE-listed company, and a director of Tiange, a live, social video platform company listed on the Hong Kong Stock Exchange. Mr. Yu holds a master's degree in Accountancy from the University of Southern California and a bachelor's degree in economics from the University of California, Santa Cruz.

Tsun-Ming Kao

Mr. Tsun-Ming (Daniel) Kao has been our director since October 2017. Mr. Kao has more than sixteen years' industry experience with leading e-commerce and Internet companies in the U.S. and China. Mr. Kao most recently served as the chief technology officer at Vipshop (NYSE: VIPS) from 2012 to 2016. Before joining Vipshop, Mr. Kao was the director of site operations and quality engineering at eBay Inc. ("eBay"). During his tenure at eBay, Mr. Kao focused on customer service enhancements, as well as online branding and organization growth strategies. Prior to that, he was the enterprise architect for Acellops which provides integrated data center and cloud service monitoring software solutions to enterprises and service providers. In 2007, he co-founded AdChina Ltd., a leading integrated Internet advertising platform in China, where he also served as the chief technology officer. Earlier in his career, he worked at eBay as a principle software engineer and software development manager for seven years. Mr. Kao received a bachelor's degree in computer science from Iowa State University in 1995.



Code of Business Conduct and Ethics

In October 2016, our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees. We have posted a copy of our code of business conduct and ethics on (https://www.sec.gov/Archives/edgar/data/1677250/000104746916015850/a2229567zex-99_1.htm) and on our website (<http://ir.zto.com>)

The Code of Business Conduct and Ethics (the "Code") contains general guidelines for conducting the business of ZTO Express (Cayman) Inc. and its subsidiaries and affiliates consistent with the highest standards of business ethics, and is intended to qualify as a "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, the Company adheres to these higher standards.

This Code is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the U.S. Securities and Exchange Commission and in other public communications made by the Company;
- compliance with applicable laws, rules and regulations;
- prompt internal reporting of violations of the Code;
- accountability for adherence to the Code.

This Code applies to all directors, officers and employees of the Company, whether they work for the Company on a full-time, part-time, consultative or temporary basis. Certain provisions of the Code apply specifically to our chief executive officer, chief financial officer, other chief officers, senior financial officer, controller, senior vice presidents, vice presidents and any other persons who perform similar functions for the Company. The Board of Directors of ZTO Express (Cayman) Inc. has appointed the head of the Legal Department of ZTO as the Compliance Officer for the Company.

LOOKING AHEAD

Since its establishment 17 years ago, ZTO Express has focused on fulfilling its corporate mission of "Bringing Happiness to More People through Our Services." ZTO is now one of the leaders in the Chinese express delivery industry, based on delivery volume, profit growth, and service quality.

Our business and people will continue to grow and we are committed to further our effort to build a sustainable future. Environmental care, social responsibilities and corporate governance are three integrated areas of focus and we have made initial progress and it will not stop here. We look forward to working with all constituents who encourage and empower businesses such as ZTO with increasing foot print yet greater resources and influence to strive to be responsible and accountable for our common future for years to come.

幸福都是奋斗出来的!

4.5m

胜农钣金

中通快递
ZTO EXPRESS



